

Remuneration report as per Section 162 AktG for the 2021 financial year

Remuneration of the Executive Board

Approval of the remuneration system by the shareholders

In accordance with the newly adopted Section 120a(1) AktG created by the Act Implementing the Shareholders' Rights Directive (ARUG II), which entered into force on 1 January 2020, the Annual General Meeting of IVU Traffic Technologies AG must adopt a resolution on the endorsement of the remuneration system for Executive Board members submitted by the Supervisory Board in the event of any material amendment of the remuneration system, but at least once every four years. The first resolution in this respect was adopted at the Annual General Meeting on 27 May 2021. The remuneration system for the members of the Executive Board resolved by the Supervisory Board was endorsed with 97.5% of the votes cast.

Remuneration system

Basic information

The remuneration system provides a key contribution to the promotion of IVU Traffic Technologies AG's business strategy and to the long-term and sustainable development of the company. In the implementation of the corporate purpose of strengthening and optimising public mobility for people and goods at a high level, IVU Traffic Technologies AG aims to grow its core business and advance the digitalisation of its customers. The remuneration system encourages the attainment of the aforementioned strategic goals, promotes connections between them, and provides effective incentives for the long-term, value-creating development of the company in consideration of the interests of shareholders, customers, employees and other stakeholders.

The definition of the remuneration system is carried out by the Supervisory Board in accordance with Section 87(1) AktG. In this context, the Supervisory Board as a whole provides advice and adopts resolutions on the recommendations of the General Committee. The General Committee prepares recommendations on the system for the remuneration of the Executive Board. In doing so, it bases its deliberations on the business strategy, on the long-term and sustainable development of the company and on the recommendations of

the DCGK (German Corporate Governance Code). When necessary, the General Committee and Supervisory Board can make use of advice from external remuneration experts. In such cases, care will be taken to ensure the independence of these experts from the Executive Board and the company. In regard to the handling of conflicts of interest of members of the Supervisory Board, the recommendations of the DCGK and the provisions of the rules of procedure of the Supervisory Board and its committees shall be observed including in the context of the definition, review and implementation of the remuneration system. Conflicts of interest must be disclosed to the Supervisory Board, which must report them and the manner in which they are addressed to the Annual General Meeting. In the event of a conflict of interest, the Supervisory Board or committee member concerned shall not participate in the Supervisory Board or General Committee's discussions or decisions regarding the matter. The remuneration system adopted by the Supervisory Board shall be submitted to the Annual General Meeting for endorsement. The regular review of the remuneration system is carried out by the Supervisory Board. It is supported in this task by the General Committee, which prepares the review and makes recommendations. The Supervisory Board shall adopt amendments as needed.

When determining the total emoluments of an individual Executive Board member, the Supervisory Board seeks to ensure that these are appropriate in relation to the tasks and performance of the Executive Board member and the situation of the company and do not exceed the typical remuneration without particular reasons. In this context, the Supervisory Board takes the remuneration and employment conditions of the employees of the company into consideration. In the context of the external comparison of the total emoluments, a group of companies from Germany which are appropriate in regard to the market position of the company (particularly in terms of sector, size and country) is used as reference. In the context of the internal comparison, the Supervisory Board takes the remuneration of the upper management and the overall workforce in Germany into consideration. This takes place by means of a comparison of the ratio of Executive Board remuneration to the remuneration of the defined groups of people. The upper management consists of the management including the level of management below the Executive Board. In the event of significant changes in the ratios of the Executive

Board's remuneration to those of the other comparative groups, the Supervisory Board shall review the causes and, in the event of a lack of objective grounds, make adjustments to the remuneration of the Executive Board. The remuneration system grants the Supervisory Board the flexibility to take the function and area of responsibility of individual Executive Board members into consideration in the amount of the total remuneration. The system allows for function-specific differentiations – e.g. for the chair of the Executive Board.

The remuneration system for the Executive Board of IVU Traffic Technologies AG comprises fixed/non-performance-based and variable/performance-based components:

or early retirement which extend beyond the applicable statutory requirements.

Variable remuneration

These components are granted on the basis of financial and non-financial performance criteria. The performance criteria are derived from the company's key financial indicators. The variable remuneration is divided into short-term and long-term components.

