

**Note:** This is a convenience translation of the German original. Solely the original text in the German language is authoritative.

## **REPORT OF THE INDEPENDENT AUDITOR ON THE AUDIT OF THE REMUNERATION REPORT PURSUANT TO § 162 (3) AKTG**

To hGears AG, Schramberg

### **Audit Opinion**

We have formally audited the remuneration report of hGears AG, Schramberg for the financial year from 1 January 2024 to 31 December 2024, to determine whether the disclosures pursuant to § 162 (1) and (2) AktG (Aktengesetz: German Stock Corporation Act) have been made in the remuneration report. In accordance with § 162 (3) AktG, we have not audited the content of the remuneration report.

In our opinion, the accompanying remuneration report complies, in all material respects, with the disclosure requirements pursuant to § 162 (1) and (2) AktG. Our audit opinion does not cover the content of the remuneration report.

### **Basis for the Audit Opinion**

We conducted our audit of the remuneration report in accordance with § 162 (3) AktG and in compliance with the IDW Auditing Standard: The Audit of the Remuneration Report pursuant to § 162 (3) AktG (IDW PS 870 (09.2023)). Our responsibilities under this regulation and this standard are further described in the “Auditor’s Responsibilities” section of our auditor’s report. Our audit firm has applied the requirements of the IDW Quality Management Standards. We have complied with our professional duties pursuant to the German Public Auditors Act (WPO) and the Professional Charter for Auditors/Chartered Accountants (BS WP/vBP), including the independence requirements.

### **Responsibilities of the Executive Directors and the Supervisory Board**

The Executive Directors and the Supervisory Board of hGears AG are responsible for the preparation of the remuneration report, including the related disclosures, in compliance with the requirements of § 162 AktG. They are also responsible for internal controls they consider to be 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 responsibility is to obtain reasonable assurance about whether the remuneration report complies, in all material respects, with the disclosure requirements pursuant to § 162 (1) and (2) AktG, and to issue an auditor’s report that includes our opinion.

We planned and performed our audit to obtain evidence about the formal completeness of the remuneration report by comparing the disclosures made in the remuneration report with the disclosures required by § 162 (1) and (2) AktG. In accordance with § 162 (3) AktG, we have not audited whether the disclosures are correct or individual disclosures are complete or whether the remuneration report is fairly presented.

### **Consideration of Misleading Representations**

In connection with our audit, our responsibility is to read the remuneration report considering the knowledge obtained in the audit of the financial statements and to remain alert for indications as to whether the remuneration report contains misleading representations in relation to the correctness of the content of the disclosures, the completeness of the individual disclosures or the fair presentation of the remuneration report.

If, based on the work we have performed, we conclude that such a misleading representation exists, we are required to report that fact. We have nothing to report in this regard.

Stuttgart, 24 March 2025

BDO AG  
Wirtschaftsprüfungsgesellschaft

Anja Abril  
Wirtschaftsprüfer  
(German Public Auditor)

Andreas Gebert  
Wirtschaftsprüfer  
(German Public Auditor)



# Remuneration Report 2024

## Introduction

hGears AG is a listed company and as such obliged 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 members of the Management Board and the Supervisory Board of hGears AG in the fiscal year 2024. The report complies with the requirements of the German Stock Corporation Act (*AktG*).

The remuneration report was prepared by the Management Board and Supervisory Board and will be submitted to the Annual General Meeting of the Company on 11 June 2025 for approval in accordance with section 120a (4) *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 remuneration report for the financial year 2023, which was prepared on the basis of the provisions of section 162 *AktG*, was formally audited by the auditor PricewaterhouseCooper (PwC) and submitted to the Annual General Meeting on 11 June 2024 for voting under agenda item 6. The report prepared by PwC on the audit was attached to the Remuneration Report 2023 and published on the Company's website. The Annual General meeting approved the submitted remuneration report with an approval rate of 96,56%, meaning that no adjustment in the form of the Remuneration Report was necessary.

In accordance with section 120a *AktG* the General Meeting of a listed company must resolve on the approval of the remuneration system for the members of the Management Board adopted by the Supervisory board pursuant to section 87a *AktG*, whenever there is a significant change, but at least every four years. The current remuneration system for the members of the Company's Management Board was submitted to the Annual General Meeting on 13 June 2023 for approval under agenda item 5. The Annual General Meeting approved the remuneration system for the members of the Management Board with a majority of 88,40%.



