

# Remuneration report

## Report on the remuneration of the Executive Board and Supervisory Board of GESCO SE in 2023

### Remuneration of the members of the Executive Board

#### I. Introduction

##### Review of the financial year from a remuneration perspective

GESCO SE ("**GESCO**", or the "**Company**") acquires successful industrial SMEs as a long-term investor. Proven business models are continued and further developed over the long term. The central task is to utilise growth potential and secure the Group's future viability in the long term. In this way, GESCO SE creates added value for all stakeholders: **shareholders**, employees, customers, suppliers and business partners of all kinds. Under the umbrella of a lean holding company, the companies operate independently, but with the support of GESCO. The goal: a strong group of hidden champions, market and technology leaders. The prerequisite for this is an experienced management team ("**Executive Board**" or "**Executive Board members**") that acts responsibly and operates efficiently with the resources granted by the shareholders. On 13 May 2021, the members of the Supervisory Board ("**Supervisory Board**" or "**Supervisory Board members**") adopted a remuneration system for this management, which applies to all new Executive Board service contracts to be concluded or extended with effect from the Annual General Meeting on 30 June 2021. The remuneration system complies with the applicable statutory provisions of the German Stock Corporation Act ("**AktG**") in the current version following the implementation of the Second Shareholders' Rights Directive ("**ARUG II**")<sup>1</sup> and takes into account the recommendations of the German Corporate Governance Code ("**GCGC**") in the version dated 28 April 2022.

This remuneration report was prepared jointly by the members of the Executive Board and the Supervisory Board of the Company and audited by the auditor in accordance with the statutory requirements with regard to its formal completeness.

The current Chief Executive Officer (**CEO**), Mr Ralph Rumberg, has held his position since 1 July 2018 and his term of office was extended for a further two years with effect from 1 July 2022. Ms Andrea Holzbaur was appointed Chief Financial Officer (**CFO**) of the Company with effect from 26 September 2022. The current remuneration system applies to both Mr Rumberg and Ms Holzbaur. The employment contracts run until 30 June 2024 (CEO) and 30 September 2025 (CFO).

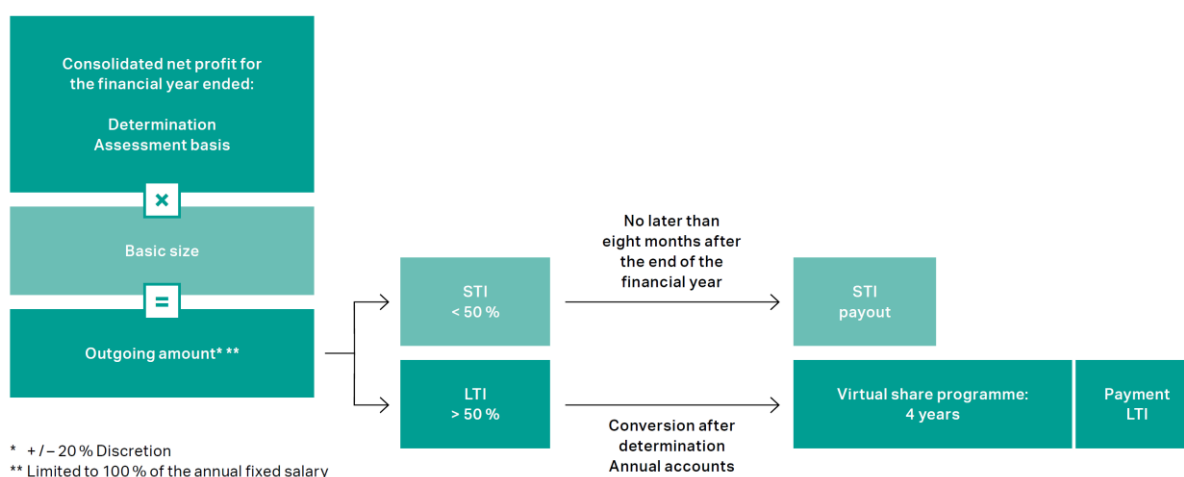
---

<sup>1</sup> "Act on the Implementation of the Second Shareholders' Rights Directive"