Short-term variable remuneration

The short-term variable remuneration ("short-term incentive") comprises a bonus and target-oriented special remuneration.

Fixed remuneration	Base salary	Paid monthly	
	Ancillary benefits	Particularly public transport allowance, provision of a company car	
Variable remuneration	Short-term	Type	Bonus and target-oriented special remuneration
		Limit / cap	150% of base salary
		Performance criteria	Bonus: Group EBT in consideration of the EBT of the two preceding years Target-oriented special remuneration: Individualised targets
		Payment	Annually following adoption of the annual financial statements Bonus: 50% paid in cash, 50% as shares with a three-year lock-up period Target-oriented special remuneration: Paid in cash
	Long-term	Type	Long-term incentive
		Limit / cap	By maximum number and maximum value
		Performance criteria	Development of the IVU share price relative to the TecDAX over a four-year performance period
		Payment	After the four-year performance period in the form of shares with a one-year lock-up period
Malus / clawback	Full or partial clawback of variable remuneration possible		

Fixed remuneration

The fixed remuneration consists of a base salary and ancillary benefits. The base salary is paid on a monthly basis. The fixed salary serves as compensation for any assumption of mandates at Group companies. In the event that an Executive Board member assumes Supervisory Board mandates outside the Group, any resulting remuneration will not be counted towards in-house remuneration. The ancillary benefits particularly include a public transport allowance, the provision of a company car or, alternatively, compensation for a car, and the provision of general security services. There are no provisions on retirement pensions

The **bonus** serves as a reward for the operational success of the company:

- The bonus is based on the average earnings before taxes (EBT) of the company over the past three financial years, whereby the financial year to which the variable remuneration pertains is weighted double relative to the two preceding years. In addition, EBT which is significantly lower in the year to which the variable remuneration pertains than in either of the two preceding years will lead to a further reduction of the bonus.

- The basis of calculation for EBT is the company's IFRS consolidated income statement for the respective financial year as established by the Supervisory Board at its balance sheet meeting.
- The bonus is calculated annually on the basis of the consolidated financial statements for the respective financial year, and is granted half in cash and half in shares. For this purpose, the net amount attributable to half the bonus is divided by the average XETRA closing price of the IVU share of the 30 trading days preceding the adoption of the annual financial statements to determine the number of shares. Shares transferred in connection with the bonus are subject to a three-year lock-up period. The shares transferred to Executive Board members are entitled to voting rights and dividends during the lock-up period.

The short-term variable **target-oriented special remuneration** is agreed on an elective and individualised basis. It is dependent on the achievement of concrete strategic, long-term and operational challenges for the respective Executive Board member. The method for determining the degree of target attainment is decided in consideration of the specific targets in question. It is paid on an annual basis in the event of target attainment.

The total short-term variable remuneration is limited to 150% of the base salary.

Long-term variable remuneration

The long-term variable remuneration ("long-term incentive") is based on the long-term performance of the company. The company would like to ensure attractive and sustainable returns for its shareholders over the long term. In accordance with the principle of sustainable remuneration, the right to transfer and the number of shares actually transferred to the Executive Board depends on the economic development of the company during the performance period.

The term of the long-term incentive began on 1 January 2019. The long-term incentive has a four-year term and thus ends on 31 December 2022 (performance period). The amount of remuneration is dependent on the price performance of the IVU Traffic Technologies share relative to the performance of the TecDAX index over the performance period. The basis is the attainment of a target price defined by the Supervisory Board at the beginning of the performance period as of the end of the performance period.

The full entitlement from the long-term incentive is granted to Executive Board members in the form of shares in the company that are subject to a lock-up period of one year. Due to the preceding four-year performance period, this remuneration component thus takes five years to become disposable. The shares transferred to Executive Board members are entitled to voting rights and dividends during the one-year lock-up period. IVU Traffic Technologies AG has/will initially acquire(d) the shares to be transferred to the Executive Board as treasury shares as part of a share buyback programme in accordance with statutory requirements or otherwise issue(d) them to the Executive Board in accordance with statutory requirements in the manner decided by the Annual General Meeting.