On 10 October 2023, the Supervisory Board of hGears AG extended the appointment of Mr. Daniel Basok as a member of the Executive Board for another term from 8 April 2024 to 31 December 2026. Additionally, a new executive service contract with Mr. Daniel Basok was concluded, effective 1 January 2024.



## Table of Contents

<b>A. Remuneration of the Members of the Management Board</b> .....	<b>4</b>
<b>I. Overview of the Remuneration System</b> .....	<b>4</b>
<b>II. Management Board Remuneration in the Financial Year 2024</b> .....	<b>6</b>
<b>1. Fixed remuneration</b> .....	<b>6</b>
<b>2. Short-term variable remuneration (STI)</b> .....	<b>6</b>
<b>a. Basic features and functioning of the STI</b> .....	<b>7</b>
<b>b. STI for the financial year 2024</b> .....	<b>11</b>
<b>3. Long-term variable Remuneration (LTI)</b> .....	<b>12</b>
<b>i. Basic features and functioning of the LTI (SOP 2024)</b> .....	<b>12</b>
<b>ii. Stock options granted under the SOP 2024</b> .....	<b>16</b>
<b>iii. Stock option rights granted under SOP 2024 / Tranches 2024 A/B/C</b> .....	<b>16</b>
<b>4. Granted and owed remuneration</b> .....	<b>17</b>
<b>5. Contribution of remuneration to strategic objectives</b> .....	<b>20</b>
<b>6. Malus regulation</b> .....	<b>20</b>
<b>7. Compliance with the maximum remuneration</b> .....	<b>20</b>
<b>B. Remuneration of the members of the Supervisory Board</b> .....	<b>22</b>
<b>C. Comparative presentation of the development of remuneration and earnings</b> .....	<b>25</b>



## 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. Success is 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 board is responsible for determining the remuneration of the individual members of the Management Board and for defining, reviewing and implementing the remuneration 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 27 April 2023 and adopted by the Annual General Meeting of hGears AG on 13 June 2023. In the event of any significant change to the remuneration system, but at least every four years, the remuneration system is resubmitted to the Annual General Meeting for approval in accordance with section 120a (1) sentence 1 AktG.

The total remuneration 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")

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"> <li>• Performance target / proportion:               <ul style="list-style-type: none"> <li>○ Group sales (25%)</li> <li>○ Adjusted group-EBITDA (50%)</li> <li>○ ESG-target (25%)</li> </ul> </li> </ul>
Long-term variable remuneration (LTI) (Stock options plan)		<ul style="list-style-type: none"> <li>• Granting of stock option generally in three tranches</li> <li>• Achievement of performance target dependent on share price performance</li> <li>• Waiting period for exercising share options: 4 years after granting</li> </ul>



## **II. Management Board Remuneration in the Financial Year 2024**

### **1. Fixed remuneration**

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

#### *Basic remuneration*

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

The basic remuneration granted in the financial year 2024 for the Management Board member Sven Arend (CEO) amounts to EUR 360,000.00 gross and for the Management Board member Daniel Basok (CFO) to EUR 288,000.00 gross.

#### *Fringe benefits*

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

These include, in particular, contributions to 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. In addition, the members of the Management Board are reimbursed for travel costs and other expenses.

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 to 150% of the respective fixed remuneration per year.

In addition, the Company grants Management Board members Sven Arend and Daniel Basok a contribution towards the cost of a second residence up to a maximum monthly warm rent of EUR 1,950.00 in the case of Mr. Arend and EUR 1,500.00 in the case of Mr. Basok, each for three years from the start of the term of the respective Management Board service contract.

### **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 the budgeted IFRS consolidated revenue ("**Partial Bonus I**") and for the achievement of the planned budgeted adjusted IFRS Group 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 annual ESG 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 for the partial bonuses of the STI are defined as follows:

Partial bonus I:

If not more than 90% of the budgeted annual IFRS Group sales target is 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 100% earned. If 90% of the budgeted annual IFRS Group sales target is exceeded, Partial Bonus I is earned on a pro rata basis up to 100% target achievement (linear pro rata). The relevant target achievement corridor is between more than 90% and 100% of the target. "Linear pro rata" means that 10% of partial bonus I is achieved when 91% of the budgeted IFRS Group sales target for the year has been reached.



