



13 June 2023

Notice of Annual General Meeting



hGears AG

Schramberg

WKN: A3CMGN

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Invitation to the Annual General Meeting

We hereby invite the shareholders* of our Company to the

Annual General Meeting

to take place at

Tuesday, June 13, 2023, 10 a.m. (CEST).

On the basis of section 26n (1) of the Introductory Act to the Stock Corporation Act ("**EGAktG**") and with the approval of the Supervisory Board, the Annual General Meeting will be held in the form of a **virtual Annual General Meeting** pursuant to section 118a of the Stock Corporation Act ("**AktG**") **without the physical presence of shareholders or their proxies** (with the exception of the proxies appointed by the Company).

The Annual General Meeting will be broadcast live in video and audio on the internet for duly registered shareholders or their proxies on the hGears AG website at <https://ir.hgears.com/annual-general-meeting/> in the password-protected internet service. Shareholders' voting rights may be exercised - by the shareholders themselves or by proxy - exclusively by electronic postal vote or by granting power of attorney to the proxies appointed by the Company. The venue of the Annual General Meeting within the meaning of the Stock Corporation Act is Konferenzcenter Herriot's Frankfurt, Herriotstraße 1, 60329 Frankfurt am Main.

The physical presence of shareholders and their proxies (with the exception of proxies appointed by the Company) at the venue of the Annual General Meeting is excluded. For further details, please refer to the additional information and notes at the end of the invitation following the agenda.

* For reasons of language simplification and better readability, the masculine grammatical form is used in the following. It includes all genders.

Agenda

1. **PRESENTATION OF THE HGEARS AG'S ADOPTED ANNUAL FINANCIAL STATEMENTS AND THE APPROVED CONSOLIDATED FINANCIAL STATEMENTS, THE MANAGEMENT REPORT OF HGEARS AG AND THE HGEARS GROUP, THE EXPLANATORY REPORT OF THE MANAGEMENT BOARD ON THE DISCLOSURES IN ACCORDANCE WITH SECTIONS 289A, 315A OF THE GERMAN COMMERCIAL CODE (HANDELSGESETZBUCH - HGB) AND THE REPORT OF THE SUPERVISORY BOARD FOR FISCAL YEAR 2022**

The Supervisory Board approved the annual financial statements and the consolidated financial statements prepared by the Management Board in accordance with section 172 AktG; the annual financial statements are thus adopted. The Annual General Meeting is therefore not required to adopt a resolution on this item 1 of the agenda.

The annual financial statements of hGears AG as of December 31, 2022, which were prepared in accordance with the provisions of the HGB, show a net accumulated loss. The agenda for this year's Annual General Meeting therefore does not contain any item requiring a resolution by the Annual General Meeting on the appropriation of net retained profits.

2. **RESOLUTION ON OFFICIAL APPROVAL OF THE ACTIONS OF THE MEMBERS OF THE MANAGEMENT BOARD FOR FISCAL YEAR 2022**

The Management Board and Supervisory Board propose that the actions of the members of the Management Board be approved for fiscal year 2022.

3. **RESOLUTION ON OFFICIAL APPROVAL OF THE ACTIONS OF THE MEMBERS OF THE SUPERVISORY BOARD FOR FISCAL YEAR 2022**

The Management Board and Supervisory Board propose that the actions of the members of the Supervisory Board be approved for fiscal year 2022.

4. **RESOLUTION ON THE ELECTION OF THE AUDITOR OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR FISCAL 2023**

Based on the recommendation of its Audit Committee, the Supervisory Board proposes the appointment of

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft,
Frankfurt am Main, Zweigniederlassung Stuttgart

as the auditor of the annual and consolidated financial statements for fiscal year 2023.

The Audit Committee has declared that its recommendation is free from undue third-party influence and that, in particular, no clauses restricting its choice as referred to by Article 16 (6) of the EU Audit Regulation (Regulation (EU) No. 537/2014 of the European Parliament and of the Council of April 16, 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC) have been imposed on it.

5. **RESOLUTION ON THE APPROVAL OF THE REMUNERATION SYSTEM FOR THE MEMBERS OF THE MANAGEMENT BOARD**

Pursuant to section 120a AktG, the Annual General Meeting 2022 on June 22, 2022 approved the remuneration system for the members of the Management Board of the Company.

On April 27, 2023, the Supervisory Board approved changes with regard to the structure of the variable remuneration for the members of the Management Board of the Company. This relates to the weighting of the individual performance targets for the *Short Term Incentive* and the deletion of a special bonus for special merits and achievements of the Management Board members (*Ermessensbonus*) as a variable remuneration component. Furthermore, the maximum remuneration for the CEO position was reduced and the ratio of fixed and variable remuneration components was adjusted. In addition, the details regarding the target achievement corridors of the partial bonuses of the Short Term Incentive were made more specific. The Annual General Meeting must resolve on the changed remuneration system for the members of the Management Board.

The Supervisory Board proposes to resolve:

The remuneration system for the members of the Management Board described under "EXPLANATIONS TO ITEM 5 - Amended remuneration system for the members of the Management Board" following the agenda is approved.

6. **RESOLUTION ON THE APPROVAL OF THE REMUNERATION REPORT**

Pursuant to section 162 AktG, the Management Board and Supervisory Board shall prepare a remuneration report and submit it to the Annual General Meeting for approval in accordance with section 120a (4) AktG.

The remuneration report was audited by the auditor in accordance with section 162 (3) AktG to determine whether it contains the disclosures required by law in accordance with section 162 (1) and (2) AktG. The report on the audit of the remuneration report is attached to the remuneration report.

The Management Board and the Supervisory Board propose that the remuneration report prepared and approved in accordance with section 162 AktG for fiscal year 2022 be approved.

The remuneration report has been reproduced as an annex to the agenda under "NOTES TO ITEM 6 OF THE AGENDA - Remuneration report in accordance with section 162 AktG for fiscal year 2022" and will be published on the Company's website at

<https://ir.hgears.com/annual-general-meeting/>

from the time the Annual General Meeting is convened. Furthermore, the remuneration report will also be accessible there during the Annual General Meeting as well.

7. **RESOLUTION ON AN AMENDMENT TO THE ARTICLES OF ASSOCIATION TO ALLOW ANNUAL VIRTUAL GENERAL MEETINGS IN THE FUTURE**

The Act on the Introduction of Virtual Annual General Meetings of Public Limited Companies and the Amendment of Cooperative, Insolvency and Restructuring Law Provisions of July 20, 2022 (Federal Law Gazette of July 26, 2022, p. 1166 et seq.) makes it possible to hold general meetings in the future without the physical presence of the shareholders or their proxies at the place of the general meeting (so-called virtual general meeting). Pursuant to section 118a (1) sentence 1 AktG, the Articles of Association may provide that the Management Board be authorised, for a period of no more than five years after registration of the amendment to the Articles of Association, to hold the general meeting as a virtual general meeting, i.e. without the physical presence of the shareholders or their proxies at the place of the general meeting.

This possibility shall be used and such an authorisation of the Management Board shall be resolved. This authorisation shall be limited to two years.

During the two-year term of the authorisation, the Management Board will decide anew for each general meeting whether and under what conditions, if applicable, it should be convened as a virtual general meeting. In doing so, it will take into account the relevant concrete circumstances of the individual case and make its decision according to its best judgment for the benefit of the Company and the shareholders. In the case of a virtual general meeting, the members of the Supervisory Board shall be permitted to participate in the general meeting by means of video and audio transmission.

The Management Board and the Supervisory Board therefore propose that the following resolution be adopted:

In Clause 15 of the Articles of Association the following new paragraph (6) shall be inserted:

"(6) The Management Board is authorised, for general meetings to be held until the end of June 12, 2025, to provide for the meeting to be held without the physical presence of the shareholders or their proxies at the place of the general meeting (virtual general meeting). In the event of a virtual general meeting, members of the Supervisory Board shall be permitted to participate in the general meeting by means of video and audio transmission."

8. **RESOLUTION ON THE CANCELLATION OF THE AUTHORISATION TO ISSUE STOCK OPTIONS TO MEMBERS OF THE MANAGEMENT BOARD AND SELECTED EXECUTIVES OF THE COMPANY AND AFFILIATED COMPANIES (STOCK OPTION PROGRAMME 2021), THE GRANTING OF A NEW AUTHORISATION TO ISSUE STOCK OPTIONS TO MEMBERS OF THE MANAGEMENT BOARD AND SELECTED EXECUTIVES OF THE COMPANY AND AFFILIATED COMPANIES (STOCK OPTION PROGRAMME 2023), THE AMENDMENT OF THE CONDITIONAL CAPITAL 2021/II INTO THE CONDITIONAL CAPITAL 2023 TO COVER THE STOCK OPTION PROGRAMME 2023 AND THE CORRESPONDING AMENDMENT OF THE ARTICLES OF ASSOCIATION**

By resolution of the Annual General Meeting of May 5, 2021, the Stock Option Programme 2021 was resolved in order to grant subscription rights to shares in the Company (stock option rights) to members of the Management Board of the Company and selected executives of the Company and of companies affiliated with the Company within the meaning of sections 15 et seq. AktG. The Management Board was authorised, with the consent of the Supervisory Board, to grant up to 738,400 subscription rights (stock option rights) to up to 738,400 no-par value bearer shares of the Company within the framework of the stock option programme 2021 until the expiry of May 4, 2026. Only the Supervisory Board was authorised to grant stock option rights to the members of the Management Board of the Company.

The Management Board of the Company (with the consent of the Supervisory Board) and - insofar as the members of the Management Board are concerned - the Supervisory Board of the Company have initially made use of the authorisation to the extent that a total of 190,500 stock option rights were issued to the members of the Management Board and to selected executives of the companies affiliated with the Company within the meaning of sections 15 et seq. AktG were issued.

The performance target set in the Stock Option Programme 2021 was not achieved for the 190,500 stock option rights issued. By resolution of the Annual General Meeting of June 22, 2022, the Conditional Capital 2021/II was reduced. Currently, the Conditional Capital 2021/II exists in the form that the authorisation entitles to issue up to 547,900 no-par value bearer shares.

Stock option rights still existing from the Stock Option Programme 2021 can no longer be exercised or further stock option rights can no longer be issued. As a result, the Conditional Capital 2021/II no longer needs to be maintained to secure the 547,900 stock option rights of the Stock Option Programme 2021 in the amount of EUR 547,900.00 (corresponds to

547,900 no-par value bearer shares of the Company with a proportionate amount of the share capital of EUR 1.00 per share).

The authorisation to issue stock options to members of the Management Board and selected executives of the Company and affiliated companies (Stock Option Programme 2021) as well as the existing Conditional Capital 2021/II in the amount of EUR 547,900.00 (clause 4.4 of the Articles of Association) shall be cancelled.

It is intended to resolve on a new stock option programme. The new authorisation shall be used to issue up to 738,400 stock option rights to members of the Management Board of the Company and selected executives of the Company and of the companies affiliated with the Company within the meaning of sections 15 et seq. AktG ("**Stock Option Programme 2023**"). The programme serves a targeted incentivisation of the programme participants and at the same time is intended to achieve a binding effect of the programme participants on the Company.

The existing Conditional Capital 2021/II shall be replaced by a new Conditional Capital 2023 and clause 4.4 of the Articles of Association shall be reworded.

The Management Board and the Supervisory Board therefore propose to adopt the following resolution:

1. The authorisation to issue stock options to members of the Management Board and selected executives of the Company and affiliated companies (Stock Option Programme 2021) resolved by the Annual General Meeting on May 5, 2021 is cancelled.
2. The Management Board is authorised to grant up to a total number of 738,400 subscription rights ("**Stock Option Rights**") for up to 738,400 no-par value bearer shares of the Company within the framework of the Stock Option Programme 2023, subject to the approval of the Supervisory Board up to and including November 30, 2025 ("**Authorisation Period**"). The Supervisory Board alone is authorised to grant Stock Option Rights to members of the Management Board of the Company in accordance with the following provisions.

The authorisation shall become effective as soon as the Conditional Capital 2023, replacing the Conditional Capital 2021/II to be resolved under clause 3 below has been registered in the commercial register ("**Effective Date**"). The key parameters for the granting of Stock Option Rights and for the issuance of shares to settle exercised Stock Option Rights, as soon as they have been exercised, are determined as follows:

(a) Stock Option Rights

Each Stock Option Right entitles the holder to acquire one no-par value bearer share in the Company with a pro-rata amount in the share capital of the Company of EUR 1.00 per share against payment of the relevant Exercise Price as determined under lit. (e) below, in accordance with the more detailed provisions of the Stock Option terms and conditions.

The new shares shall participate in the profits from the beginning of the financial year for which, at the time of the issuance, the Annual General Meeting has not yet passed a resolution on the appropriation of any profit.

(b) Beneficiaries

The circle of beneficiaries includes members of the Management Board of the Company, selected executives of the Company and its affiliated companies within the meaning of sections 15 et seq. AktG ("**Beneficiaries**"). The

Management Board is responsible, subject to the approval of the Supervisory Board, for determining the exact circle of Beneficiaries and the volume of the Stock Option Rights to be granted to the respective Beneficiaries. Insofar as members of the Management Board of the Company shall be granted Stock Option Rights, the Supervisory Board shall be exclusively responsible for determining and granting the said Stock Option Rights.

The shareholders of the Company do not have a statutory right to subscribe to the Stock Option Rights.