## 1. Overview of variable remuneration

The performance-related remuneration elements ("**variable remuneration**") consist of a one-year component (Short Term Incentive, "**STI**") and a multi-year element (Long Term Incentive, "**LTI**"). Both elements are linked to the consolidated net earnings after minority interests ("**consolidated net earnings**"). After the end of the financial year, the consolidated net earnings reported in the approved consolidated financial statements is determined. The consolidated net earnings then serves as the starting point for the variable remuneration ("**assessment basis**"). The assessment basis is then multiplied by an individual percentage for each member of the Executive Board ("**base figure**") to obtain the individual starting amount for each Executive Board member ("**starting amount**"). This base amount for the variable remuneration is determined by the Supervisory Board after the end of the financial year, whereby the Supervisory Board has the discretion to change the base amount upwards or downwards by 20%. The initial amount is limited to 100% of the fixed annual salary ("**Cap I**"), but can also be zero. If a Management Board member is not employed for the entire financial year, the variable remuneration is reduced in proportion to the length of service in the corresponding financial year. While a smaller proportion of the base amount, and therefore of the initial amount, is allocated to the STI, the proportion of the LTI is always greater than the proportion of the STI in order to focus on the long-term development of the Company. The portion of the performance-related remuneration granted as STI is paid out in cash to the members of the Executive Board no later than eight months after the end of the financial year. The portion of the initial amount attributable to the LTI is granted in the form of a virtual share programme with a four-year term ("**share-based component**").

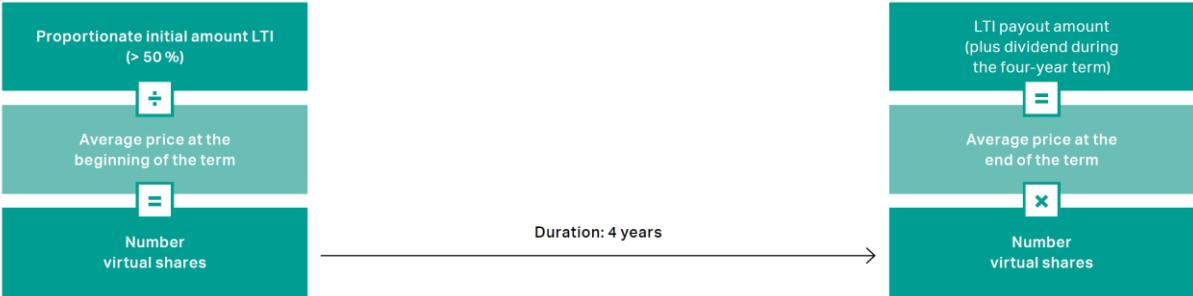
### Overview of variable remuneration



The majority of the variable remuneration is granted as a LTI in the form of virtual shares with a term of four years. The amount of variable remuneration attributable to the LTI is divided by the average XETRA closing price of the GESCO share on the consecutive trading days in the last three months prior to the date of adoption of the consolidated financial statements for the

corresponding year in order to obtain the initial number of virtual shares ("**virtual shares**"). This number of virtual shares (commercially rounded to the nearest whole number) is recorded as a calculation item. At the end of the four years, the phantom shares are multiplied by the average XETRA closing price of the GESCO share on the consecutive trading days in the last three months prior to the date of approval of the consolidated financial statements for the fourth financial year, plus the dividend accrued during the four years. The amount calculated in this way is paid out in cash up to the maximum remuneration (Cap II, see section B.).

**Functionality of the LTI (virtual share programme)**



The remuneration system supports the corporate strategy and the sustainable and long-term development of the Company by placing particular emphasis on promoting a long-term and sustainable orientation in the actions of the Management Board. In particular, the alignment of the variable remuneration components with the consolidated net earnings for the year takes into account the fact that other quantitative targets in the remuneration of a holding company are subject to potentially large and not always predictable fluctuations and should therefore be avoided. At the same time, this assessment basis for variable remuneration ensures the greatest possible alignment with the interests of the shareholders, the Company as a whole and the employees. The introduction of a multi-year, share-based remuneration component is also aimed in this direction and serves to optimise the alignment between strategy, strategy implementation and shareholder interests.

The remuneration system is designed to be clear and comprehensible. At the same time, incentives to take disproportionate risks are avoided. In particular, the Supervisory Board aims to offer Executive Board members appropriate and competitive remuneration in order to ensure that qualified Executive Board members remain loyal to GESCO in the future and that new Executive Board members can be recruited for the Company.