#### Partial bonus II:

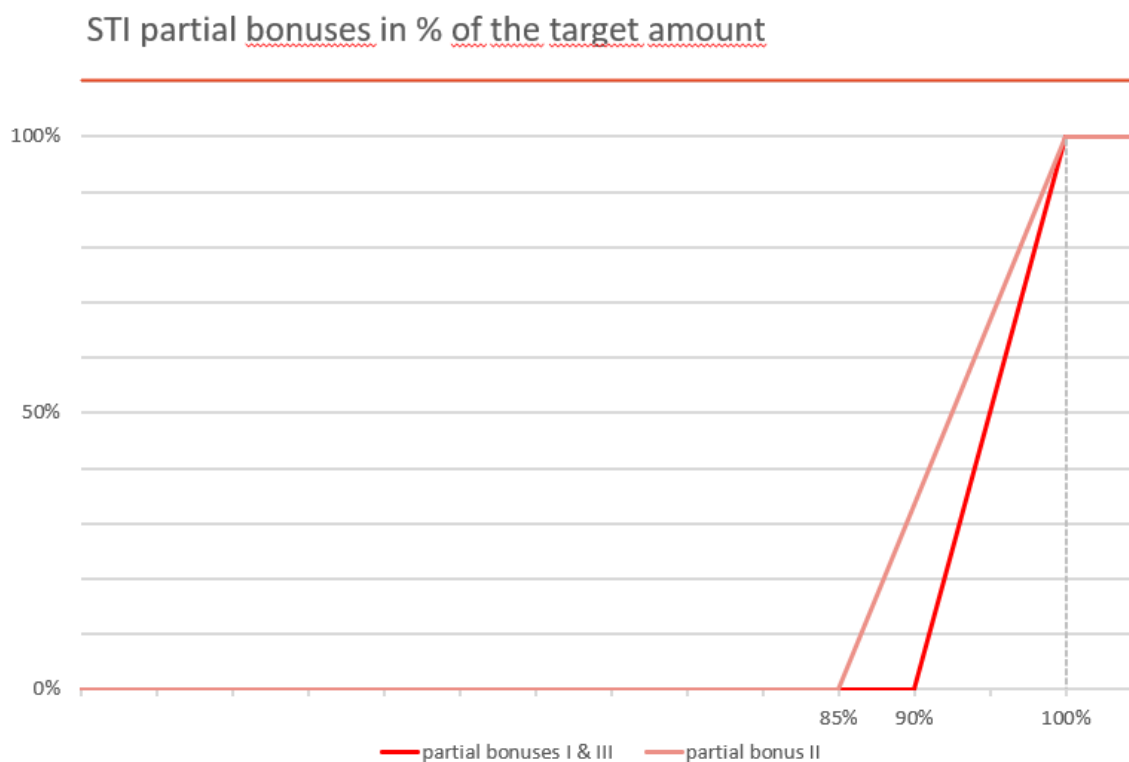
If not more than 85% of the budgeted adjusted IFRS Group EBITDA target for the year is achieved, the target achievement is 0% and there is no entitlement to Partial Bonus II. If 100% of the budgeted adjusted IFRS Group EBITDA target for the year is achieved, the target achievement is 100% and Partial Bonus II is 100% earned. If 85% of the budgeted adjusted IFRS Group EBITDA annual target is exceeded, Partial Bonus II is earned on a pro rata basis up to 100% target achievement (linear pro rata). The relevant target achievement corridor is between more than 85% and 100% of the target. "Linear pro rata" means that 10% of partial bonus II is achieved when 86.5% of the budgeted adjusted IFRS Group EBITDA target for the year has been reached.

#### Partial bonus III:

If not more than 90% of the defined ESG annual target is 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 more than 90% and 100% of the target. The calculation of "linear pro rata" is referred to the explanations on 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 bonus is shown in the following chart:



The Supervisory Board may increase or decrease the calculated individual gross STI amount for a financial year by a maximum of 10% in order to create a coherent 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 is carried out solely by the Supervisory Board in the exercise of 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 financial year thus ranges between 0% and a maximum of 110% of the STI target remuneration for a member of the Management Board.