The total volume of the up to 738,400 Stock Option Rights is allocated to the eligible groups of persons as follows:

- in total up to 426,000 Stock Option Rights to members of the Management Board of the Company ("**Group 1**"); and
- in total up to 312,400 Stock Option Rights to selected executives of the Company and its affiliated companies within the meaning of sections 15 et seq. AktG ("**Group 2**").

The Beneficiaries must be in an employment or service relationship with the Company or one of its affiliated companies within the meaning of sections 15 et seq. AktG or be members of the Management Board of the Company at the time the Stock Option Rights are granted (respectively "**Employment Relationship**").

(c) Issuance of the Stock Option Rights, issue date and issue periods

The issuance of the Stock Option Rights shall be effected by the conclusion of a written subscription agreement (also "**Subscription Rights Agreement**") between the Company and the respective Beneficiary. To the extent that members of the Management Board shall be granted Stock Option Rights, the Company shall be represented by the Supervisory Board.

The Stock Option Rights shall be issued to the Beneficiaries in three tranches per year over a period of three years (Tranches 2023 A/B/C, Tranches 2024 A/B/C and Tranches 2025 A/B/C).

In 2023, the Stock Option Rights of Tranches 2023 A/B/C will be granted within 20 stock exchange trading days after the Effective Date. The Stock Option Rights of the Tranches 2024 A/B/C will be issued within four weeks after publication of the annual financial report for the financial year 2023 and of the Tranches 2025 A/B/C within four weeks after publication of the annual financial report for the financial year 2024.

The day on which Stock Option Rights are granted is hereinafter referred to as the "**Issue Date**".

(d) Waiting period for initial exercise, exercise periods, and black-out periods

The waiting period for the initial exercise of Stock Option Rights is four years commencing on the Issue Date of the respective Stock Option Rights ("**Waiting Period**"). After the expiry of the Waiting Period, Stock Option Rights may be exercised if the performance target for these Stock Option Rights pursuant to lit. (f) have been achieved within the exercise periods and outside any black-out periods until the expiry of the Stock Option Rights (hereinafter lit (g)).

The subscription rights may be exercised in each case within three weeks after publication by the Company of its annual financial report, the half-year financial report and after publication of a quarterly financial report for a financial year ("**Exercise Period**").

In all other respects, the restrictions resulting from general legal provisions, in particular the Market Abuse Regulation (*Marktmissbrauchsverordnung*) and the German Securities Trading Act (*Wertpapierhandelsgesetz*), must be observed.

The Management Board and - with regard to the members of the Management Board of the Company - the Supervisory Board may establish black-out periods at their due discretion in order to minimise the potential for prohibited insider trading. The Supervisory Board may extend the Exercise Period in the event that black-out periods are established.

(e) Exercise Price

Each Stock Option Rights issued entitles the holder to subscribe to one share in the Company at the exercise price.

Upon exercise of the Stock Option Rights, an exercise price of EUR 6.00 shall be paid for each share to be subscribed for the Tranches 2023 A/B/C.

Upon exercise of the Stock Option Rights, an exercise price of EUR 12.00 shall be paid for each share to be subscribed for the Tranches 2024 A/B/C.

Upon exercise of the Stock Option Rights, an exercise price of EUR 18.00 shall be paid for each share to be subscribed for the Tranches 2025 A/B/C.

In the event of extraordinary, unforeseen developments, the Supervisory Board may limit the Stock Option Rights granted to the members of the Management Board in whole or in part in terms of content or scope.

(f) Performance target

The Stock Option Rights of the respective tranches of the Stock Option Programme may be exercised after expiry of the Waiting Period if the arithmetic mean of the closing prices of the shares of the Company in Xetra trading (or in a comparable successor system) on the Frankfurt Stock Exchange on 20 trading days prior to December 31 ("**Record Date**") reaches or exceeds the EUR amount ("**Performance Target**") individually determined below for each tranche. For the Tranches 2023 A/B/C the Record Date is December 31, 2023, for the Tranches 2024 A/B/C the Record Date is December 31, 2024 and for the Tranches 2025 A/B/C the Record Date is December 31, 2025.

The following performance targets apply to the 2023 A/B/C tranches:

Tranche	Performance Target in Euro
2023/A	8.00
2023/B	10.00
2023/C	12.00

The following performance targets apply to the 2024 A/B/C tranches:

Tranche	Performance Target in Euro
2024/A	14.00
2024/B	16.00
2024/C	18.00

The following performance targets apply to the 2025 A/B/C tranches:

Tranche	Performance Target in Euro
2025/A	20.00
2025/B	23.00
2025/C	26.00

(g) Non-transferability and forfeiture of Stock Option Rights

The Stock Option Rights are granted as non-transferable subscription rights. The Stock Option Rights are not transferable, alienable, pledgeable or otherwise encumberable, except in the case of inheritance or with the prior written consent of the Supervisory Board.

Stock Option Rights may only be exercised within 24 months after the expiry of the Waiting Period ("**Expiry Date**"). All subscription rights that have not been exercised within the Exercise Periods prior to the Expiry Date will expire without compensation.

(h) Regulation of further details

The Management Board, subject to the approval of the Supervisory Board, and - with regard to the members of the Management Board - the Supervisory Board shall be authorised to determine the further details regarding the issuance of shares from the Conditional Capital 2023 (clause 3 below) and the additional conditions of the Stock Option Programme 2023, in particular the terms and conditions applicable to Stock Option Rights. The further details include in particular, but not limited to, provisions on taxes and costs, the procedure for the grant of Stock Option Rights to the individual Beneficiaries and the exercise of the Stock Option Rights, provisions in relation to the forfeiture of subscription rights in the event of the Management Board member service agreement or employment agreement with the Company is terminated, provisions regarding the possibility of seeking compensation for the acquired subscription rights in the event of a change of control or a termination of the stock exchange listing of the shares of the Company (delisting), on the limitation of liability of the Company, provisions allowing for the pay-out from exercising Stock Option Rights to be adequately limited in cases of extraordinary developments and anti-dilution provisions in cases of capital measures as well as further procedural rules.

The up to 738,400 no-par value bearer shares of the Company necessary to fulfil the Stock Option Rights shall be provided by the new Conditional Capital 2023.

3. The existing Conditional Capital 2021/II for servicing the Stock Option Programme 2021 shall be amended into the following new conditional Capital for servicing the Stock Option Programme 2023 (Conditional Capital 2023):

The share capital of the Company shall be conditionally increased by up to EUR 738,400.00 by issuing up to 738,400 no-par value bearer shares (Conditional Capital 2023). The Conditional Capital 2023 serves exclusively the purpose of granting Stock Option Rights to members of the Management Board of the Company and to selected executives of the Company and affiliated companies in accordance with the provisions of the authorisation resolution of the Annual General Meeting of June 13, 2023. The conditional capital increase shall only be implemented to the extent that holders of Stock Option Rights exercise their subscription rights to shares of the Company and to the extent that no other forms of fulfilment (e.g. fulfilment in cash or servicing with treasury shares) are used.

The new shares issued on the basis of the exercise of Stock Option Rights shall participate in the profits from the beginning of the financial year for which, at the time of the issuance of the new shares, no resolution of the Annual General Meeting has yet been passed on the appropriation of any profit. The Management Board of the Company, with consent of the Supervisory Board, is authorised to determine the further details of the implementation of the conditional capital increase, unless Stock Option Rights and shares are to be issued to members of the Management Board of the Company; in this case, the Supervisory Board shall determine the further details of the implementation of the conditional capital increase.

The Supervisory Board is authorised to amend the wording of the Articles of Association in accordance with the scope of the capital increase from the Conditional Capital 2023.

4. For the purpose of creating the Conditional Capital 2023, clause 4.4 of the Articles of Association shall be completely revised as follows:

"The share capital of the Company is conditionally increased by up to EUR 738,400.00 by issuing up to 738,400 no-par value bearer shares (Conditional Capital 2023). The Conditional Capital 2023 serves exclusively the purpose of issuing shares of the Company to service subscription rights to shares of the Company granted to members of the Management Board of the Company and selected executives of the Company as well as of companies affiliated with the Company within the meaning of sections 15 et seq. AktG in the form of Stock Option Rights in accordance with the authorisation resolution of the Annual General Meeting of June 13, 2023. The conditional capital increase shall only be implemented to the extent that Stock Option Rights are granted in accordance with the aforementioned authorisation resolution (Stock Option Programme 2023), the holders of the Stock Option Rights exercise these rights and the Company does not grant treasury shares to service the Stock Option Rights. The new no-par value bearer shares shall participate in the profits from the beginning of the financial year for which the Annual General Meeting has not yet passed a resolution on the appropriation of profits at the time of issue. The Supervisory Board is authorised to amend the wording of the Articles of Association in accordance with the respective utilisation of the Conditional Capital 2023 and after the expiry of all Exercise Periods. The Management Board, with consent of the Supervisory Board, and - with respect to the members of the Management Board - the Supervisory Board shall be authorised to determine the further details regarding the issue of shares from the Conditional Capital 2023."

9. **RESOLUTION ON THE CANCELLATION OF CONDITIONAL CAPITAL 2022/I**

By resolution of the Annual General Meeting on June 22, 2022, the Stock Option Programme 2022 was resolved in order to grant subscription rights to shares in the Company (Stock Option Rights) to members of the Management Board of the Company and selected executives of the Company and of companies affiliated with the Company within the meaning of sections 15 et seq. AktG. The Management Board was authorized, with the approval of the Supervisory Board, to grant up to 190,500 subscription rights (Stock Option Rights) to up to 190,500 no-par value bearer shares of the Company under the Stock Option Programme 2022 until the end of November 30, 2022. The Supervisory Board alone was authorized to grant Stock Option Rights to the members of the Management Board of the Company.

Conditional Capital 2022/I was created to service the Stock Option Rights, authorizing the issue of up to 190,500 no-par bearer shares.

Within the framework of the Stock Option Programme 2022, a total of 190,500 stock option rights were issued to the members of the Management Board and selected executives of the companies affiliated with the Company within the meaning of sections 15 et seq. AktG.

The performance target for the issued Stock Option Rights was not achieved within the framework of the Stock Option Programme 2022. Therefore, the issued 190,500 Stock Option Rights can no longer be exercised. As a result, the Conditional Capital 2022/I no longer needs to be maintained to secure the 190,500 Stock Option Rights in the amount of EUR 190,500.00 (corresponds to 190,500 no-par value bearer shares of the Company with a proportionate amount of the share capital of EUR 1.00 per share).

The Management Board and the Supervisory Board propose to resolve

1. The existing Conditional Capital 2022/I in the amount of EUR 190,500.00 (clause 4.5 of the Articles of Association) shall be cancelled.
2. Clause 4.5 of the Articles of Association shall be cancelled.

NOTE TO ITEM 8 OF THE AGENDA (Resolution on the cancellation of the authorisation to issue Stock Option Rights to members of the Management Board and selected executives of the Company and affiliated companies (Stock Option Programme 2021), the granting of a new authorisation to issue Stock Option Rights to members of the Management Board and selected executives of the Company and affiliated companies (Stock Option Programme 2023), resolution on the amendment of Conditional Capital 2021/II to Conditional Capital 2023 to service the Stock Option Programme 2023 and corresponding amendment to the Articles of Association)

It is intended to cancel the authorisation to issue stock options to members of the Management Board and selected executives of the Company and affiliated companies (Share Option Programme 2021) and to create a new authorisation to issue stock options to members of the Management Board and selected executives of the Company and affiliated companies. The new authorisation is intended to enable members of the Management Board of the Company and selected executives of the Company and of companies affiliated with the Company within the meaning of sections 15 et seq. AktG ("**Beneficiaries**") to be granted option rights on shares of the Company ("**Stock Option Programme 2023**"). The objective of the Stock Option Programme 2023 is to provide the Beneficiaries with a targeted incentive by issuing option rights to shares in the Company. The share subscription enables the Beneficiaries to participate in the development of the share price, so that the goals of the management and the interests of the shareholders are aligned even more closely. This gives the Beneficiaries an incentive to increase the value of the company in the long term and in a sustainable manner.

The Management Board is to be authorized by resolution of the Annual General Meeting, with the approval of the Supervisory Board, to grant up to 738,400 subscription rights ("**Stock Option Rights**") to up to 738,400 no-par value bearer shares of the Company under the Stock Option Programme 2023 until the end of November 30, 2025 ("**Authorization Period**"). Only the Supervisory Board is authorized to grant Stock Option Rights to members of the Management Board of the Company.

The total volume of up to 738,400 Stock Option Rights is distributed among the entitled groups of persons as follows:

- a total of up to 426,000 Stock Option Rights to members of the Management Board of the Company; and
- a total of up to 312,400 Stock Option Rights to selected executives of the Company and of companies affiliated with the Company within the meaning of sections 15 et seq. AktG.

The Stock Option Rights are to be covered by new shares from amended conditional capital (new: Conditional Capital 2023). The shareholders of the Company have no statutory subscription rights to the Stock Option Rights.

As part of the long-term variable compensation component for the members of the Management Board of the Company and for the executives of the hGears Group, the Stock Option Programme 2023 is intended to supplement the Stock Option Programme 2021 and the Stock Option Programme 2022 already in place in order to be able to continue to incentivize the Management Board members and executives in a targeted manner by issuing Stock Option Rights.