**Compliance with the maximum remuneration and principles for determining remuneration**

In accordance with the remuneration system, the maximum possible total remuneration ("**Cap II**") that a member of the Management Board can receive for a financial year is limited to EUR 950 thousand for Mr Rumberg and EUR 850 thousand for Ms Holzbaur.

Compliance with the maximum remuneration for the 2023 financial year can only be reviewed and reported in the 2027 remuneration report once the 2023 LTI has been settled.

The remuneration system is the responsibility of the Supervisory Board. In doing so, the Supervisory Board ensures that remuneration is appropriate compared to other companies and its own employees. The remuneration system was approved by 86.61% of the Annual General Meeting on 30 June 2021.

## **II. Application of the remuneration system in the 2023 financial year**

### **A. Non-performance-related remuneration (fixed remuneration)**

In 2023, the fixed remuneration comprises of three components: the annual fixed salary, fringe benefits and pension benefits. The **fixed annual salary** is paid in 12 monthly instalments. In addition to the fixed annual salary, the members of the Executive Board receive **fringe benefits**, which mainly include the private use of company cars, contributions to employers' liability insurance associations and health insurance subsidies. The **pension benefits** for the CEO and CFO each amount to 20% of the fixed annual salary. The members of the Executive Board can decide whether the retirement benefits are provided by the Company or whether the amount is paid out as part of the monthly salary payment and the Executive Board member arranges the retirement benefits themselves. For reasons of transparency, the amount attributable to the retirement benefits is recognised separately, even if it is paid out in the form of a monthly payment.

### **B. Variable remuneration**

#### **1. Target achievement in 2023**

The key performance indicator for the variable remuneration (the STI and the LTI) is the consolidated net earnings for the year. This amounts to TEUR 20,885 for the 2023 financial year.

For Mr Rumberg and Ms Holzbour, the initial amount of the variable remuneration for 2023 results from the multiplication with the respective base figure of 1.24% (Mr Rumberg) and 0.75% (Ms Holzbour). Of this, 49.2 % will be paid out as an STI in 2024 and 50.8 % will be granted as a LTI. The following table shows the respective calculation of the variable remuneration for Mr Rumberg and Ms Holzbour:

### Variable remuneration 2023

	<b>Ralph Rumberg</b>	<b>Andrea Holzbaur</b>
<b>T€</b>		
Consolidated net earnings for 2023	20,885.4	20,885.4
Individual base value	1.24 %	0.75 %
Initial amount	259.0	156.6
thereof		
<b>STI</b>	49.2 %	<b>127.4</b>
<b>LTI</b>	50.8 %	<b>77.1</b>
		<b>131.6</b>
		<b>79.6</b>

In total, the variable remuneration for Mr Rumberg for 2023 amounts to TEUR 259.0, of which TEUR 127.4 will be paid out as a cash component (STI) in 2024 and TEUR 131.6 will be converted into virtual shares as part of the LTI.

Ms Holzbaur's total variable remuneration for 2023 amounts to TEUR 156.6, of which TEUR 77.1 will be paid out as STI in 2024 and TEUR 79.6 is attributable to the LTI.

## 2. LTI 2023

In accordance with the remuneration system, the majority of the variable remuneration is converted into a share-based component. This is granted in the form of virtual shares and has a term of four years. The amount of variable remuneration attributable to the LTI is divided by the average XETRA closing price of the GESCO share on the consecutive trading days in the last three months prior to the date of adoption of the consolidated financial statements for 2023. This number of virtual shares (commercially rounded to the nearest whole number) is recorded as a calculation item.

TEUR 131.6 is attributable to the LTI for Mr Rumberg and TEUR 79.6 for Ms Holzbaur. These amounts are each divided by the average XETRA closing price in the last three months prior to the adoption of the consolidated financial statements for 2023 in order to obtain the number of phantom shares. As the remuneration report was prepared before the consolidated financial statements were adopted, the average XETRA closing price, and therefore also the calculation of the phantom shares, is determined after the remuneration report was prepared.

## 3. Number of virtual shares from LTI 2022

The number of virtual shares from the LTI 2022 was calculated in 2023 after the adoption of the consolidated financial statements for 2022 (and after the preparation of the remuneration

report for 2022). The average XETRA closing price in the three months prior to the adoption of the consolidated financial statements for 2022 was EUR 25.00.