The achievement of the STI target for the past financial year is 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, realization 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 at latest when the target achievement is determined.

The STI for the past financial 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 financial year, the STI is first determined according to the respective target achievement for the financial year in question and then reduced pro rata temporis.

## b. STI for the financial year 2024

Bonus components	Proportion	Target setting	Target	Target in %
Partial Bonus I Budget IFRS Group Revenue	25 %	112,947 TEUR	95,712 TEUR	0 %
Partial Bonus II Budget adjusted IFRS Group-EBITDA	50 %	3,408 TEUR	500 TEUR	0 %
Partial Bonus III ESG-Annual target	25 %	Energy Consumption 26kW; Recycling Ratio 84% of a total waste; 16 Training hours/employee; LTAR <sup>1</sup> 3,5; Illness Rate 5%	LTAR was not achieved, the remaining targets were achieved	80 %

Management Board Member, Position	Bonus components	Proportion	Target met in %	STI Bonus Amount
Sven Arend CEO	Partial Bonus I	25%	0 %	0 EUR
	Partial Bonus II	50%	0 %	0 EUR
	Partial Bonus III	25%	80 %	48.0 TEUR
Daniel Basok CFO	Partial Bonus I	25%	0 %	0 EUR
	Partial Bonus II	50%	0 %	0 EUR
	Partial Bonus III	25%	80 %	38.4 TEUR

Management Board Member, Position	STI Total Bonus Amount	Discretion (+/-)	STI Total Bonus Payment Amount
-----------------------------------	------------------------	------------------	--------------------------------

<sup>1</sup> Lost Time Accident Rate, the number of occupational accidents with lost time of at least one working day in relation to one million operational working hours



Sven Arend CEO	240,000.00 EUR	-	48,000.00 EUR
Daniel Basok CFO	192,000.00 EUR	-	38,400.00 EUR
		-	

### 3. Long-term variable Remuneration (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 stock option programs.

#### i. Basic features and functioning of the LTI (SOP 2024)

By resolution dated 11 June 2024, 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 525,450 subscription rights ("**Stock Option Rights**") to up to 525,450 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 11 June 2024 to create conditional capital of up to EUR 525,450.00 by issuing up to 525,450 new no-par value bearer shares ("**Conditional Capital 2024**").

On the basis of this authorization, the Supervisory Board of the Company resolved on 23 July 2024 to introduce the SOP 2024 for the Management Board ("**SOP 2024**"). The objective of SOP 2024 is to specifically incentivize members of the Management Board of the Company in a targeted manner by issuing option rights to shares of 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.

#### *Content of the stock option rights*

Each stock option right granted under SOP 2024 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 Conditional Capital 2024 created for this purpose in return for 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 a period of two years in two equal tranches per year (tranches 2024 A/B/C and tranches 2025 A/B/C).

For the financial year 2024, the granting of the stock option rights of the tranches 2024 A/B/C took place on 25 July 2024 ("**Tranches 2024 A/B/C**").

The stock option rights of the tranches 2025 A/B/C will be issued within four weeks after the publication of the annual financial report for the fiscal year 2024 ("tranches 2025 A/B/C").

#### *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.

#### *Exercise of Stock Option Rights*

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 under the condition that the performance targets specified below are met.

Stock option rights can only be exercised within 24 months of the end of the waiting period ("**Expiry Date**"). Subscription rights that have not been exercised within the exercise periods prior to the Expiry Date expire without compensation.

When exercising the stock option right, the exercising beneficiary must pay the exercise price per share for each share to be subscribed.

Exercise price



When exercising the stock option right, the exercising eligible person must pay the exercise price per share for each company share to be subscribed to.

The exercise price per share ("exercise price") when exercising the stock option rights for each share to be subscribed of tranches 2024 A/B/C and tranches 2025 A/B/C is EUR 2.78.