The number of shares to be transferred is calculated on the basis of the following reference values:

- The number of shares to be transferred to the Executive Board is calculated by first dividing the actual price of the company's shares at the end of the performance period less the starting price by the target price of the performance period less the starting price of the company's shares at the beginning of the performance period.
- Next, this value is multiplied by the factor comparing the performance of the IVU share with the performance of the TecDAX index. Finally, this value is multiplied by the base target.
- The base target for the number of the company's shares allocated to the Executive Board at the end of the performance period on achievement of the specified target price is 40,000 for the CEO and 25,000 for each of the other Executive Board members.
- The maximum number of shares to be transferred is limited to twice the base target. The maximum number of shares to be transferred is also limited to the amount resulting from three times the starting price and the maximum possible number of shares.
- The shares are transferred as soon as possible after the end of the performance period. The shares are transferred on the basis of the average XETRA closing price of the IVU share over the last 30 trading days.
- All price quotes are based on price data from the XETRA trading system on the Frankfurt Stock Exchange or successor system, whereby the average prices of the company's share are calculated as the average of 30 trading days at the beginning of the quarter or at the end of the quarter.

Maximum remuneration

The maximum remuneration is the highest total remuneration an Executive Board member can receive overall for a financial year in the event of optimal business and share price performance. In cases of maximum remuneration, the base salary and ancillary benefits should equate to roughly 30% of remuneration, the bonus and target-oriented special remuneration roughly 40%, and the long-term incentive roughly 30%. The maximum remuneration for the entire Executive Board per year is EUR 2,850 thousand. The maximum remuneration includes the pro rata value allocation of the long-term incentive over the performance period.

Malus / clawback

In the event that an Executive Board member commits severe breaches of duty or violations of the company's internal conduct guidelines, either with wilful intent or out of gross negligence, IVU Traffic Technologies AG may fully or partially reclaim the variable remuneration components paid/transferred for a period of up to thirty-six months, calculated from the time of the violation, from the Executive Board member for the purpose of compensating for any damages incurred due to the breach of duty.

The company may also reclaim payments of variable remuneration components in cases where the amount of the payments was calculated on the basis of incorrect information. The company is entitled to reclaim the difference between the recalculated amount and the payments/transfers carried out. The company must demonstrate that the information used to calculate the remuneration was incorrect and that the Executive Board member's variable remuneration was too high for this reason. The clawback is subject to the requirement that the auditor or accounting firm who audited the consolidated financial statements containing the incorrect information or on which the incorrect information was based must subsequently assess the consolidated financial statements as incorrect.

An Executive Board employee's entitlement to the transfer of shares under the long-term incentive plan may be fully or partially cancelled in the context of certain termination scenarios depending on the reason for termination. There is no promise to provide severance payment. In the event of the termination of an Executive Board position before the end of the regular term of appointment, any potential severance or other benefits to be paid to the Executive Board member in connection with the termination of the employment contract, including all ancillary benefits, shall not cumulatively total more than the value of two annual remunerations or more than the value of the residual term of the employment agreement (severance cap).

Remuneration within the meaning of Section 162(1), sentence 1 WpHG

The table below shows the individual remuneration granted to the Executive Board of IVU Traffic Technologies AG in the 2021 financial year (with comparative figures for 2020).

The permitted maximum remuneration of the Executive Board was not exceeded. No target-oriented special remuneration was agreed. The long-term incentive resulted in no remuneration, as the allocation is not made until after the end of the performance period. This results in a share of fixed remuneration of around 45% and of variable remuneration of around 55%. There were no clawbacks from malus/clawback clauses.

Remuneration of the Executive Board in € thousand	Fixed remuneration								Variable remuneration				Total remuneration	
	Base salary				Ancillary benefits				Bonus					
	2020	Share in %	2021	Share in %	2020	Share in %	2021	Share in %	2020	Share in %	2021	Share in %	2020	2021
Martin Müller-Elschner (CEO)	315.0	41	324.0	40	21.1	3	21.2	3	432.0	56	472.5	58	768.1	817.7
Leon Struijk (CCO)	210.0	43	240.0	44	18.0	4	17.9	3	262.8	54	287.2	53	490.8	545.2
Matthias Rust (CTO)	210.0	43	216.0	41	17.6	4	17.9	3	262.7	54	287.2	55	490.3	521.1
ENTIRE EXECUTIVE BOARD	735.0	42	780.0	41	56.7	3	57.1	3	957.5	55	1,046.9	56	1,749.2	1,884.0