A maximum of 738,400 new shares can be issued from the conditional capital 2023 (Conditional Capital 2023) still to be newly adopted for the servicing of the Stock Option Programme 2023. The exclusion of subscription rights associated with the Stock Option Programme 2023 is therefore limited to a maximum of 7.1% of the share capital at the time of the resolution. Serving the stock options with new shares can therefore lead to a maximum dilution of the shareholders' rights of 7.1%. The total nominal amount of the conditional capitals of the Company, including the Conditional Capital 2021/I in the amount of EUR 3,261,600.00 (Clause 4.3 of the Articles of Association) as well as the new Conditional Capital 2023 in the amount of EUR 738,400.00 (Clause 4.4 of the Articles of Association), which will replace the Conditional Capital 2021/II, will amount in total to EUR 4,000,000.00 and will therefore not exceed half of the share capital existing at the time of the resolution on the conditional capital increase.

In overview, the proposed resolution of the Management Board and Supervisory Board for the issue of the Stock Option Rights under the Stock Option Programme 2023 provides for the following:

Subject matter of the Stock Option Rights

Each Stock Option Right granted under the Stock Option Programme 2023 shall entitle the Management Board member, in accordance with the terms and conditions of the Stock Option Programme 2023, to subscribe for one share in the Company representing a pro rata amount of the capital stock of EUR 1.00 from the Conditional Capital 2023 created for this purpose against payment of the Exercise Price.

Issue period for the Stock Option Rights

The Stock Option Rights shall be issued to the Beneficiaries in three Tranches over a period of three years.

In 2023, the granting of the Stock Option Rights of the Tranches 2023 A/B/C shall take place within 20 stock exchange trading days after the entry of the Conditional Capital 2021/II to be amended by the Annual General Meeting into the Conditional Capital 2023 in the Commercial Register. The Stock Option Rights of the Tranches 2024 A/B/C will be issued within four weeks after publication of the annual financial report for the financial year 2023 and of the Tranches 2025 A/B/C within four weeks after publication of the annual financial report for the financial year 2024.

Waiting and term period and Exercise Periods for the Stock Option Rights

The Stock Option Rights granted to the Beneficiaries shall be exercisable at the earliest after the expiry of a Waiting Period of four years from the date of granting of the Stock Option Rights ("**Waiting Period**"). The term of the Stock Option Rights shall commence on the grant date and end 24 months after the end of the Waiting Period. The Exercise Period for the Stock Option Rights will thus be 24 months after the end of the Waiting Period.

Exercise of Stock Option Rights and Exercise Price

The Stock Option Rights may only be exercised during their term and after expiry of the Waiting Period. Exercise is only possible during certain Exercise Periods and provided that the performance target specified below is met.

Upon exercise of the Stock Option Rights, the exercise price set forth below for the respective tranche shall be paid for each share to be subscribed:

Upon exercise of the Stock Option Rights, an exercise price of EUR 6.00 shall be paid for each share to be subscribed for the Tranches 2023 A/B/C.

Upon exercise of the Stock Option Rights, an exercise price of EUR 12.00 shall be paid for each share to be subscribed for the Tranches 2024 A/B/C.

Upon exercise of the Stock Option Rights, an exercise price of EUR 18.00 shall be paid for each share to be subscribed for the Tranches 2025 A/B/C.

In the event of extraordinary, unforeseen developments, the Supervisory Board may limit the Stock Option Rights granted to the members of the Management Board in whole or in part in terms of content or scope.

Exercise Periods

After expiry of the Waiting Period, Stock Option Rights for which the performance target has been achieved may be exercised within the Exercise Periods specified in the authorization granted by the Annual General Meeting and outside any exercise blocking periods until the Stock Option Rights expire.

Performance target

The Stock Option Rights of the respective tranches of the Stock Option Programme 2023 may be exercised after expiry of the Waiting Period if the arithmetic mean of the closing prices of the shares

of the Company in Xetra trading (or in a comparable successor system) on the Frankfurt Stock Exchange on 20 trading days prior to December 31 ("**Record Date**") reaches or exceeds the EUR amount ("**Performance Target**") individually determined below for each tranche. For the Tranches 2023 A/B/C the Record Date is December 31, 2023, for the Tranches 2024 A/B/C the Record Date is December 31, 2024 and for the Tranches 2025 A/B/C the Record Date is December 31, 2025.

The following performance targets apply to the 2023 A/B/C tranches:

Tranche	Performance Target in Euro
2023/A	8.00
2023/B	10.00
2023/C	12.00

The following performance targets apply to the 2024 A/B/C tranches:

Tranche	Performance Target in Euro
2024/A	14.00
2024/B	16.00
2024/C	18.00

The following performance targets apply to the 2025 A/B/C tranches:

Tranche	Performance Target in Euro
2025/A	20.00
2025/B	23.00
2025/C	26.00

Limitation in the event of extraordinary developments

The Supervisory Board is entitled to refuse the exercise of Stock Option Rights to the extent that their exercise would lead to disproportionately high compensation for the Beneficiary due to extraordinary, unforeseen developments. The Supervisory Board has sole responsibility for such refusal.

NOTES TO ITEM 5 OF THE AGENDA – Modified remuneration system for members of the Management Board

Remuneration system of the Management Board members of the hGears Aktiengesellschaft

A. PRINCIPLES OF THE REMUNERATION SYSTEM AND CONTRIBUTION IN SUPPORT OF THE BUSINESS STRATEGY AND THE LONG-TERM DEVELOPMENT OF THE COMPANY

The remuneration system for the Management Board aims to remunerate the members of the Management Board appropriately in line with their duties and responsibilities and to take into account the performance of each member of the Management board and the success of the Company. Accordingly, the remuneration system includes variable remuneration components in addition to fixed remuneration components.

It is the Company's goal to grow in the coming years by expanding existing offerings and establishing new product offerings and to sustainably increase the value of the Company in the interests of its shareholders. The remuneration of the Management Board makes an important contribution to supporting these strategic goals and the long-term development of hGears AG.

The orientation towards the two control parameters Group revenue and Group-EBITDA in the framework of the short-term variable remuneration component obliges the Management Board to pay attention to growth and profitability at the same time and thus promotes the strategic goal of profitable growth of the Company. The additional consideration of non-financial sustainability criteria emphasizes the social and ecological responsibility of the Company as well as the goal of sustainable corporate development.

The share-based component of long-term variable remuneration allows Management Board members to participate in the development of the share price, thus further aligning the objectives of management with the interests of shareholders. This gives the Management Board an incentive to increase the value of the Company in the long term and on a sustainable basis.

The system for the remuneration of Management Board members is designed to be simple, clear and comprehensible and complies with the requirements of the AktG. Where it deviates from the recommendations of the German Corporate Governance Code ("**GCGC**"), such deviation is explained and justified in accordance with the statutory requirements in the Declaration of Conformity.

B. THE REMUNERATION SYSTEM IN DETAIL

I. REMUNERATION COMPONENTS

1. OVERVIEW OF THE REMUNERATION SYSTEM

The total remuneration of each individual Management Board member comprises the following components:

- Non-performance-related remuneration (fixed remuneration plus fringe benefits)
- Short-term variable remuneration (Short Term Incentive or "**STI**")
- Long-term variable remuneration (participation in the long-term incentive program, "**LTI**")

The following table provides an overview of the main components of the Management Board remuneration system:

Remuneration Component		Factors
Basic remuneration (monthly, cash)	Fringe benefits (yearly, cash)	Management Service Agreement
Short-term variable remuneration (STI) (yearly, cash)		<ul style="list-style-type: none"> • Performance target / proportion: <ul style="list-style-type: none"> ◦ Group revenue (25%) ◦ Adjusted Group-EBITDA (50%) ◦ ESG-target (25%)
Long-term variable remuneration (LTI) (Stock options plan)		<ul style="list-style-type: none"> • granting of stock option in three tranches on a yearly basis • performance target met dependent on share price development • Waiting period for exercise of stock options: 4 years after granting

2. REMUNERATION COMPONENTS IN DETAIL

a. Non-performance related remuneration

Basic remuneration

The fixed, non-performance-related remuneration component consists of a fixed amount as the basic remuneration. The basic remuneration is paid to the Management Board member on a monthly pro-rata basis as a salary. It will be contractually agreed with the respective Management Board members, regularly reviewed and, if necessary, adapted by mutual agreement with the Management Board member concerned.

Fringe benefits

In addition to the basic remuneration, Management Board members are granted certain monetary and non-monetary fringe benefits to an appropriate extent. These include in particular subsidies for health and pension insurance, the conclusion of accident insurance for the benefit of the Management Board member, assumption of costs for the renting of a second flat by the Management Board member and the provision of a company car for appropriate business and private use. The Company bears the operating and maintenance costs for the company car. In addition, the Management Board members receive reimbursement of expenses for travel and other expenses. All benefits in kind are appropriately taxed by the company.

In addition, the Company provides directors' and officers' liability insurance (D&O insurance) for the members of the Management Board with the usual coverage for the event that a Management Board member is held liable, for a breach of duty committed in the course of his duties, by a third party or by the Company on the basis of statutory liability provisions under private law for a pecuniary loss. The insurance conditions are specified in the respective insurance policy. The deductible corresponds to the minimum deductible pursuant to section 93 (2) sentence 3 of the AktG, as amended. If statutory provisions require a change in the conditions of the insurance, the Supervisory Board may adjust the conditions of the insurance accordingly at any time.

b. Short-term variable remuneration (STI)

Each Management Board member receives an annual performance-related bonus ("**Short-Term Variable remuneration**", "**Short-Term Incentive**," or "**STI**") if certain targets are achieved.

The STI is linked to the achievement of certain financial corporate targets for the respective fiscal year, which are determined on the basis of key figures from the consolidated financial statements ("**Financial STI**"), and to the achievement of a non-financial corporate target in the area of Environmental, Social and Governance (ESG) ("**Non-Financial STI**"). The respective STI targets are set annually as part of the Supervisory Board's approval of the budget for the relevant fiscal year, but no later than the end of March of the fiscal year for which the respective STI tranche will be granted.

The Financial STI is divided into two partial bonuses for the achievement of budgeted IFRS Group revenue ("**Partial Bonus I**") and for the achievement of budgeted adjusted IFRS Group EBITDA ("**Partial Bonus II**"). The orientation towards the two target figures of Group revenue and Group EBITDA obliges the Management Board to pay attention to growth and profitability at the same time and thus promotes the strategic goal of profitable growth of the Company.

As part of the Non-Financial STI, a further partial bonus is granted for achieving the ESG annual target ("**Partial Bonus III**"). The additional consideration of non-financial sustainability criteria as part of the STI emphasizes the social and environmental responsibility of the company as well as the goal of sustainable corporate development.

The STI is structured as follows:



The target achievement corridors of the Partial Bonuses of the STI are defined as follows:

Partial Bonus I:

If 90% of the budgeted annual IFRS Group revenue target is not achieved, the target achievement is 0% and there is no entitlement to partial bonus I. If 100% of the budgeted annual IFRS Group revenue target is achieved, the target achievement is 100% and 100% of Partial Bonus I is earned. If 90% of the budgeted annual IFRS Group revenue target is exceeded, Partial Bonus I is earned on a pro rata basis up to 100% target achievement (straight-line pro rata). The relevant target achievement corridor is between 90% and 100% of the target. "Straight-line pro rata" shall mean that 10 % of Partial Bonus I is earned if 91 % of the budgeted annual IFRS Group revenue target is achieved.

Partial Bonus II:

If 85% of the budgeted adjusted IFRS Group EBITDA target for the year is not achieved, the target achievement is 0% and there is no entitlement to Partial Bonus II. If 100% of the budgeted adjusted Group EBITDA target for the year is achieved, the target achievement is 100% and Partial Bonus II is 100% earned. If 85% of the budgeted adjusted consolidated EBITDA annual target is exceeded, Partial Bonus II is earned on a pro rata basis up to 100% target achievement (straight-line pro rata). The relevant target achievement corridor is between 85% and 100% of the target. "Straight-line pro rata" shall mean that 10 % of Partial Bonus I is earned if 86.5 % of the budgeted adjusted Group EBITDA target for the year is achieved.

Partial Bonus III:

If 90% of the defined ESG annual target is not achieved, target achievement is 0% and there is no entitlement to Partial Bonus III. If 100% of the defined ESG annual target is achieved, the target achievement is 100% and 100% of Partial Bonus III is earned. If 90% of the defined ESG annual target is exceeded, Partial Bonus III is earned on a pro rata basis up to 100% target achievement (linear pro rata). The relevant target achievement corridor is between 90% and 100% of the target. For the definition of "straight-line pro rata", please refer to the remarks to *Partial Bonus I*.

The target remuneration (granted if 100% of target is achieved) is defined in the respective Management Board service contracts.

The relationship between target achievement and the amount of the respective STI partial bonuses is shown in the following chart:



The Supervisory Board may increase or decrease the calculated individual STI gross amount for a fiscal year by a maximum 10% in order to create an overall picture that is consistent with the personal performance contribution of the Management Board member. Such an adjustment and the determination of the specific individual percentage adjustment factor shall be made solely by the Supervisory Board in its due discretion, taking into account suitable assessment criteria based on the given target parameters (e.g. leadership quality, contribution to the achievement of strategic, financial, technical or product-related targets, sustainable increase in the value of the share or comparable parameters).

The maximum total amount of the STI for a fiscal year thus ranges between 0% and a maximum of 110% of the STI target for a member of the Management Board.

The achievement of the STI target for the past financial year shall be determined by the Supervisory Board no later than at the meeting of the Supervisory Board to adopt the annual financial statements and approve the consolidated financial statements for the past financial year of the Company.