#### *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.

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

#### *Performance targets*

The stock option rights of the respective tranches of the stock option program 2024 can be exercised after expiry of the waiting period if the arithmetic mean of the closing prices of the Company's shares in Xetra trading (or in a comparable successor system) on the Frankfurt Stock Exchange on the 20 trading days before December 31 ("**Reference Date**") reaches or exceeds the EUR amount ("**Performance Target**") specified individually for each tranche below. For the Tranches 2024 A/B/C, the Reference Date is 31 December 2024; and for the Tranches 2025 A/B/C, the Reference Date is 31 December 2025.

The following performance targets apply for the Tranches 2024 A/B/C:

Tranche	Performance target in Euro
2024/A	EUR 3.78 (corresponds to exercise price + EUR 1.00)
2024/B	EUR 4.78 (corresponds to exercise price + EUR 2.00)
2024/C	EUR 5.78 (corresponds to exercise price + EUR 3.00)

The following performance targets apply for the Tranches 2025 A/B/C:

Tranche	Performance target in Euro
---------	----------------------------





2025/A	EUR 2.62 (corresponds to reference rate + EUR 1.00)
2025/B	EUR 3.62 (corresponds to reference rate + EUR 2.00)
2025/C	EUR 4.62 (corresponds to reference rate + EUR 3.00)

The reference rate (1.62 EUR) for determining the performance target for tranches A/B/C is the EUR amount corresponding to 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 over the 20 trading days before 31 December 2024.

#### *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 remuneration of the beneficiary due to extraordinary, unforeseen developments. The Supervisory Board has sole responsibility for such refusal.

#### *Expiry 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 day of termination of employment until the end of the term during an exercise period.
- In addition, all stock option rights granted to the beneficiary that are not yet exercisable shall vest on the date of termination of the employment relationship and, to the extent that the stock option rights become exercisable, 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 and indemnification.



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 and indemnification.

## **ii. Stock options granted under the SOP 2024**

The members of the Management Board of the Company Sven Arend (CEO) and Daniel Basok (CFO) participate in the SOP 2024 as beneficiaries.

Sven Arend was entitled during the term of the SOP 2024 and the Management Board service agreement to an allocation of 75,000 stock option rights in each of the Tranches 2024 A/B/C and 2025 A/B/C, provided that the reference value of the stock option rights of the respective annual tranche does not exceed the amount of EUR 700,000.00 at the time the stock option rights are granted.

During the term of the SOP 2024 and the Management Board service agreement, Daniel Basok is entitled to an allocation of 67,000 stock option rights in each of the Tranches 2024 A/B/C and 2025 A/B/C, 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 performance targets for the Tranches 2024 A/B/C were not achieved, so that the stock option rights allocated on the basis of the granted share options could not be exercised.

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).

## **iii. Stock option rights granted under SOP 2024 / Tranches 2024 A/B/C**



By resolution of the Supervisory Board dated July 25, 2024, a total of 142,000 stock option rights were issued to members of the Management Board under the Tranches 2024 A/B/C as follows:

<b>Management Board Member</b>	<b>Granted stock option rights / Tranches 2024 A/B/C</b>	<b>Current value at grant date</b>
Sven Arend	75,000 Stock option rights	EUR 1,349.45
Daniel Basok	67,000 Stock option rights	EUR 1,205.50

The above-mentioned performance targets for the Tranches 2024 A/B/C of the stock option rights were not achieved.

#### **4. Granted and owed remuneration**

The following tables show the remuneration granted and owed to the members of the Management Board in financial year 2024 in accordance with section 162 (1) sentence 1 AktG. Accordingly, the tables contain all amounts actually received by the individual Management Board members in the reporting period ("**Remuneration Granted**") and all remuneration legally due but not yet received ("**Remuneration Owed**").

In the section "Short-term variable remuneration," the bonus is considered "remuneration owed", as the underlying performance was fully achieved by the balance sheet date of December 31, 2024. Thus, the paid bonus amounts are stated for the reporting year 2024, even though payment will only be made after the end of the reporting year 2024. This enables transparent and understandable reporting and ensures the link between performance and remuneration in the reporting period.