For Mr Rumberg, TEUR 106.5 were attributable to the LTI 2022. Divided by the average XETRA closing price of EUR 25.00, Mr Rumberg was allocated 4,261 phantom shares as part of the LTI 2022. Mrs Holzbour's LTI 2022 amounted to TEUR 34.7, which corresponds to 1,386 phantom shares.

### **Obligation to hold shares (Share Ownership Guidelines)**

In order to align the interests of shareholders and the Management Board and to further align the actions of the CEO and CFO with a sustainable increase in Company value, guidelines for the share ownership of Management Board members were introduced ("Share Ownership"). As part of the share option programme, which was offered for the last time for the 2021 financial year, the members of the Management Board are obliged to acquire and hold shares in the Company ("Share Ownership Guidelines").

### **Benefits in the event of withdrawal & payment cap**

In the event of the dismissal of a Management Board member, the fixed annual salary, the performance-related bonus and the pension benefits are granted at most until the end of the fixed term of the contract. In the event of dismissal, the Company may release the Executive Board member from the obligation to provide its services, taking into account any existing holiday entitlements, provided that the employment relationship is otherwise properly settled until the end of the employment contract.

All payments and fringe benefits to the Executive Board during the period after the end of the Executive Board mandate may not exceed the total value of two years' remuneration (based on the total remuneration for the past financial year and, if applicable, on the expected total remuneration for the current financial year) and in any case may not remunerate more than the remaining term of the employment contract ("**payment cap**"). Both the regulations in the event of resignation and the payment cap are applicable under the remuneration system.

## **III. Remuneration in 2023**

In accordance with Section 162 (1) sentence 1 AktG, Executive Board remuneration for 2023 is shown separately for all Executive Board members active in the financial year in the tables below. The tables include all amounts that actually accrued to the Executive Board in the reporting period ("remuneration granted") and all remuneration that is legally due but has not yet accrued ("remuneration owed"). The short-term variable remuneration (STI) is regarded as "remuneration owed", as the underlying service was rendered in full by the reporting date. The STI is therefore recognised for the reporting year, even though payment is only made after the

end of the respective reporting year. In contrast, the LTI does not represent "remuneration granted" or "remuneration owed", as the bonus payment depends on the parameters after the end of the four-year term. After the end of the four-year term, any remuneration from the LTI 2023 will be owed and recognised in the remuneration report for the 2027 financial year in accordance with the above provisions.

T€	01/01/2023 – 12/31/2023		01/01/2023 – 12/31/2023	
	Absolutely	Relatively	Absolutely	Relatively
<b>Remuneration independent of performance</b>	<b>556.2</b>	<b>81.4 %</b>	<b>341.1</b>	<b>81.6 %</b>
Annual fixed salary	439.0	64.2 %	270.0	64.6 %
Ancillary services	29.4	4.3 %	17.1	4.1 %
Retirement benefits	87.8	12.8 %	54.0	12.9 %
<b>Variable remuneration</b>	<b>127.4</b>	<b>18.6 %</b>	<b>77.1</b>	<b>18.4 %</b>
STI	127.4	18.6 %	77.1	18.4 %
LTI	0.0	0.0 %	0.0	0.0 %
<b>Total 2023</b>	<b>683.6</b>	<b>100.0 %</b>	<b>418.2</b>	<b>100.0 %</b>

## Remuneration of the members of the Supervisory Board

### Introduction

#### A. Overview

At the end of the financial year on 31 December 2023, the Supervisory Board consisted of a total of four members, including the Chairman of the Supervisory Board ("**Supervisory Board Chairman**") and his deputy ("**Deputy Chairman**").

The members of the Supervisory Board receive a fixed annual remuneration ("**fixed remuneration**"), which is payable at the end of the respective financial year. Performance-related remuneration ("**variable remuneration**") is also possible. This is based on the consolidated net earnings after minority interests ("**consolidated net earnings**" or "**basis of assessment**"). In the event that the Supervisory Board forms committees, the members of the Supervisory Board also receive an additional fixed annual remuneration ("**committee remuneration**") for each position on a committee that meets at least once a year.

Like the remuneration system for the Management Board, this remuneration for the members of the Supervisory Board supports the sustainable development of the Company through a performance-related orientation in the exercise of Supervisory Board activities.