The Supervisory Board is entitled to exclude from the basis for calculating the STI extraordinary income/developments which have led to non-recurring additional income not attributable to an increase in operating business (e.g. sale of part of the company and/or assets, sale of shares, raising of hidden reserves, book profits and comparable influences). The same applies to extraordinary expenses/developments that have resulted in non-recurring additional expenses not attributable to a decline in operating business. Eliminations can be made at any time, but no later than the time when the targets are determined to have been achieved.

The STI for the past fiscal year is paid out annually in cash to the individual Management Board members after the Annual General Meeting of the Company.

If the Management Board service contract begins or ends during a fiscal year, the STI is first determined according to the respective target achievement for the fiscal year in question and then reduced pro rata temporis.

c. Long-term variable remuneration (Participation in the Long Term Incentive program, "LTI")

As long-term variable remuneration ("**Long Term Incentive**" or "**LTI**"), the members of the Management Board are granted option rights to shares in the Company under a stock option program.

Real Stock Option Rights may only be issued to members of the Management Board by the Supervisory Board on the basis of a corresponding authorization by the Annual General Meeting of the Company pursuant to section 192 (2) no. 3 AktG ("**Authorization**"). Pursuant to section 193 (2) no. 4 AktG, the authorization of the Annual General Meeting must in particular specify the performance targets, acquisition and exercise periods and the waiting period for the first-time exercise of the Stock Option Rights.

Subject to a corresponding authorization by the Annual General Meeting, the Supervisory Board will also introduce stock option programs for the members of the Management Board as LTI in the future (the stock option program hereinafter also "**SOP**"). The objective of SOP is to provide targeted incentives for members of the Management Board of the Company by issuing option rights to shares in the Company. The share subscription component of the LTI enables the members of the Management Board to participate in the development of the share price, thus bringing the objectives of management and the interests of shareholders even more closely in line with each other. This gives the Management Board an incentive to increase the value of the Company in the long term and on a sustainable basis.

The beneficiaries are members of the Management Board of the Company if they are in an employment relationship with the Company at the time the Stock Option Rights are granted.

Content of the Stock Option Rights

Each stock option right granted under SOP entitles the holder of the stock option right in accordance with these terms and conditions to subscribe for one share of the Company representing a pro rata amount of the share capital of EUR 1.00 from the conditional capital created for this purpose against payment of the exercise price. Alternatively, the Company may grant treasury shares against payment of the exercise price.

Issue periods for the Stock Option Rights

The Stock Option Rights in the context of the SOP will be issued in three annual tranches. Subject to a corresponding authorization by the Annual General Meeting, the Supervisory Board may, however, determine that the Stock Option Rights under the SOP be issued in one or several annual tranches.

Waiting Period and term of the Stock Option Rights

The Stock Option Rights allocated to the beneficiary may be exercised at the earliest after the expiry of a waiting period of four years from the issue date of the respective Stock Option Rights ("**Waiting Period**"). The term of the Stock Option Rights begins on the issue date and ends 24 months after the end of the Waiting Period. Stock Option Rights that have not been exercised by the end of the term expire without replacement and without the need for a declaration by the Company. The exercise period for the stock option rights is thus 24 months after the end of the Waiting Period.

Exercise of Stock Option Rights and Exercise Price

Stock Option Rights may only be exercised during their term and after expiry of the Waiting Period. Exercise is only possible during certain Exercise Periods and on condition that the performance targets specified below are met.

When exercising the stock option right, the exercising beneficiary must pay the exercise price per share for each share to be subscribed. The exercise price per share ("**Exercise Price**") shall be determined by the Annual General Meeting within the scope of the authorization.

Exercise Periods

After expiry of the Waiting Period, Stock Option Rights for which the respective performance target has been achieved may be exercised within the Exercise Periods and outside any exercise blocking periods until the Stock Option Rights expire. Exercisable Stock Option Rights of a tranche may be exercised in full or in part in one or more Exercise Periods.

Performance targets

The performance target for each individual tranche of the stock option rights issued to the members of the Management Board within the framework of the SOP shall be a certain increase in the share price compared to the exercise price, subject to a corresponding determination in the authorisation of the Annual General Meeting. Therefore, a share price hurdle above the exercise price shall be determined, which must be exceeded at a certain point in time after the issue of the stock option rights in order for the stock option rights to be exercised. Since the share price directly reflects the valuation of the company on the capital market, the exercisability of the stock option rights can thereby be made dependent on a corresponding minimum increase in the value of the company - just as through an exercise price that exceeds the current share price.

Limitation in the event of extraordinary developments

The Supervisory Board is entitled to refuse the exercise of Stock Option Rights to the extent that their exercise would lead to a disproportionately high remuneration of the beneficiary due to extraordinary, unforeseen developments. The Supervisory Board has sole responsibility for such refusal.

d. Imputation of remunerations

Any additional employment - whether paid or unpaid - requires the prior written consent of the Supervisory Board. The Supervisory Board also decides whether remuneration received by the Management Board member for additional employment outside the hGears Group is to be offset against the remuneration owed by the hGears Group.

e. Possibilities of reducing or reclaiming variable remuneration components (Malus/Claw-Back)

If the Company's economic situation deteriorates, the Supervisory Board is entitled pursuant to section 87 (2) AktG to reduce the remuneration of the Management Board members to an appropriate level to ensure appropriate remuneration with an effect for the future.

In addition to this statutory provision, malus provisions exist in both the STI and the LTI. The STI can be reduced by up to 10% at the discretion of the Supervisory Board (cf. the explanations in section 2. b.).

With regard to the LTI, the Company is entitled to refuse the exercise of Stock Option Rights to the extent that their exercise would lead to disproportionately high remuneration for the beneficiary due to extraordinary, unforeseen developments. The Supervisory Board has sole responsibility for such rejection.

II. TARGET TOTAL REMUNERATION; RATIO OF FIXED AND VARIABLE REMUNERATION COMPONENTS

The Supervisory Board determines a specific target-total remuneration for each individual Management Board member in accordance with the Management Board member's duties and responsibilities. The target-total remuneration relates in each case to a full fiscal year and is made up of the sum of all remuneration components relevant to the total remuneration which - irrespective of the time of payment - are granted for the fiscal year in question. In the case of benefits in kind granted as fringe benefits, the relevant value for income tax purposes is applied in each case.

The relative share of fixed annual remuneration, i.e. non-performance-related remuneration (fixed basic remuneration and fringe benefits), in the target total remuneration for each Management Board member is generally between 30 % and 45 %, and the relative share of variable remuneration is between 55 % and 70 %. The relative share of the STI in the target total remuneration is between 20 % and 30 %, and the relative share of the LTI in the target total remuneration is between 30 % and 40 %.

In the case of one-time benefits or benefits granted for a limited period, the above relative shares of the individual remuneration components in the target total remuneration may also be deviated from for individual fiscal years.

III. MAXIMUM REMUNERATION FOR INDIVIDUAL MEMBERS OF THE MANAGEMENT BOARD

The maximum remuneration for each Management Board member is the sum of the maximum values of the individual remuneration components fixed remuneration, short-term variable remuneration (STI) and long-term variable remuneration (LTI), as determined on the basis of the individual contractual agreements.

Notwithstanding this, the maximum remuneration is generally limited to EUR 1,700,000.00 gross for the CEO position and to EUR 1,400,000.00 gross for other Management Board members. The Supervisory Board observes that these limits are not reached in any of the current Management Board contracts. In addition, the maximum remuneration does not represent the level of remuneration for the members of the Management Board sought by the Supervisory Board or considered appropriate. It merely sets an absolute limit to avoid disproportionately high Management Board remuneration and is hence to be clearly distinguished from the target total remuneration based on ambitious targets. The maximum remuneration includes all fixed and variable remuneration components.

IV. REMUNERATION-RELATED TRANSACTIONS

1. TERM AND REQUIREMENTS FOR THE TERMINATION OF REMUNERATION RELATED TRANSACTIONS

The service contracts of Management Board members are concluded for the duration of their appointment. Initial appointments are made for a maximum of three years; extensions of the term of appointment may be for up to five years.

In view of the fixed duration of Management Board service contracts, there is generally no provision for their ordinary termination. If the Management Board member becomes incapacitated for the purpose of work during the term of the service contract, the contract shall generally end three months after the end of the month in which the permanent incapacity for work was established.

Besides that, the respective Management Board service agreement may only be terminated before the end of its term by mutual consent through a termination agreement or through extraordinary termination for good cause. Extraordinary termination for good cause by the Company may also be effected in particular in the event of revocation of the appointment of a member of the Management Board by the Supervisory Board for good cause in accordance with section 84 (3) AktG. In this case, the statutory periods of notice pursuant to section 622 BGB shall apply to the termination, unless there is, at the same time, good cause for immediate termination of the Management Board service agreement by the Company in accordance with section 626 BGB.

2. REGULATIONS IN THE EVENT OF THE RESIGNATION OF MANAGEMENT BOARD MEMBERS

a. Fixed remuneration

The fixed remuneration is paid for the last time for the month in which the employment contract ends.

b. STI

If the employment contract ends during a fiscal year, the STI is first determined in accordance with the respective target achievement for the fiscal year in question and then reduced proportionally.

c. LTI

With regard to the long-term variable remuneration, a distinction is made as to whether the selected Management Board member (hereinafter also referred to as the "**Beneficiary**") is a so-called "**Good Leaver**" or a "**Bad Leaver**".

If the beneficiary's Employment Relationship with the Company ends during the term of the Stock Option Rights granted to him and if the beneficiary does not immediately thereafter enter into a new Employment Relationship with another affiliated company ("**Good Leaver**"), the following shall apply:

- The beneficiary has the right to exercise all Stock Option Rights exercisable on the date of termination of employment until the end of the term during an Exercise Period.
- In addition, all Stock Option Rights granted to the beneficiary which have not yet vested shall vest on the date of termination of employment and, to the extent that the Stock Option Rights vest, may be exercised until the end of the term during an Exercise Period. If Stock Option Rights can no longer be exercised in accordance with the above provision, they shall be forfeited without remuneration.

If the beneficiary's Employment Relationship with the Company or one of its affiliated companies ends due to death, receipt of an early or standard retirement pension or a pension due to full reduction in earning capacity, the above provision shall apply accordingly. If the Employment Relationship ends as a result of death, the heirs shall take the place of the beneficiary.

If the Employment Relationship of the beneficiary with the Company or one of its affiliated companies ends during the term of the Stock Option Rights granted to him due to termination by the Company for good cause for which the beneficiary is responsible within the meaning of section 626 (1) BGB ("**Bad Leaver**"), all Stock Option Rights not yet exercised at the time of the declaration of termination shall be forfeited without remuneration.

d. Severance payment cap

If the service agreement is terminated prematurely by ordinary termination or by justified extraordinary termination by the Management Board member for good cause for which the Company is responsible, the Management Board member shall be entitled to a severance payment.

The Management Board member shall not be entitled to severance pay in the event of justified extraordinary termination by the Company for a good cause.

In the event of premature termination of Management Board duties, payments to the Management Board member including fringe benefits may not exceed the value of one year's total remuneration; in addition, they may not exceed the total remuneration for the remaining term of the Management Board member's service contract. The severance payment cap shall be calculated on the basis of the total remuneration for the past fiscal year and, where appropriate, also on the basis of the expected total remuneration for the current fiscal year.

3. PROCEDURES FOR DETERMINING, IMPLEMENTING AND REVIEWING THE REMUNERATION SYSTEM

The system of Management Board remuneration is determined by the Supervisory Board in accordance with statutory requirements and is reviewed by the Supervisory Board on a regular basis.

In particular, the Supervisory Board also reviews the appropriateness of the remuneration in comparison with the remuneration of senior management and the rest of the workforce in relation to the Group companies (vertical appropriateness) and compares their respective remuneration with that of the Management Board. For these purposes, the Supervisory Board defines senior management as the group of executives at the first management level below the Management Board. The Supervisory Board looks not only at the current remuneration ratio, but also at how it has developed over time. The present remuneration system is also based on a review of vertical appropriateness in accordance with these principles.

In addition, the Supervisory Board also aims to review the appropriateness of the remuneration in comparison to the remuneration of the Management Board within a peer group (horizontal appropriateness). At present, however, the Supervisory Board has not yet been able to determine a suitable peer group, as in the view of the Supervisory Board, taking into account the business model and the size of the listed company, there are currently no companies that could be considered as a peer group for the purposes of assessing the horizontal appropriateness of Management Board remuneration. However, the Supervisory Board considers the Management Board remuneration under the present Management Board remuneration system to be appropriate, particularly in view of the level of Management Board remuneration in other listed companies.

If necessary, the Supervisory Board will engage an external remuneration consultant to review appropriateness. If an external remuneration consultant is engaged, the Supervisory Board shall ensure that the consultant is independent.

Any conflict of interest in the establishment, implementation and review of the remuneration system shall be treated by the Supervisory Board in the same way as other conflicts of interest in the person of a Supervisory Board member. The Supervisory Board member concerned must therefore disclose any conflict of interest and will not participate in the adoption of resolutions or in the deliberations. Early disclosure of any conflicts of interest ensures that the decisions of the Supervisory Board are not influenced by improper considerations.

The remuneration system adopted by the Supervisory Board is submitted to the Annual General Meeting for approval. If the Annual General Meeting does not approve the remuneration

system put to the vote, a revised remuneration system will be submitted for resolution at the latest at the following Annual General Meeting in accordance with section 120a (3) AktG.