Remuneration of the Supervisory Board

Resolution on the remuneration of Supervisory Board members

Pursuant to Section 113(3) AktG as amended by the Act Implementing the Shareholders' Rights Directive (ARUG II), which entered into force on 1 January 2020, a resolution must be adopted on the remuneration of members of the Supervisory Board of IVU Traffic Technologies AG at least once every four years. The first resolution in this respect was adopted at the Annual General Meeting on 27 May 2021. Pursuant to Section 15(1) sentence 1 of the company's Articles of Association, the remuneration of the Supervisory Board is decided by Annual General Meeting resolution. Pursuant to Section 15(1) sentence 2 of the company's Articles of Association, the Annual General Meeting must give particular consideration to the chair and deputy chair of the Supervisory Board as well as the chairs and members of Supervisory Board committees when determining the level of remuneration. At the Annual General Meeting on 27 May 2021, the remuneration system was adopted with 92.8% of the votes cast and the remuneration determined accordingly. The provisions apply for the entire 2021 financial year until the 2025 financial year or until they are redefined in accordance with Section 15(1) sentence 1 of the Articles of Association.

Remuneration system

Basic information

Due to the increased requirements for the members of the Supervisory Board in regard to time and content imposed by legislation, compliance with the rules of the DCGK and the increasing complexity of the business activities of IVU, the remuneration system and the levels of remuneration set out therein should be amended for the 2021 financial year and the financial years to follow. The Supervisory Board has also conducted a horizontal peer group comparison on this subject in cooperation with an external consultant in

order to calculate remuneration for Supervisory Board activities which is comparatively moderate yet appropriate in consideration of the requirements and obligations involved. The Supervisory Board members are refunded any value-added tax incurred for Supervisory Board activities; if joining or leaving the Supervisory Board during the year, remuneration is paid pro rata temporis on the basis of calendar months commenced.

Fixed base remuneration

Along with the reimbursement of expenses in connection with Supervisory Board work, each Supervisory Board member receives a fixed annual base remuneration of EUR 18.0 thousand (previously: EUR 15.0 thousand) for every full financial year of membership on this board. The chair of the Supervisory Board additionally receives a fixed annual supplement of 200% of the base remuneration, therefore totalling EUR 54.0 thousand (previously: EUR 30.0 thousand). The deputy chair receives a fixed annual supplement of 50% of the base remuneration, therefore totalling EUR 27.0 thousand (previously: EUR 18.8 thousand).

Fixed remuneration for committee activities

For activities on the General Committee or the Audit Committee, members of the Supervisory Board receive an annual supplement of 25% of the base remuneration, therefore EUR 4.5 thousand (previously: EUR 3.8 thousand). The chair of the General Committee is paid 50% of the annual base remuneration or EUR 9.0 thousand (previously: EUR 7.5 thousand), while the chair of the Audit Committee receives 100% of the base remuneration and thus EUR 18 thousand (previously: EUR 7.5 thousand).

Remuneration within the meaning of Section 162(1), sentence 1 WpHG

The individual remuneration of the Supervisory Board of IVU Traffic Technologies AG in the 2021 financial year (with comparative figures for 2020) was as follows:

Remuneration of the Supervisory Board in € thousand	Fixed base remuneration				Fixed remuneration for committee activities				Total remuneration	
	2020	Share in %	2021	Share in %	2020	Share in %	2021	Share in %	2020	2021
Prof. Herbert Sonntag (Chairman)	30.0	73	54.0	80	11.3	27	13.5	20	41.3	67.5
Ute Witt (Deputy Chairwoman)	18.8	71	27.0	60	7.5	29	18.0	40	26.3	45.0
Dr Heiner Bente	15.0	80	18.0	80	3.8	20	4.5	20	18.8	22.5
Prof. Barbara Lenz	15.0	100	18.0	100	—	0	-	0	15.0	18.0
Benedikt Woelki	15.0	100	18.0	100	—	0	-	0	15.0	18.0
Axel Zimmermann	15.0	80	18.0	80	3.8	20	4.5	20	18.8	22.5
ENTIRE SUPERVISORY BOARD	108.8	81	153.0	79	26.3	19	40.5	21	135.0	193.5

Annual change in remuneration

The following table shows the percentage change of the total remuneration of the members of the Executive Board and of the Supervisory Board compared with that of the average remuneration of employees and the earnings performance of IVU Traffic Technologies AG. Starting with the year 2020, the aim is to successively increase the annual change until the 2025 financial year.