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

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

Tables: Granted and owed remuneration

As at 31. December 2024 acting member of the Executive Board		Sven Arend CEO						Change 2024 compared to 2023	
		2024		2023 <sup>2</sup>		In TEUR	In % GV	In TEUR	In % GV
		In TEUR	In % GV	In TEUR	In % GV				
<b>Performance-independent remuneration</b>	Basic remuneration	355	78%	330	77%	25	8%		
	+ Ancillary services	52	11%	44	10%	8	18%		
	= <b>Total</b>	<b>407</b>	<b>89%</b>	<b>374</b>	<b>87%</b>	<b>33</b>	<b>9%</b>		
<b>Performance-related remuneration</b>	+ <b>Short-term variable remuneration (STI)</b>	48	11%	55	13%	-7	-13%		
	+ <b>Long-term variable remuneration (LTI)</b>	1	0%	0	0%	-	-		
	= <b>Total remuneration (TR within the meaning of section 162 AktG)</b>	<b>456</b>	<b>100%</b>	<b>429</b>	<b>100%</b>	<b>27</b>	<b>6%</b>		
	= Ratio success-independent to success-dependent	831%		680 %					

<sup>2</sup> from 1 February 2023

Remuneration granted and owed pursuant to section 162 (1) sentence 1 AktG - in the financial year 2024		Daniel Basak CFO					
		2024		2023		Change 2024 compared to 2023	
		In TEUR	In % GV	In TEUR	In % GV	In TEUR	In % GV
<b>As at 31 December 2024 acting member of the Executive Board</b>							
<b>Performance-independent remuneration</b>	Basic remuneration	284	78%	250	75%	34	14%
	+ Ancillary services	43	12%	50	15%	-7	-14%
	= <b>Total</b>	<b>327</b>	<b>90%</b>	<b>300</b>	<b>90%</b>	<b>27</b>	<b>9%</b>
<b>Performance-related remuneration</b>	+ <b>Short-term variable remuneration (STI)</b>	38	10%	35	13%	3	9%
	+ <b>Long-term variable remuneration (LTI)</b>	1	0	0	0	0	0
	= <b>Total remuneration (TR within the meaning of section 162 AktG)</b>	<b>366</b>	<b>100%</b>	<b>335</b>	<b>100%</b>	<b>31</b>	<b>9%</b>
	= Ratio success-independent to success-dependent	838%		857%			



## **5. 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 interest 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 performance parameters Group sales and adjusted 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 as well as the goal of sustainable corporate development.

The LTI share entitlement enables the members of the Management Board to participate in the development of the share price, so that the objectives of the management and the interests of the shareholders are aligned even more closely. This gives the Management Board an incentive to increase the value of the Company on a long-term and sustainable basis.

## **6. Malus regulation**

Malus regulations exist in both the STI and the LTI. The STI can be reduced by up to 10% at the discretion of the Supervisory Board (see above). Within the framework of the LTI (SOP 2024), 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 responsibility for the rejection lies exclusively with the Supervisory Board.

No variable remuneration components were not withheld in the financial year 2024. No claw-back provision was agreed and no remuneration components were reclaimed.

## **7. Compliance with the maximum remuneration**

In addition to the limitation on variable remuneration components, the remuneration system adopted by the Supervisory Board provides for a maximum amount for total remuneration in a financial year. The maximum remuneration for the financial year 2024 set is MEUR 1.7 for the CEO position and MEUR 1.4 for other members of the Management

Board. According to the total remuneration of the Management Board members Sven Arend (CEO) and Daniel Basok (CFO) for the financial year 2024 as reported in section 6 of this Remuneration Report, the maximum remuneration resolved by the Supervisory Board was complied with in the financial year 2024.

TEUR	<b>Sven Arend</b> Acting member of the Executive Board	<b>Daniel Basok</b> Acting member of the Executive Board
	<b>in TEUR</b>	<b>in TEUR</b>
Basic Remuneration	355	284
Ancillary services	52	43
Short-term variable remuneration (STI)	48	38
Long-term variable remuneration (LTI)	1	1
<b>Total remuneration for the financial year 2024</b>	<b>456</b>	<b>366</b>
Maximum remuneration within the meaning of section 87a para. 1 sentence 2 no. 1 AktG	1,700	1,400



## **B. Remuneration of the members of the Supervisory Board**

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 of the Supervisory Board as well as the activity in the audit committee are remunerated additionally. It is set out 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.

In addition to the annual fixed remuneration, the members of the Audit Committee receive an annual fixed remuneration of EUR 15,000.00, the Chairman of the Audit Committee receives an additional annual fixed remuneration of EUR 17,500.00.