The Supervisory Board regularly reviews the system for the remuneration of Management Board members and makes any necessary changes. Whenever there are significant changes to the remuneration system, but at least every four years, the remuneration system is submitted to the Annual General Meeting for approval in accordance with section 120a (1) sentence 1 AktG.

The present system of remuneration for the Management Board is already fundamentally anchored in the employment contracts of the current members of the Management Board of hGears AG.

C. TEMPORARY DEVIATIONS FROM THE REMUNERATION SYSTEM

The Supervisory Board may temporarily deviate from the remuneration system (procedures and regulations governing the remuneration structure) and its individual components, as well as with regard to individual remuneration components of the remuneration system, or introduce new remuneration components if this is necessary in the interests of the long-term well-being of the Company. The Supervisory Board reserves the right to make such deviations in exceptional circumstances such as an economic or corporate crisis. The possibility of deviation in this context covers the procedure, the regulations governing the remuneration structure and amount, and the individual remuneration components and in particular the performance criteria. The Supervisory Board may deviate from both the relative proportion of the individual remuneration components and their individual requirements. It may also temporarily set the fixed remuneration differently in individual cases if this is in the interests of the long-term well-being of the Company. In addition, the Supervisory Board may temporarily grant additional remuneration components or replace individual remuneration components with other remuneration components to the extent necessary to restore the appropriateness of Management Board remuneration in the specific situation. Such deviations may temporarily lead to a deviation from the maximum remuneration for the Chairman of the Management Board or other ordinary members of the Management Board.

**NOTES TO ITEM 6 OF THE AGENDA - Remuneration report in accordance with section
162 AktG for fiscal year 2022**

Remuneration report in accordance with section 162 AktG

Report of the independent auditor

hGears AG
Schramberg

Remuneration Report pursuant to § 162 AktG for the Financial Year
from January 1 to December 31, 2021



Contents	Seite
Remuneration Report 2021	1
Report of the independent auditor on the formal audit of the remuneration report pursuant to § 162 Abs. 3 AktG	1
 General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften dated January 1, 2017	



Remuneration Report 2021

Introduction

At the beginning of fiscal year 2021, hGears AG was a German limited liability company operating under the name hGears Holding GmbH. On April 27, 2021, hGears GmbH was converted into a stock corporation (operating under the name hGears AG) as part of a change in legal form. hGears AG has been a listed company since May 21, 2021.

As a listed company, hGears AG is required to publish a remuneration report in accordance with section 162 of the German Stock Corporation Act (*AktG*). The remuneration report presents and explains in a clear and comprehensible manner the remuneration granted and owed individually to the current members of the Management Board and the Supervisory Board of hGears AG in the fiscal year 2021. The report complies with the requirements of the German Stock Corporation Act (*AktG*).

Due to rounding, some figures in this report may not add up precisely to the totals provided and percentages may not precisely reflect the absolute values to which they relate.

The compensation report was prepared by the Management Board and Supervisory Board and will be submitted to the next Annual General Meeting of the Company on 22. June 2022 in accordance with section 120a (4) *AktG* for voting.



Table of Contents

A.	Remuneration of the Members of the Management Board.....	3
I.	Overview of the Remuneration System.....	3
II.	Management Board Remuneration in the Financial Year 2021	4
1.	Fixed remuneration	4
2.	Short-term variable remuneration (STI)	5
a.	Basic features and functioning of the STI	5
b.	STI for the financial year 2021.....	9
3.	Long-term variable Remuneration (LTI).....	9
a.	Basic features and functioning of the LTI	9
b.	Stock options granted under the 2021 SOP	13
c.	Stock option rights granted under SOP 2021 / Tranche 2021.....	14
4.	Special remuneration for special merits or achievements.....	14
5.	One-time special payment.....	14
6.	Granted and owed remuneration	15
7.	Contribution of remuneration to strategic objectives	17
8.	Malus and Claw Back.....	17
9.	Compliance with the maximum remuneration.....	17
B.	Remuneration of the members of the Supervisory Board	19



A. Remuneration of the Members of the Management Board

I. Overview of the Remuneration System

The total remuneration and the individual remuneration components of the Management Board are in an appropriate relationship to the tasks of the respective Management Board member, the respective personal performance, the performance of the Management Board as a whole and the economic situation of hGears AG. Successes are rewarded and missed targets lead to an appropriate reduction of the variable remuneration. The remuneration structure is not intended to encourage taking inappropriate risks.

The Supervisory Board as a whole is responsible for determining the compensation of the individual members of the Management Board and for defining, reviewing and implementing the compensation system for the entire Management Board. In doing so, it also takes into account the guidelines and recommendations on the system of Management Board remuneration of the German Corporate Governance Code (GCGC) in its currently applicable version. The present system of Management Board remuneration was determined by the Supervisory Board in accordance with the legal requirements in sections 87 (1), 87a (1) of the German Stock Corporation Act ("**AktG**"), resolved on 29 March 2022 and will be submitted to the Annual General Meeting of hGears AG on 22. June 2022 for approval. In the event of any significant change to the remuneration system, but at least every four years, the remuneration system will be presented again to the Annual General Meeting for approval in accordance with section 120a (1) sentence 1 AktG.

The total compensation of each individual Management Board member comprises the following components:

- Non-performance-related remuneration (basic remuneration plus fringe benefits)
- Short-term variable remuneration (Short Term Incentive or "STI")
- Long-term variable compensation (participation in the long-term incentive program, "LTI")
- Possible special compensation for special merits or achievements.

The following table provides an overview of the main components of the Management Board compensation system:

Compensation Component		Factors
Basic remuneration (monthly, cash)	Fringe benefits (yearly, cash)	Management Service Agreement
Short-term variable remuneration (STI) (yearly, cash)		<ul style="list-style-type: none"> • Performance target / proportion: <ul style="list-style-type: none"> ○ Group sales (50%) ○ Group-EBITDA (25%) ○ ESG-target (25%)
Long-term variable remuneration (LTI) (Stock options plan)		<ul style="list-style-type: none"> • granting of stock option in three tranches on a yearly basis • Performance target met regardless of share price development • Waiting period for exercise of stock options: 4 years after granting
Special compensation (if paid, yearly, cash)		Special merits or achievements that are economically advantageous for the company

II. Management Board Remuneration in the Financial Year 2021

1. Fixed remuneration

The fixed, non-performance-related compensation component consists of a fixed basic remuneration and appropriate fringe benefits.

The fixed remuneration was granted for the financial year 2021 starting with the entry into force of the employment contracts with the Executive Board members on May 21, 2021, the date of first-time admission of the shares to trading on the regulated market (Prime Standard) of the Frankfurt Stock Exchange.

Basic remuneration



The basic remuneration is paid to the Management Board member on a monthly pro-rata basis as a salary.

The annual basic remuneration for the Management Board member Pierluca Sartorello (CEO) is EUR 400,000.00 gross and for the Management Board member Daniel Basok (CFO) EUR 250,000.00 gross.

Fringe benefits

In addition to the basic remuneration, Management Board members are granted certain monetary and non-monetary fringe benefits to an appropriate extent.

These include in particular subsidies for health and pension insurance, the conclusion of accident insurance for the benefit of the Management Board member, and the provision of a company car for appropriate business and private use. The Company bears the operating and maintenance costs for the company car.

Furthermore, the members of the Management Board are covered by a directors' and officers' liability insurance (liability insurance for financial losses). This provides for a deductible of 10% of the respective damage, limited per year to 150% of the respective fixed compensation.

In addition, the Company grants Management Board member Daniel Basok an allowance for the cost of a second residence up to a maximum monthly rent of EUR 1,500.00 for three years from the start of the term of the Management Board member's contract of service.

2. Short-term variable remuneration (STI)

a. Basic features and functioning of the STI

Each Management Board member receives an annual performance-related bonus ("**Short-Term Variable remuneration**," "**Short-Term Incentive**," or "**STI**") if certain targets are achieved.

The STI is linked to the achievement of certain financial corporate targets for the respective fiscal year, which are determined on the basis of key figures from the consolidated financial statements ("**Financial STI**"), and to the achievement of a non-financial



corporate target in the area of environmental, social and governance (ESG) ("**Non-Financial STI**"). The respective STI targets are set annually as part of the Supervisory Board's approval of the budget for the relevant fiscal year.

The financial STI is divided into two partial bonuses for the achievement of budgeted IFRS consolidated net sales ("**Partial Bonus I**") and for the achievement of budgeted adjusted IFRS consolidated EBITDA ("**Partial Bonus II**"). The orientation towards the two target figures of Group sales and Group EBITDA obliges the Management Board to pay attention to growth and profitability at the same time and thus promotes the strategic goal of profitable growth of the Company.

As part of the non-financial STI, a further partial bonus is granted for achieving the ESG annual target ("**Partial Bonus III**"). The additional consideration of non-financial sustainability criteria as part of the STI emphasizes the social and environmental responsibility of the company as well as the goal of sustainable corporate development.

The target achievement corridors of the Partial Bonuses of the STI are defined as follows:

Partial bonus I:

If 90% of the budgeted annual IFRS Group sales target is not achieved, the target achievement is 0% and there is no entitlement to partial bonus I. If 100% of the budgeted annual IFRS Group sales target is achieved, the target achievement is 100% and 100% of Partial Bonus I is earned. If 90% of the budgeted annual IFRS Group sales target is achieved or exceeded, Partial Bonus I is earned on a pro rata basis up to 100% target achievement (straight-line pro rata). The relevant target achievement corridor is between 90% and 100% of the target.

Partial bonus II:

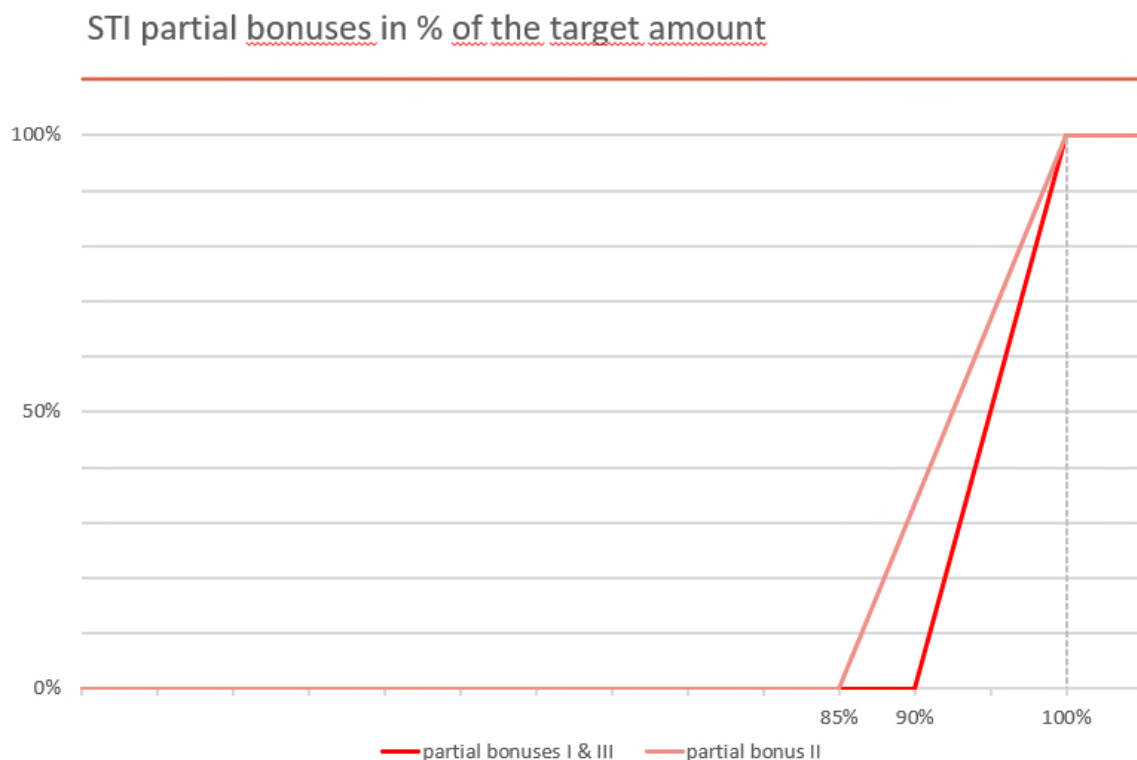
If 85% of the budgeted adjusted IFRS Group EBITDA target for the year is not achieved, the target achievement is 0% and there is no entitlement to Partial Bonus II. If 100% of the budgeted adjusted Group EBITDA target for the year is achieved, the target achievement is 100% and Partial Bonus II is 100% earned. If 85% of the budgeted adjusted consolidated EBITDA annual target is achieved or exceeded, Partial Bonus II is earned on a pro rata basis up to 100% target achievement (straight-line pro rata). The relevant target achievement corridor is between 85% and 100% of the target.

Partial bonus III:

If 90% of the defined ESG annual target is not achieved, target achievement is 0% and there is no entitlement to Partial Bonus III. If 100% of the defined ESG annual target is achieved, the target achievement is 100% and 100% of Partial Bonus III is earned. If 90% of the defined ESG annual target is achieved or exceeded, Partial Bonus III is earned on a pro rata basis up to 100% target achievement (linear pro rata). The relevant target achievement corridor is between 90% and 100% of the target.

