

# Remuneration system for the Executive Board from the 2023 financial year

## Principles

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.

**Overview**

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

Fixed remuneration	Base salary	Paid monthly	
	Ancillary benefits	Particularly public transport allowance, provision of a company car	
Variable remuneration	Short-term	Type	Bonus
		Limit / cap	max. 150% of base salary
		Performance criteria	Profitability (EBIT/gross profit) and operating result (EBIT) of the IVU Group
		Payment	Annually following adoption of the annual financial statements; 50% paid in cash, 50% as shares with a three-year lock-up period
		Type	Target-oriented special remuneration
		Limit / cap	max. 50% of base salary
		Performance criteria	Individualised targets
		Payment	Paid in cash on target attainment
	langfristig	Type	Long-term incentive, 4-year term
		Limit / cap	max. 400% of annual base salary for the entire term
		Performance criteria	Development of IVU’s market capitalisation compared with a benchmark index and achievement of three ESG criteria

		Payment	After the four-year performance period in the form of shares with a two-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 base 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 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.

The **short-term variable remuneration** („Short Term Incentive“) comprises a bonus and target-oriented special remuneration.

The bonus serves as a reward for the operational success of the company and is composed as follows:

- The first component of the bonus is based on the achievement of the target margin, which is defined as the ratio of the operating result (EBIT, earnings before interest and taxes) to the gross profit of the company. The target margin for the financial year to which the variable remuneration pertains is defined as the average for the last three financial years, with the last financial year being weighted double relative to the two previous financial years. The Executive Board member receives a defined bonus if the target margin is achieved. Half the bonus is received if half the target margin is achieved (lower threshold), and one and a half times the bonus is received if one and a half times the target margin is achieved (upper threshold). The bonus is interpreted on a straight-line basis between these thresholds. The bonus remains constant above the upper threshold and amounts to zero below the lower threshold.
- The second component of the bonus is based on the EBIT of the company for the last three financial years, with the financial year to which the variable remuneration pertains being weighted double relative to the two preceding financial years. In addition, EBIT 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 two bonus components are added together. Neither of the components is permitted to be negative. The bonus is limited to 150% of the base salary.

- 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 basis of calculation for EBIT and gross profit 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 **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 target-oriented special remuneration is limited to 50% 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 relevant performance target for the calculation of the long-term incentive is the increase in the company's market capitalisation during the performance period, taking into account the development of the benchmark index and the achievement of the sustainability goals (ESG criteria).

The long-term incentive has a four-year term beginning on 1 January 2023 and ending on 31 December 2026 (performance period). The full entitlement from the long-term incentive is granted to Executive Board members only after the end of the performance period in the form of shares in the company that are subject to a lock-up period of two years. Due to the preceding four-year performance period, this remuneration component thus takes six years to become disposable. The shares transferred to Executive Board members are entitled to voting rights and dividends during the two-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 **increase in market capitalisation** is calculated as follows:

- Firstly, the absolute increase in the company's market capitalisation is determined. This is defined as the difference between the average market capitalisation of the company on the last 30 trading days of 2026 and the first 30 trading days of 2023.
- The absolute increase in market capitalisation is weighted using the performance of the "DAXsector Software" index in the same period.
- All price quotes are based on price data from the XETRA trading system of the Frankfurt Stock Exchange or a successor system.

The performance targets for the **achievement of the ESG criteria** (environment, social, governance) for sustainable business activity are based on employee satisfaction as derived from the “Great Place To Work” (GPTW) survey and the proportion of women in management positions at the company. The ESG criteria are defined as follows:

- The GPTW overall score and the GPTW Trust Index are applied as indicators of employee satisfaction. For both indicators, a defined target is determined in relation to the actual results of the survey at the end of the performance period.
- The company aims to increase the proportion of female managers during the performance period, both in absolute terms and especially at higher management levels. Management at IVU is defined as the managers at the three levels below the Executive Board, i.e. senior managers, departmental managers and team leaders. To measure the increase in the proportion of female managers, a defined target is determined in relation to the actual weighted proportion of women in management positions at the end of the performance period.
- The ESG factor is the arithmetic mean of the three ESG criteria. It is limited to a minimum of 0.9 and a maximum of 1.1.

To calculate the number of shares to be transferred at the end of the performance period, the index-weighted increase in the company’s market capitalisation is multiplied by the ESG factor and a defined percentage for each Executive Board member. The long-term variable remuneration is limited to 400% of the member’s annual base salary for the entirety of the four-year performance period.

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.

### **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 performance. In cases of maximum remuneration, the base salary and ancillary benefits should amount to roughly 25% of remuneration, the bonus and target-oriented special remuneration roughly 50%, and the long-term incentive roughly 25%. The maximum remuneration for the entire Executive Board per year is EUR 3,700 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).

Berlin, May 2022

**The Supervisory Board**