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

In addition to the remuneration, the Company reimburses the members of the Supervisory Board for expenses incurred by them in the performance of their duties upon presentation of proof. Value-added tax is reimbursed by the Company to the extent that 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.

Remuneration 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 €

## Additional remuneration of the member of the Audit Committee



**Chairman**  
17,500 €

**Member**  
15,000 €



Member of the Supervisory Board/ Additional function	Remuneration granted and owed in 2024	Included therein			Remuneration granted and owed in 2023	
		Fixed remuneration	In %	Surcharge for special functions (Audit Committee)	In %	Total remuneration 2023
Prof. Volker Michael Stauch Chairman of the Supervisory Board	40,000.00	40,000.00	100%	-		40,000.00
Christophe Hemmerle Deputy Chairman of the Supervisory Board Chairman of the Audit Committee	52,500.00	35,000.00	67%	17,500.00	33%	52,500.00
Daniel Michael Kartje Member of the Audit Committee	45,000.00	30,000.00	67%	15,000.00	33%	45,000.00
Christoph Mathias Seidler	30,000.00	30,000.00	100%	-		30,000.00
Dr. Gabriele Fontane	30,000.00	30,000.00	100%	-		30,000.00

## C. Comparative presentation of the development of remuneration and earnings

The following comparative presentation shows the annual development of the remuneration granted and owed to current and former members of the Executive Board and Supervisory Board, the development of the Company's earnings and the remuneration of employees.

The average employee remuneration considers the collectively agreed and non-tariff employees as well as executives of hGears Group in Germany (excluding members of the Management Board and Supervisory Board) on a full-time equivalent basis. The average employee remuneration takes into account all remuneration components, such as basic remuneration, Christmas bonus, supplementary payments, fringe benefits, performance-related remuneration and special payments.

The development of earnings is presented on the basis of the net profit for the year of both the hGears Group and hGears AG.

Table: Comparative presentation of remuneration and earnings development

	Remuneration granted and owed in 2024	Remuneration granted and owed in 2023	Remuneration granted and owed in 2022	Remuneration granted and owed in 2021	Change 2024 compared to 2023		Change 2023 compared to 2022		Change 2022 compared to 2021	
					In TEUR	In %	In TEUR	In %	In TEUR	In %
Members of the Management Board										
Sven Arend (since 1 February 2023)	456	429	-	-	+27	+6	-	-	-	-
Daniel Basok	366	335	480	1,290	+31	+9	-145	-30	-810	-68

Table: Comparative presentation of remuneration and earnings development

	Re- numera- tion granted and owed in 2024	Remu- neration granted and owed in 2023	Remu- neration granted and owed in 2022	Remu- neration granted and owed in 2021*	Change 2024 com- pared to 2023	Change 2023 com- pared to 2022	Change 2022 com- pared to 2021*			
	In TEUR	In TEUR	In TEUR	In TEUR	In TEUR	In %	In TEUR	In %	In TEUR	In %
Members of the Audit Committee										
Prof. Volker Michael Stauch	40	40	40	27	0	0	0	0	+13	+47
Christophe Hemmerle	52	52	52	24	0	0	0	0	+28	+117
Daniel Michael Kartje	45	45	45	20	0	0	0	0	+25	+125
Christoph Mathias Seidler	30	30	30	20	0	0	0	0	+10	+47
Dr. Gabriele Fontane	30	30	30	20	0	0	0	0	+10	+47
Employees										
Ø Employees in Germany	72	67	64	60	+5	+7	+3	+5	+4	+7
Earnings development										
Group net profit for the year (kEUR)	(21.2)	(13.8)	(0.8)	2.4	(7.4)	N.A.	(13.0)	N.A.	(3.2)	-136
Net profit of hGears AG (kEUR)	(15.9)	(13.8)	0.0	(4.0)	(2.1)	N.A.	(13.8)	N.A.	4.0	+100

\* In 2021, the members of the Supervisory Board received remuneration pro rata temporis (from 8 April 2021). The Audit Committee was established on 1 January 2022.

Schramberg, 24 March 2025

---

Volker Stauch  
(Chairman of the Supervisory  
Board)

---

Sven Arend  
(Chairman of the Management  
Board)