The target compensation (granted if 100% of target is achieved) is defined in the respective Management Board service contracts.

The relationship between target achievement and the amount of the respective STI partial bonuses is shown in the following chart:





The Supervisory Board may increase or decrease the calculated individual STI gross amount for a fiscal year by a maximum of 5% in the case of the CEO and 10% in the case of the CFO in order to create an overall picture that is consistent with the personal performance contribution of the Management Board member. Such an adjustment and the determination of the specific individual percentage adjustment factor shall be made solely by the Supervisory Board in its due discretion, taking into account suitable assessment criteria based on the given target parameters (e.g. leadership quality, contribution to the achievement of strategic, financial, technical or product-related targets, sustainable increase in the value of the share or comparable parameters).

The maximum total amount of the STI for a fiscal year thus ranges between 0% and a maximum of 105% of the STI target compensation in the case of the CEO and between 0% and 110% of the STI target compensation in the case of the CFO.

The achievement of the STI target for the past financial year shall be determined by the Supervisory Board no later than at the meeting of the Supervisory Board to adopt the annual financial statements and approve the consolidated financial statements for the past financial year of the Company.

The Supervisory Board is entitled to exclude from the basis for calculating the STI extraordinary income/developments which have led to non-recurring additional income not attributable to an increase in operating business (e.g. sale of part of the company and/or assets, sale of shares, raising of hidden reserves, book profits and comparable influences). The same applies to extraordinary expenses/developments that have resulted in non-recurring additional expenses not attributable to a decline in operating business. Eliminations can be made at any time, but no later than the time when the targets are determined to have been achieved.

The STI for the past fiscal year is paid out annually in cash to the individual Management Board members after the Annual General Meeting of the Company.

If the Management Board service contract begins or ends during a fiscal year, the STI is first determined according to the respective target achievement for the fiscal year in question and then reduced pro rata temporis. The STI for fiscal year 2021 will not be reduced pro rata temporis.



b. STI for the financial year 2021

Management Board Member, Position	Bonus components	Pro-portion	Target	Target met in %	STI Bonus Amount
Pierluca Sartorello CEO	Partial Bonus I	50%	kEUR 123,905	100%	EUR 225,000.00
	Partial Bonus II	25%	kEUR 19,444	100%	EUR 112,500.00
	Partial Bonus III	25%	Publication of first ESG Report	100%	EUR 112,500.00
Daniel Basok CFO	Partial Bonus I	50%	kEUR 123,905	100%	EUR 70,000.00
	Partial Bonus II	25%	kEUR 19,444	100%	EUR 35,000.00
	Partial Bonus III	25%	Publication of first ESG Report	100%	EUR 35,000.00

Management Board Member, Position	STI Total Bonus Amount	Discretion (+/-)	STI Total Bonus Payment Amount
Pierluca Sartorello CEO	EUR 450,000.00	-	EUR 450,000.00
Daniel Basok CFO	EUR 140,000.00	-	EUR 140,000.00

3. Long-term variable Remuneration (LTI)

a. Basic features and functioning of the LTI

As long-term variable compensation ("**Long Term Incentive**" or "**LTI**"), the members of the Management Board are granted option rights to shares in the Company under a stock option program.

By resolution dated May 5, 2021, the Annual General Meeting of the Company authorized the Management Board, with the consent of the Supervisory Board, and - to the extent that members of the Management Board are among the participants entitled to stock options - the Supervisory Board of the Company to grant up to 738,400 subscription rights ("**Stock Option Rights**") to up to 738,400 no-par value bearer shares of the Company with



a par value of EUR 1.00 ("**Company Share**") to the beneficiaries. In order to be able to service the stock option rights if they are exercised, the Annual General Meeting resolved on May 5, 2021 to create conditional capital of up to EUR 738,400.00 by issuing up to 738,400 new no-par value bearer shares ("**Conditional Capital 2021/II**").

On the basis of this authorization, the Supervisory Board of the Company resolved on June 2, 2021 to introduce the SOP 2021 for the Management Board ("**SOP 2021**"). The objective of SOP 2021 is to provide targeted incentives for members of the Management Board of the Company by issuing option rights to shares in the Company. At the same time, program participants are to be tied to the Company and participate in the long-term performance of the Company.

The beneficiaries are members of the Management Board of the Company ("**Beneficiaries**") if they are in an employment relationship with the Company at the time the stock option rights are granted. A total of up to 509,600 stock option rights may be issued to members of the Management Board.

Content of the stock option rights

Each stock option right granted under SOP 2021 entitles the holder of the stock option right in accordance with these terms and conditions to subscribe for one share of the Company representing a pro rata amount of the share capital of EUR 1.00 from Contingent Capital 2021/II created for this purpose against payment of the exercise price. Alternatively, the Company may grant treasury shares against payment of the exercise price.

Issue periods for the stock option rights

The stock option rights will be issued in three annual tranches (2021 tranche, 2022 tranche and 2023 tranche). The 2022 and 2023 tranches will each be issued on the tenth stock market trading day after publication of the annual financial report for the 2021 financial year ("**2022 Tranche**") and for the 2022 financial year ("**2023 Tranche**").

For the fiscal year 2021, the granting of the stock option rights of the 2021 tranche took place on June 2, 2021 ("**2021 Tranche**").



Waiting period and term of the stock option rights

The stock option rights allocated to the beneficiary may be exercised at the earliest after the expiry of a waiting period of four years from the issue date of the respective stock option rights ("**Waiting Period**"). The term of the stock option rights begins on the issue date and ends 24 months after the end of the waiting period. Stock option rights that have not been exercised by the end of the term expire without replacement and without the need for a declaration by the Company.

Exercise of stock option rights and exercise price

Stock option rights may only be exercised during their term and after expiry of the waiting period. Exercise is only possible during certain exercise periods and on condition that the performance targets specified below are met.

When exercising the stock option right, the exercising beneficiary must pay the exercise price per share for each share to be subscribed. The exercise price per share is EUR 26.16 ("**Exercise Price**").

Exercise periods

After expiry of the waiting period, stock option rights for which the respective performance target has been achieved may be exercised within the exercise periods and outside any exercise blocking periods until the stock option rights expire. Exercisable stock option rights of a tranche may be exercised in full or in part in one or more exercise periods.

The subscription rights may be exercised in each case within three weeks of publication of the annual financial report, the half-yearly financial report and after publication of a quarterly financial report for a financial year ("**Exercise Periods**").

Performance targets

The performance targets for each individual tranche of stock option rights consist of the increase in the Company's share price determined in accordance with the following provisions:



Tranche 2021: The arithmetic mean of the closing prices of the Company's shares in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange on the last 20 trading days before December 31, 2021 exceeds the exercise price by 15%;

Tranche 2022: The arithmetic mean of the closing prices of the Company's shares in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange on the last 20 trading days before December 31, 2022 exceeds the exercise price by 30%; and

Tranche 2023: The arithmetic mean of the closing prices of the Company's shares in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange on the last 20 trading days before December 31, 2023 exceeds the exercise price by 50%.

Limitation in the event of extraordinary developments

The Company is entitled to refuse the exercise of stock option rights to the extent that their exercise would lead to a disproportionately high compensation of the beneficiary due to extraordinary, unforeseen developments. The Supervisory Board has sole responsibility for such refusal.

Expiration of stock option rights

If the beneficiary's employment relationship with the Company ends during the term of the stock option rights granted to him and if the beneficiary does not immediately thereafter enter into a new employment relationship with another affiliated company ("good leaver"), the following shall apply:

The beneficiary has the right to exercise all stock option rights exercisable on the date of termination of employment until the end of the term during an exercise period.

In addition, all stock option rights granted to the beneficiary which have not yet vested shall vest on the date of termination of employment and, to the extent that the stock option rights vest, may be exercised until the end of the term during an



exercise period. If stock option rights can no longer be exercised in accordance with the above provision, they shall be forfeited without compensation.

If the beneficiary's employment relationship with the Company or one of its affiliated companies ends due to death, receipt of an early or standard retirement pension or a pension due to full reduction in earning capacity, the above provision shall apply accordingly. If the employment relationship ends as a result of death, the heirs shall take the place of the beneficiary.

If the employment relationship of the beneficiary with the Company or one of its affiliated companies ends during the term of the stock option rights granted to him due to termination by the Company for good cause for which the beneficiary is responsible within the meaning of section 626 (1) of the German Civil Code ("bad leaver"), all stock option rights not yet exercised at the time of the declaration of termination shall be forfeited without compensation.

b. Stock options granted under the 2021 SOP

The members of the Management Board of the Company Pierluca Sartorello (CEO) and Daniel Basok (CFO) participate in the SOP 2021 as beneficiaries.

Pierluca Sartorello is entitled during the term of the SOP 2021 and the Management Board service agreement to an allocation of 104,000 stock option rights each under the Tranches 2021 and 2022 and 2023, provided that the reference value of the stock option rights of the respective annual tranche does not exceed the amount of EUR 1,000,000.00 at the time the stock option rights are granted.

During the term of the SOP 2021 and the Management Board service agreement, Daniel Basok is entitled to an allocation of 65,000 stock option rights each under the Tranches 2021 and 2022 and 67,600 stock option rights under the Tranche 2023, provided that the reference value of the stock option rights of the respective annual tranche does not exceed the amount of EUR 640,000.00 at the time the stock option rights are granted.

The reference value of a stock option right corresponds to the fair value of the stock option at the grant date, which is to be determined using recognized financial mathematical methods (e.g. Monte Carlo method).



c. Stock option rights granted under SOP 2021 / Tranche 2021

By resolution of the Supervisory Board dated June 2, 2021, a total of 169,000 stock option rights were issued to members of the Management Board under the 2021 tranche as follows:

Management Board Member	Granted stock option rights / Tranche 2021	Current value at grant date
Pierluca Sartorello	104.000 Stock option rights	EUR 347,542.00
Daniel Basok	65.000 Stock option rights	EUR 217,213.00

The performance target for the 2021 tranche of stock option rights was not achieved. The arithmetic mean of the closing prices of the Company's shares in Xetra trading on the Frankfurt Stock Exchange on the last 20 trading days before December 31, 2021 did not exceed the exercise price by 15%.

4. Special remuneration for special merits or achievements

The Supervisory Board may, at its reasonable discretion, set "special compensation" for each Management Board member for special services or achievements not covered by the compensation otherwise granted (e.g. within agreed STI targets) and which have a significant economic benefit for the Company.

The amount of the special compensation shall be based on the economic benefit achieved for the Company and shall be contractually limited.

Special compensation for special merits and achievements was not granted for fiscal year 2021.

5. One-time special payment

During the reporting period, the Management Board member Daniel Basok (CFO) received a one-time performance-related special payment in the gross amount of EUR 750,000.00 for his services in connection with the Company's IPO that took place in fiscal year 2021 ("IPO Bonus"). The Management Board member used a portion of the IPO Bonus amounting to EUR 210,002.00 to purchase shares in the IPO of the Company.



6. Granted and owed remuneration

The following table shows the compensation granted and owed to the members of the Management Board in fiscal year 2021 in accordance with section 162 (1) sentence 1 AktG. Accordingly, the table contains all amounts actually received by the individual Management Board members in the reporting period ("**Compensation Granted**") and all compensation legally due but not yet received ("**Compensation Owed**").

In the section "Short-term variable remuneration," the bonus is considered "compensation owed" because the underlying service has been rendered in full by the balance sheet date of December 31, 2021. Thus, the paid bonus amounts are stated for the reporting year 2021, even though payment will not be made until after the end of the reporting year 2021. This enables transparent and understandable reporting and ensures the link between performance and compensation in the reporting period.

The fixed compensation components include the non-performance-related basic compensation and fringe benefits. The variable performance-related compensation components are divided into the one-year STI and the multi-year LTI.

In addition to the compensation amounts, the relative share of all fixed and variable compensation components in total compensation must also be disclosed in accordance with section 162 (1) sentence 2 no. 1 AktG. The relative proportions stated here relate to the compensation components granted and owed in the respective financial year in accordance with section 162 (1) sentence 1 AktG.

Table: Granted and owed remuneration

Granted and owed remuneration pursuant to section 162 (1) sentence 1 AktG – in the financial year 2021

At December 31, 2021 Acting members of the Management Board		Pierluca Sartorello		Daniel Basok	
		CEO		CFO	
		2021		2021	
		In kEUR	In % TR	In kEUR	In % TR
Performance-independent Remuneration	Base remuneration ¹	244	23%	153	12%
	+ Fringe benefits	23	2%	30	2%
	= Total	267	25%	183	14%
Performance-dependent Remuneration	+ Short-term variable remuneration (STI)	450	42%	140	11%
	+ Long-term variable remuneration (LTI)	348	33%	217	17%
	+ Special compensation	-	-%	-	-
	+ One-time special payment (IPO Bonus)	-	-%	750	58%
	= Total Remuneration (TR i. S. d. section 162 AktG)	1,065	100%	1,290	100%
	= Ratio of non-performance-independent to performance-dependent	33%		17%	

At the beginning of fiscal year 2021, hGears AG was a German limited liability company operating under the name hGears Holding GmbH. On April 27, 2021, hGears GmbH was converted into a stock corporation (operating under the name hGears AG) as part of a change in legal form. Against this background, the remuneration report 2021 of hGears AG does not contain a vertical comparison (Section 162 (1) sentence 2 No. 2 AktG) to prior-year figures.