The change in the average remuneration of employees is based on the average remuneration of the entire workforce of IVU AG at the German locations. To ensure comparability, the remuneration of part-time workers was extrapolated to full-time equivalents. Within the employee remuneration, a comparison is also made with the average remuneration of IVU AG employees whose staff membership extends at least to the 2020 and 2021 financial years.

Comparison of annual change

	2021 vs 2020
Total remuneration of the Executive Board	
Martin Müller-Elschner (CEO)	6%
Leon Struijk (CCO)	11%
Matthias Rust (CTO)	6%
Total remuneration of the Supervisory Board	
Prof. Herbert Sonntag (Chairman)	64%
Ute Witt (Deputy Chairwoman)	71%
Dr Heiner Bente	20%
Prof. Barbara Lenz	20%
Benedikt Woelki	20%
Axel Zimmermann	20%
Employee remuneration	
Average employee remuneration	0%
Fixed salary remuneration of long-standing employees	3%
Earnings performance	
EBIT IVU AG (HGB)	6%
EBIT IVU Group (IFRS)	9%

Report on the audit of the remuneration report

Independent auditor's report on the audit of the remuneration report pursuant to Section 162(3) AktG

To IVU Traffic Technologies AG, Berlin

Audit opinion

We have formally audited the remuneration report of IVU Traffic Technologies AG, Berlin, for the financial year from 1 January to 31 December 2021 to determine whether the disclosures required by Section 162(1) and (2) AktG were made in the remuneration report. In line with Section 162(3) AktG, we have not audited the content of the remuneration report.

In our opinion, the disclosures required by Section 162(1) and (2) AktG were made in the attached remuneration report in all material respects. Our audit opinion does not extend to the content of the remuneration report.

Basis for the audit opinion

We conducted our audit of the remuneration report in accordance with Section 162(3) AktG in compliance with the IDW auditing standard on auditing the remuneration report in accordance with Section 162(3) AktG (IDW PS 870(08.2021)). Our responsibility according to this regulation and this standard is described in further detail in the "Responsibility of the auditor" section of our report. As an audit firm, we applied the IDW quality assurance standard regarding quality assurance requirements in audit firms (IDW QS 1). We met the professional obligations pursuant to the German law regulating the profession of auditor and the professional code for auditors/chartered accountants, including the requirements for independence.

Responsibility of the Executive Board and Supervisory Board

The Executive Board and the Supervisory Board are responsible for the preparation of the remuneration report, including the related disclosures, which meets the requirements of Section 162 AktG. They are also responsible for such internal controls as they consider necessary to enable the preparation of a remuneration report, including the related disclosures, which is free from material misstatement, whether due to fraud or error.

Responsibility of the auditor

Our objective is to obtain reasonable assurance as to whether the disclosures required by Section 162(1) and (2) AktG were made in the attached remuneration report in all material respects, and to express an audit opinion on this in a report.

We planned and conducted our audit so as to 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 line with Section 162(3) AktG, we have not audited the correctness of the content of the disclosures, the completeness of the content of the individual disclosures or the appropriate presentation of the remuneration report.

Treatment of any misleading statements

In connection with our audit, we have the responsibility to read the remuneration report in light of the knowledge obtained from the audit of the financial statements while remaining alert to indications as to whether the remuneration report contains misleading statements regarding the correctness of the content of the disclosures, the completeness of the content of the individual disclosures or the appropriate presentation of the remuneration report.

If, based on the work we have performed, we conclude that there is such a misleading statement, we are obliged to report this fact. We have nothing to report in this regard.

Berlin, 30 March 2022

BDO AG

Wirtschaftsprüfungsgesellschaft

Sartori

Blohm

Wirtschaftsprüferin
[German Public Auditor]

Wirtschaftsprüfer
[German Public Auditor]