#### B. Principles of determining remuneration

Every four years, the Annual General Meeting decides on the remuneration of Supervisory Board members and on the remuneration system. The corresponding resolution can also confirm the current remuneration. If the Annual General Meeting does not approve the

proposed remuneration system, a revised remuneration system should be presented at the following Annual General Meeting at the latest.

The current system for the members of the Supervisory Board was approved by 93.26% at the Annual General Meeting on 18 June 2020.

## **Application of the remuneration system in 2023**

### **A. Remuneration elements**

The remuneration of the members of the Supervisory Board can consist of up to three elements. The fixed remuneration and the committee remuneration are function-dependent, while the variable remuneration depends on the consolidated net earnings for the year. If a member of the Supervisory Board is not a member of the Board or a committee for the entire financial year, the remuneration is paid pro rata temporis.

#### **1. Fixed remuneration**

Since the 2020 financial year, the members of the Supervisory Board receive a **fixed annual remuneration** payable at the end of the respective financial year. It amounts to TEUR 50 for each individual member, TEUR 75 for the Chairman of the Supervisory Board and TEUR 55 for the Deputy Chairman.

#### **2. Variable remuneration**

The members of the Supervisory Board also receive performance-related remuneration. This amounts to 0.15% of the consolidated net earnings for the year (per Supervisory Board member) and is due after the adoption or approval of the annual and consolidated financial statements. If the assessment basis is negative, it is carried forward to the next year and offset against positive amounts.

The consolidated net earnings for the year of TEUR 20,885.4 results in performance-related remuneration of TEUR 31.3 per Supervisory Board member for 2023.

#### **3. Committee remuneration**

In the event that the Supervisory Board forms committees, the members of the Supervisory Board also receive an additional fixed annual remuneration of TEUR 3 for each position on a committee that meets at least once a year. This remuneration amounts to TEUR 5 for the chairmen of committees.

Another component of the remuneration is the reimbursement of training costs for the members of the Supervisory Board.

Furthermore, the Company reimburses the members of the Supervisory Board, but not as part of the remuneration, for reasonable expenses incurred in the exercise of their office as well as



any value added tax payable on the remuneration and reimbursement of expenses. The Company includes the activities of the members of the Supervisory Board in the cover provided by a financial loss liability insurance policy it has taken out. The premiums for this are paid by the Company.

## B. Maximum remuneration

The total annual remuneration for the individual member is limited to twice the sum of the fixed remuneration and committee remuneration.

## Remuneration in 2023

The remuneration granted and owed to the members of the Supervisory Board in 2023 in accordance with Section 162 (1) sentence 1 AktG is shown in the table below:

	Fixed remuneration		Variable remuneration		Committee remuneration		Total 2023
	T€	% from total	T€	% from total	T€	% from total	T€
<b>Supervisory Board</b>							
S. Heimöller	66.0	67.8 %	31.3	32.2 %	0.0	0.0 %	97.3
J. Große-Allermann	52.8	59.2 %	31.3	35.2 %	5.0	5.6 %	89.1
N. Rapp	50.0	59.3 %	31.3	37.2 %	3.0	3.6 %	84.3
K. Möllerfriedrich	61.3	64.1 %	31.3	32.8 %	3.0	3.1 %	95.6
<b>Total</b>	<b>230.0</b>	<b>62.8 %</b>	<b>125.3</b>	<b>34.2 %</b>	<b>11.0</b>	<b>3.0 %</b>	<b>366.3</b>

There were no committees until the 2021 financial year. An Audit Committee has been in place since 1 January 2022

## Comparison of the change in remuneration and earnings development at GESCO

The following overview shows the average remuneration of GESCO Group employees and the performance of GESCO in 2023. The table also compares the average remuneration of employees and the development of earnings with the remuneration of the current Executive Board and Supervisory Board members in 2023. The remuneration granted and owed within the meaning of Section 162 para. 1 sentence 1 AktG is decisive here.

The note "continuing operations" corresponds to the presentation in the 2020 and 2021 consolidated financial statements insofar as the "discontinued operations", i.e. seven subsidiaries or groups of subsidiaries that were sold in December 2020 and February 2021, are not included.