¹ The base compensation indicates the compensation pro rata for the financial year 2021 starting with the entry into force of the service contracts with the members of the Management Board on May 21, 2021, the date of the admission of the shares to trading on the regulated market (Prime Standard) of the Frankfurt Stock Exchange.



7. Contribution of remuneration to strategic objectives

The company's goal is to grow in the coming years by expanding existing offerings and establishing new product offerings, and to sustainably increase the value of the company in the interests of its shareholders.

The remuneration of the Management Board makes an important contribution to supporting these strategic goals and the long-term development of hGears AG.

The orientation towards the two control parameters Group sales and Group EBITDA within the framework of the STI obliges the Management Board to pay attention to growth and profitability at the same time and thus promotes the strategic goal of profitable growth of the company. The additional consideration of non-financial sustainability criteria as part of the STI emphasizes the social and ecological responsibility of the Company and the goal of sustainable corporate development.

The share-based component of the LTI enables Management Board members to participate in the development of the share price, thus more closely aligning the objectives of management and the interests of shareholders with each other. This gives the Management Board an incentive to increase the value of the Company on a long-term and sustainable basis.

8. Malus

Malus rules exist in both the STI and the LTI. The STI can be reduced by up to 5% for the CEO and by up to 10% for the CFO at the discretion of the Supervisory Board (see above). Under the LTI (SOP 2021), the Company is entitled to refuse the exercise of stock option rights to the extent that their exercise would lead to disproportionately high compensation for the beneficiary due to extraordinary, unforeseen developments. The responsibility for the rejection lies exclusively with the Supervisory Board.

No variable remuneration components were withheld in the financial year 2021.

9. Compliance with the maximum remuneration

In addition to the cap on variable compensation components, the remuneration system adopted by the Supervisory Board provides for a maximum amount for total remuneration in a financial year. The maximum remuneration set is MEUR 2.6 for the CEO position and



MEUR 1.4 for other members of the Management Board. According to the total compensation of the Management Board members Pierluca Sartorello (CEO) and Daniel Basok (CFO) for the financial year 2021 reported in section 6 of this Remuneration Report, the maximum remuneration resolved by the Supervisory Board was already complied with in the financial year 2021, whereby the IPO bonus as a one-time special payment to the Management Board member Daniel Basok was not to be taken into account within the framework of the maximum remuneration pursuant to section 87a (1) sentence 2 no. 1 AktG.



B. Remuneration of the members of the Supervisory Board

hGears AG was established on 27 April 2021 by way of a change of legal form of the limited liability company "hGears Holding GmbH", Schramberg (Local Court of Stuttgart, HRB 737541) in accordance with sections 190 et seq. of the German Transformation Act. In accordance with section 8.1 of the Articles of Association, the Supervisory Board of the Company consists of five members elected by the Annual General Meeting. The current Supervisory Board members were elected by the Annual General Meeting on April 8, 2021.

The remuneration of the Supervisory Board is structured as a purely fixed remuneration. It takes into account the responsibility and scope of activities of the Supervisory Board members. The Chair and Deputy Chair positions on the Supervisory Board are remunerated additionally. It is laid down in Art. 13 of the Company's Articles of Association.

Accordingly, the members of the Supervisory Board receive a fixed remuneration of EUR 30,000.00 for each full financial year of their membership of the Supervisory Board. The Chairman of the Supervisory Board receives EUR 40,000.00 and the Deputy Chairman receives EUR 35,000.00. Members joining or leaving the Supervisory Board during a financial year receive the fixed remuneration on a pro rata temporis basis.

For fiscal year 2021, the current members of the Supervisory Board will therefore receive compensation pro rata from April 27, 2021.

The remuneration is payable after the end of the respective financial year.

In addition to the remuneration, the Company reimburses the expenses incurred by the members of the Supervisory Board in the performance of their duties upon presentation of proof. Value-added tax is reimbursed by the Company insofar as the members of the Supervisory Board are entitled to invoice the Company separately for value-added tax and exercise this right.

No further commitments were made by the Company.

The Supervisory Board did not form any committees during the reporting period. The Audit Committee was formed with effect from January 1, 2022 and thus after the end of the reporting period.

Compensation of the members of the Supervisory Board:

Remuneration of the members of the supervisory board



Chairman
40,000 €

Deputy Chairman
35,000 €

Member
30,000 €

Member of the supervisory board/ Additional position	Remuneration ²
	EUR
Prof. Volker Michael Stauch Chairman of the Supervisory Board	EUR 27,287.67
Christophe Hemmerle Deputy Chairman of the Supervisory Board	EUR 23,876.71
Daniel Michael Kartje	EUR 20,465.75
Christoph Mathias Seidler	EUR 20,465.75
Dr. Gabriele Fontane	EUR 20,465.75

² Pro rata for the calendar year 2021, starting on the effective date of the change of legal form on April 27, 2021.



Schramberg, 29 March 2022

Volker Stauch
(Chairman of the Supervisory
Board)

Pierluca Sartorello
(Chairman of the Management
Board)

On completion of our audit, we issued an auditor's report dated 29 March 2022 in German language. The following text is a translation of this auditor's report. The German text is authoritative:

Report of the independent auditor on the formal audit of the remuneration report pursuant to § 162 Abs. 3 AktG

To hGears AG, Schramberg

Opinion

We have formally audited the remuneration report of the hGears AG, Schramberg, for the financial year from January 1 to December 31, 2021 to determine whether the disclosures pursuant to § [Article] 162 Abs. [paragraphs] 1 and 2 AktG [Aktiengesetz: German Stock Corporation Act] have been made in the remuneration report. In accordance with § 162 Abs. 3 AktG, we have not audited the content of the remuneration report.

In our opinion, the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the accompanying remuneration report. Our opinion does not cover the content of the remuneration report.

Basis for the opinion

We conducted our formal audit of the remuneration report in accordance with § 162 Abs. 3 AktG and IDW [Institut der Wirtschaftsprüfer: Institute of Public Auditors in Germany] Auditing Standard: The formal audit of the remuneration report in accordance with § 162 Abs. 3 AktG (IDW AuS 870). Our responsibility under that provision and that standard is further described in the "Auditor's Responsibilities" section of our auditor's report. As an audit firm, we have complied with the requirements of the IDW Quality Assurance Standard: Requirements to quality control for audit firms [IDW Qualitätssicherungsstandard - IDW QS 1]. We have complied with the professional duties pursuant to the Professional Code for German Public Auditors and German Chartered Auditors [Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer - BS WP/vBP], including the requirements for independence.

Responsibility of the Management Board and the Supervisory Board

The management board and the supervisory board are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of § 162 AktG. They are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our objective is to obtain reasonable assurance about whether the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the remuneration report and to express an opinion thereon in an auditor's report.

We planned and performed our audit to determine, through comparison of the disclosures made in the remuneration report with the disclosures required by § 162 Abs. 1 and 2 AktG, the formal completeness of the remuneration report . In accordance with § 162 Abs 3 AktG, we have not audited the accuracy of the disclosures, the completeness of the content of the individual disclosures, or the appropriate presentation of the remuneration report.

Stuttgart, 29 March 2022

**PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft**

Marcus Nickel
Wirtschaftsprüfer
(German Public Auditor)

Denis Etzel
Wirtschaftsprüfer
(German Public Auditor)

Further information on the invitation

1. **Virtual Annual General Meeting / broadcast with images and sound / connectivity**

The Management Board has decided, with the consent of the Supervisory Board, to hold the Annual General Meeting in accordance with section 118a AktG in conjunction with section 26n (1) EGAktG as a virtual Annual General Meeting without the physical presence of the shareholders or their proxies (with the exception of the proxies of the Company). A physical presence of the shareholders and their proxies (with the exception of the proxies of the Company) at the place of the Annual General Meeting is excluded.

For shareholders who have duly registered for the Annual General Meeting or their proxies, the entire Annual General Meeting, including any answers to questions and the votes, will be broadcast live with images and sound on the Internet on the Company's website under <https://ir.hgears.com/annual-general-meeting/> in the password-protected Internet service. The personal access data required for this purpose will be sent to the shareholders or their proxies with the "AGM ticket" after registration for the Annual General Meeting. Details can be found in the following section "2. Participation in the virtual Annual General Meeting".

The voting rights of the shareholders or their proxies shall be exercised exclusively by way of electronic postal voting or by granting power of attorney to the proxies appointed by the Company.

Via the password-protected internet service, duly registered shareholders (and, if applicable, their proxies) may, among other things, exercise their shareholder rights in accordance with the procedures provided for this purpose.

The use of the password-protected internet service by a proxy requires that the proxy receives the corresponding access data.

Authorised intermediaries, shareholders' associations, proxy advisors and other persons treated as such by section 135 (8) AktG may also use the password-protected internet service. The Company shall provide them with electronic access upon request.

Upon entering the virtual Annual General Meeting using the password-protected internet service for the duration of the virtual Annual General Meeting on June 13, 2023, the shareholders or their proxies will be electronically connected to the virtual Annual General Meeting. However, the electronic connection does not enable participation in the meeting within the meaning of section 118 (1) sentence 2 AktG nor the exercise of voting rights by way of electronic participation within the meaning of section 118a (1) sentence 2 no. 2 AktG.

2. **Participating in the virtual Annual General Meeting**

In accordance with clause 15.1 of the Articles of Association of the Company, only those shareholders who have registered on time and provided evidence of their share ownership are entitled to attend the virtual Annual General Meeting and exercise their voting rights. The registration must be received by the Company in text form (section 126b BGB) in German or English. The proof of share ownership must refer to the beginning of the 21st day before the virtual Annual General Meeting, which is May 23, 2023, 00.00 hours (CEST) ("**Record Date**"). Proof of share ownership according to clause 15.1 of the Articles of Association pursuant to section 67c (3) AktG shall be sufficient. The registration and the proof of share ownership must be received by the Company no later than the end of June 6, 2023, 24:00 hours (CEST), at the following address.

hGears AG

c/o Better Orange IR & HV AG

Haidelweg 48

81241 München

Germany

Fax: +49 (0)89 889 690 633

E-Mail: anmeldung@better-orange.de

After receipt of registration and of proof of share ownership by the Company at the above postal address, fax number or e-mail address, the access data (access code and password) for use of the **password-protected Internet service** on the Company's website at <https://ir.hgears.com/annual-general-meeting/> will be sent ("**AGM Ticket**"), which contain an integrated proxy form and a proxy and instruction form for the virtual Annual General Meeting. The relevant forms are also available on the internet on the Company's website at <https://ir.hgears.com/annual-general-meeting/>. We ask shareholders to ensure that they register and send proof of their share ownership to the Company without delay.

Receipt of the AGM Ticket is not a prerequisite for issuing proxies and instructions (to the proxies of the Company) by form, but all options of the password-protected Internet service can only be used with the aid of the access data printed on the AGM Ticket.

In relation to the Company, only those persons who have provided specific proof of share ownership shall be deemed to be shareholders for the purpose of attending the virtual Annual General Meeting and exercising voting rights. The entitlement to attend and the scope of voting rights are based exclusively on the share ownership of the shareholder at the Record Date. The Record Date is not equivalent to a ban on the sale of share ownership. Even in the event of the (complete or partial) sale of the share ownership after the Record Date, only the shareholder's share ownership on the Record Date is relevant for participation and the scope of voting rights; i.e. sales of shares after the Record Date have no effect on the entitlement to participate and the scope of voting rights. The same applies to acquisitions and additional purchases of shares after the Record Date. For example, anyone who is not a shareholder on the Record Date but acquires shares before the virtual Annual General Meeting is not entitled to attend or vote. The Record Date also has no significance for dividend entitlement.

3. **Exercise of voting rights**

Shareholders who have registered in due form and time and have provided evidence of their shareholding may exercise their voting rights by way of electronic postal vote or by granting a proxy.

3.1 Procedure for exercising voting rights by means of electronic postal voting

Properly registered shareholders may cast their votes by means of electronic communication (electronic postal vote), even without attending the Annual General Meeting.

Postal votes may be cast, changed or revoked from May 23; 2023 until the time of the closing of the voting by the chairman of the meeting in the virtual Annual General Meeting on June 13, 2023 using the password-protected internet service accessible on the Company's website under

<https://ir.hgears.com/annual-general-meeting/>

in accordance with the procedures provided for this purpose. The date of receipt of the respective vote by the Company shall be decisive for compliance with the deadline.

If an individual vote is held on an agenda item without this having been communicated in advance of the Annual General Meeting, the vote cast by way of electronic postal vote on this agenda item shall also be deemed to be a corresponding vote for each item of the individual vote.

The above statements apply accordingly to postal voting by proxy. Authorised intermediaries, shareholders' associations, proxy advisors or other third parties may also make use of electronic postal voting.

3.2 Procedure for granting power of attorney to third parties

Shareholders may also be represented by proxy, e.g. by an intermediary, a shareholders' association, a voting advisor or another person of their choice and have their voting rights and other rights exercised by the proxy. In case of an authorisation of the proxies appointed by the Company, the special features described in section 3.3 below shall be observed.

In all cases of authorisation, timely registration and proof of share ownership are also required. If the shareholder authorises more than one person, the Company may reject one or more of them.

Proxies (with the exception of the Company's proxies) may not physically attend the Annual General Meeting in the same way as shareholders. They may only exercise the voting right for shareholders they represent by means of electronic postal voting or by granting (sub-)power of attorney to the proxies appointed by the Company. The use of the password-protected internet service by the proxy requires that the proxy receives the corresponding access data.

If neither intermediaries, shareholders' associations, proxy advisors nor persons or institutions equivalent to these pursuant to section 135 AktG are authorised, the granting of the proxy, its revocation and the proof of authorisation vis-à-vis the Company must be in text form (section 126 b of the German Civil Code (BGB)).

Shareholders who wish to authorize an intermediary, a voting right consultant, a shareholder association or any equivalent institutions or persons referred to by section 135 AktG to vote on their behalf should note that in such cases the institution or person in question may require a particular form of authorization as they must retain a verifiable record of the authorization in accordance with section 135 AktG. We therefore advise such shareholders to coordinate the proper form of authorization with their authorized representatives.

Proof of authorisation may be submitted to the Company no later than **June 12, 2023, 24:00 hours (CEST)**, at the following postal address, fax number or e-mail address

hGears AG
c/o Better Orange IR & HV AG
Haidelweg 48
81241 Munich
Germany
Fax: +49 (0)89 889 690 655
E-Mail: hGears@better-orange.de

or as of May 23, 2023 using the password-protected internet service on the Company's website at <https://ir.hgears.com/annual-general-meeting/> in accordance with the procedure provided for this purpose before and during the virtual Annual General Meeting. The date of receipt by the Company shall be decisive for compliance with the deadline.

On the day of the virtual Annual General Meeting on June 13, 2023, proxies may only be issued, amended or revoked via the password-protected Internet service in accordance with the procedures provided for this purpose, which is accessible on the Company's website under <https://ir.hgears.com/annual-general-meeting/>.

The aforementioned transmission channels are also available until the aforementioned dates if the proxy is to be granted by declaration to the Company; in this case, separate proof of the granting of the proxy is not required.

For the revocation or the amendment of a proxy, the above statements on the means of transmission and the times until which the means of transmission are available apply accordingly.

Shareholders who wish to authorise another person may use the form for granting a proxy, which will be sent to them after proper registration and proof of share ownership. A corresponding form is also available for download on the Company's website under <https://ir.hgears.com/annual-general-meeting/>.

3.3 Procedure for voting through a voting representative appointed by the Company

Registered shareholders may also be represented by proxies appointed by the Company who are bound by instructions. Please note that powers of attorney to the proxies of the Company must be accompanied by instructions. The proxies of the Company are obliged to exercise the voting right exclusively in accordance with the instructions of the shareholder. The proxies are not entitled to exercise their own discretion in exercising the voting right. Should an individual vote be held on an agenda item without this having been communicated in advance of the virtual Annual General Meeting, an instruction on this agenda item as a whole shall also be deemed to be a corresponding instruction for each item of the individual vote.

The proxies of the Company shall not accept instructions or powers of attorney to file objections against resolutions of the Annual General Meeting, to exercise the right to speak and ask questions or to file motions, neither in advance of nor during the virtual General Meeting.

Powers of attorney and instructions to the proxies of the Company may be issued, amended or revoked by post, fax or e-mail specified above in section "3.2. Procedure for granting power of attorney to third parties "no later than **June 12, 2023, 24:00 hours (CEST)**, or from May 23, 2023 using the password-protected internet service accessible on the Company's website at <https://ir.hgears.com/annual-general-meeting/> in accordance with the procedures provided for this purpose until the time of the closing of voting by the chairman of the meeting in the virtual Annual General Meeting on June 13, 2023. The date of receipt by the Company shall be decisive for the observance of the deadline.

A corresponding form will be sent after proper registration and proof of shareholding and is also available for download on the website of the Company under <https://ir.hgears.com/annual-general-meeting/>.

4. **Additions to the agenda in accordance with section 122 (2) AktG**

Shareholders whose shares together amount to one twentieth (5%) of the share capital or the proportionate amount of EUR 500,000.00 (this corresponds to 500,000 shares) may demand that items be placed on the agenda or announced. Each new item must be accompanied by a statement of reasons or a draft resolution. The request must be made in writing (section 126 of the German Civil Code) to the Management Board of hGears AG and must be received by the Company by midnight (CEST) on May 13, 2023 at the latest.

The applicants must provide evidence that they have held the shares for at least 90 days prior to the day of receipt of the request and that they will hold the shares until the decision of the Management Board on the request.

Any supplementary requests shall be sent to the following address:

hGears AG
- Management Board -
c/o Better Orange IR & HV AG
Haidelweg 48
81241 Munich
Germany

Additions to the agenda to be announced will be published immediately after receipt of the request in the Federal Gazette (*Bundesanzeiger*) and forwarded for publication to such media as can be expected to disseminate the information throughout the European Union. They will also be published at the internet address <https://ir.hgears.com/annual-general-meeting/> and communicated to the shareholders.

5. **Countermotions and election proposals pursuant to section 126 (1), section 127 AktG**

Shareholders may submit to the Company countermotions against proposals of the Management Board and the Supervisory Board on certain items of the agenda (together with a possible statement of reasons) as well as election proposals for the election of auditors and of Supervisory Board members. Countermotions and election proposals are to be sent exclusively to:

hGears AGc/o Better Orange IR & HV AG
Haidelweg 48
81241 Munich
Germany
Fax: +49 (0)89 889 690 655
E-Mail: hGears@better-orange.de

The Company will make all countermotions to a proposal of the Management Board and the Supervisory Board on a specific agenda item pursuant to section 126 (1) AktG and election proposals pursuant to section 127 AktG, including the name of the shareholder, a statement of grounds, if any, and a statement of the administration, if any, available on the Internet at <https://ir.hgears.com/annual-general-meeting/> if they are received by the Company at the above postal address, fax number or e-mail address at least 14 days before the meeting, i.e. no later than **May 29, 2023, 24:00 hours (CEST)**. Countermotions and election proposals by shareholders addressed otherwise will not be considered.

The company may refrain from publishing a countermotion or election proposal and, if applicable, its substantiation under the conditions set forth in section 126 (2) AktG. A statement of grounds for a countermotion need not be made available if it exceeds 5,000 characters in total. Furthermore, the Management Board does not have to make election proposals of shareholders accessible if they do not contain the name of the person proposed, the profession exercised and the place of residence.

Countermotions or election proposals by shareholders which are to be made available pursuant to section 126 or section 127 AktG shall be deemed to have been made at the time they are made available. The Company allows the voting right on these motions or election proposals to be exercised as soon as the shareholder submitting the motion or election proposal has been duly legitimised and duly registered for the Annual General Meeting.

Shareholders or their proxies who are connected to the Annual General Meeting also have the right to submit motions and election proposals in the meeting by means of video communication within the scope of their right to speak (cf. section 7.).

6. **Submission of comments**

Properly registered shareholders or their proxies have the right to submit comments on the items on the agenda in text form or in video format by means of electronic communication in accordance with section 130a paragraph 1 to 4 AktG. For this purpose, they may use the password-protected internet service on the Company's website at <https://ir.hgears.com/annual-general-meeting/>.

Statements in text form are to be submitted as a file in PDF format with a recommended maximum file size of 50 MB in accordance with the procedure provided for this purpose. Comments in video format are to be submitted in the file formats MPEG-4 or MOV in accordance with the procedure provided for this purpose; they may not exceed a file size of 1 GB.

Multiple submissions are possible. Only those statements in video format in which the shareholder or his proxy himself appears are admissible. By submitting a statement, the shareholder or his proxy agrees that the statement will be made available on the password-protected internet service under his name.

The comments must be submitted no later than five days prior to the meeting, i.e. no later than **June 7, 2023, 24:00 hours (CEST)**. Unless, in exceptional cases, disclosure pursuant to section 130a (3) sentence 4 AktG may be waived, comments submitted on the items on the agenda will be made available no later than four days prior to the Annual General Meeting, i.e. no later than **June 8, 2023, 24:00 hours (CEST)**, in the password-protected internet service on the Company's website at <https://ir.hgears.com/annual-general-meeting/>, which is only accessible to properly registered shareholders or their proxies with the corresponding access data.

Motions and election proposals, questions and objections against resolutions of the Annual General Meeting within the framework of the statements submitted in text form or in video format will not be considered at the Annual General Meeting; the filing of motions or the submission of election proposals (see section 5.), the exercise of the right to information (see section 8.) as well as the filing of objections against resolutions of the Annual General Meeting (see section 9.) is only possible via the channels described separately in this notice of invitation.

7. **Right to speak**

Shareholders or their proxies who are electronically connected to the Annual General Meeting have the right to speak at the meeting by means of video communication.

From the beginning of the Annual General Meeting, a virtual table for requests to speak will be available via the password-protected internet service on the Company's website at <https://ir.hgears.com/annual-general-meeting/>, where shareholders or their proxies can register their speech.

The right to speak also includes, in particular, the right to propose motions and nominations pursuant to section 118a (1) sentence 2 no. 3 AktG (cf. also section 5), as well as the right to request information pursuant to section 131 (1) AktG (cf. also section 8).

Pursuant to Clause 16.2 of the Articles of Association of the Company, the Chairman of the Annual General Meeting may impose reasonable time limits on the shareholder's right to ask questions and speak.

The entire virtual Annual General Meeting including the video communication will be handled in the password-protected internet service via the BetterMeeting system of Better Orange IR & HV AG. Shareholders or their proxies who wish to register their speech via the virtual registration table require either a non-mobile device (PC, notebook, laptop) with the installed browser Chrome from version 89, Edge from version 88 or Safari from version 13.1 or a mobile device (e.g. smartphone or tablet). Mobile devices with ANDROID operating systems require Chrome from version 89 onwards as the installed browser; mobile devices with iOS operating systems require Safari from version 13.1 onwards as the installed browser. A camera and a microphone that can be accessed from the browser must be available on the devices for speeches. No further installation of software components or apps on the end devices is required. Persons who have registered for a speech via the virtual registration table will be activated for their speech in the password-protected internet service. The Company reserves the right to check the functionality of the video communication between the shareholder or proxy and the Company during the meeting and before the speech and to reject the speech if the functionality is not ensured.

8. **Right to information**

Pursuant to section 131 (1) AktG, each shareholder shall, upon request, be provided with information by the Management Board at the Annual General Meeting regarding the affairs of the Company, to the extent that such information is necessary to permit a proper evaluation of the item on the agenda and to the extent that no right to refuse information exists (right to information). The duty of the Management Board to provide information also extends to the legal and business relations of the Company with its affiliated companies. Furthermore, the duty to provide information also concerns the situation of the Group and the companies included in the consolidated financial statements.

It is intended that the chairman of the Annual General Meeting will determine that the right to information pursuant to section 131 (1) AktG may only be exercised in the Annual General Meeting by means of video communication, i.e. within the framework of the exercise of the right to speak (see section 7.).

Section 131 (4) sentence 1 AktG stipulates that if a shareholder has been provided with information outside the Annual General Meeting due to his capacity as a shareholder, this information must be provided to any other shareholder or his proxy at his request in the Annual General Meeting, even if it is not necessary for the proper assessment of the item on the agenda.

In addition, section 131 (5) sentence 1 AktG stipulates that if a shareholder is refused information, he may request that his question and the reason for which the information was refused be recorded in the minutes of the meeting.

Within the framework of the virtual Annual General Meeting, it shall be ensured that shareholders or their proxies who are electronically connected to the Annual General Meeting may submit their requests pursuant to section 131 (4) sentence 1 AktG and their requests pursuant to section 131 (5) sentence 1 AktG not only by way of video communication, i.e. within the framework of the right to speak and the procedure provided for this purpose (see section 7.), but also by way of electronic communication via the password-protected internet service on the website of the Company at <https://ir.hgears.com/annual-general-meeting/> in accordance with the procedure provided for this purpose with the corresponding access data at the Annual General Meeting.

9. **Objection to a resolution of the Annual General Meeting**

Duly registered shareholders or their proxies who are electronically connected to the Annual General Meeting have the right to declare an objection to the notary's minutes to a resolution of the Annual General Meeting via the password-protected internet service on the Company's website at <https://ir.hgears.com/annual-general-meeting/> in accordance with the procedures provided for this purpose from the beginning of the virtual Annual General Meeting on June 13, 2023 until the end of the virtual Annual General Meeting.

In addition, they also have the opportunity to declare an objection to the notary's minutes within the scope of their right to speak (see section 7.). The Company once again points out that the proxies appointed by the Company do not accept any instructions to file objections.

10. **Reference to the Company's website**

This invitation to the Annual General Meeting, the documents to be made available to the Annual General Meeting, the information pursuant to section 124a AktG, further information in connection with the Annual General Meeting as well as further explanations of the rights of the shareholders are available on the website of the Company under <https://ir.hgears.com/annual-general-meeting/> as soon as possible after the convening of the Annual General Meeting. The voting results will be published after the Annual General Meeting at the same internet address.

11. **Total number of shares and voting rights**

At the time of convocation, the share capital of the Company is divided into 10,400,000 no-par value shares with the same number of voting rights. There are therefore 10,400,000 voting rights

12. **Data protection**

hGears AG processes the personal data of its shareholders and any shareholder representatives in order to prepare and conduct its Annual General Meeting. The purpose of processing this data is to enable shareholders and shareholder representatives to participate in the Annual General Meeting and to exercise their rights before and during the Annual General Meeting.

hGears AG processes this data as the data controller in accordance with the provisions of the EU General Data Protection Regulation (GDPR) and all other relevant laws. Details on the handling of personal data and rights in accordance with the GDPR can be found on the Company's website at

<https://ir.hgears.com/annual-general-meeting/>.

Schramberg, April 2023

The Management Board