	2023	2023 vs. 2022	2022	2022 vs. 2021	2021	2021 vs. 2020	2020
	T€	%	T€	%	T€	%	T€
<b>Remuneration Executive Board</b>							
Ralph Rumberg	684	-17 %	823	4 %	793	36 %	585
Andrea Holzbour (since 26 September 2022)	418	235 %	125	-	-	-	-
Kerstin Müller-Kirchhofs (until 30 April 2022)	-	-	298	-59 %	729	35 %	542
<b>Remuneration Supervisory Board</b>							
Stefan Heimöller	97	-8 %	106	51 %	70	27 %	55
Jens Große-Allermann	89	-16 %	106	63 %	65	30 %	50
Dr Nanna Rapp	84	-19 %	104	60 %	65	30 %	50
Klaus Möllerfriedrich	96	-26 %	129	43 %	90	20 %	75
<b>Remuneration employees</b>							
Average remuneration employees	67	1 %	66	4 %	63	7 %	59
Personnel expenses excluding Executive Board remuneration	124,816	4 %	120,271	8 %	111,392	8 %	102,899
Employees (average, incl. trainees) (continued)	1,873	3 %	1,823	4 %	1,759	2 %	1,731
<b>Performance GESCO Group</b>							
Net income / loss GESCO SE (HGB)	7,827	-71 %	26,970	-12 %	30,662	-631 %	-5,769
Group earnings after minorities (total) (IFRS)	20,885	-38 %	33,824	26 %	26,862	-262 %	-16,576
Group earnings after minorities (continued) (IFRS)	20,885	-38 %	33,824	26 %	26,876	361 %	5,829
Group sales (continued) (IFRS)	560,724	-4 %	582,273	19 %	488,051	23 %	397,225

The 2020 Executive Board remuneration includes remuneration components from share option programmes (fair value of commitments) amounting to EUR 36 thousand, as presented in the 2020 Group management report.

#### Outlook from a remuneration perspective

No changes to the remuneration or the remuneration system are planned for the members of the Executive Board and the Supervisory Board in 2024.

### Independent auditor's report on the audit of the remuneration report in accordance with Section 162 (3) AktG

To GESCO SE, Wuppertal

#### Test opinion

We have formally audited the remuneration report of GESCO SE, Wuppertal, for the financial year from 1 January to 31 December 2023 to determine whether the disclosures pursuant to Section 162 (1) and (2) AktG have been made in the remuneration report. In accordance with Section 162 (3) AktG, we have not audited the content of the remuneration report.

In our opinion, the accompanying remuneration report includes, in all material respects, the disclosures required by section 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 Abs. 3 AktG and the IDW Auditing Standard: The Audit of the Remuneration Report in Accordance with Section 162 (3) AktG (IDW PS 870 (09.2023)). Our responsibilities under those requirements and this standard are further described in the "Auditor's Responsibilities" section of our auditor's report.

As an auditing practice, we have applied the requirements of the International Standard on Quality Management (ISQM 1). We have complied with the professional duties in accordance with the Auditors' Code and the Professional Code for Auditors / Certified Public Accountants, including the independence requirements.

### **Responsibility of the Executive 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, in accordance with the requirements of Section 162 AktG. They are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report that is free from material misstatement, whether due to fraud (i.e. accounting fraud or fraudulent misrepresentation) or error.

### **Responsibility of the auditor**

Our objective is to obtain reasonable assurance about whether the remuneration report includes, in all material respects, the disclosures required by section 162 (1) and (2) AktG and to issue an auditor's report thereon.

We planned and performed our audit such that we can determine the formal completeness of the remuneration report by comparing the disclosures made in the remuneration report with the disclosures required by section 162 (1) and (2) AktG. In accordance with § 162 Abs. 3 AktG, we have not audited the content of the disclosures, the completeness of the individual disclosures or the fair presentation of the remuneration report.

### **Dealing with any misleading representations**

In connection with our audit, our responsibility is to read the remuneration report in the light of our knowledge obtained in the audit and, in doing so, to consider whether the remuneration report includes misrepresentations with regard to the accuracy of the content of the information, 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 misrepresentation exists, we are required to report that fact. We have nothing to report in this context.

Düsseldorf, 27 March 2024

Mazars GmbH & Co KG  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft

Dr Marcus Borchert  
Wirtschaftsprüfer  
(Certified Public Accountant)

Heiko Wittig  
Wirtschaftsprüfer  
(Certified Public Accountant)