



COMPENSATION REPORT

Fiscal year 2020

Further Legal Information

Compensation Report

Preliminary Remarks

The Compensation Report describes the principles underlying the system by which the members of the Board of Management of INDUS Holding AG are compensated, and it explains the structure and amount of the individual members' income. The report also contains the particulars of the principles and the amount of compensation paid to members of the Supervisory Board.

The Compensation Report covers the applicable provisions of the German Commercial Code (HGB), the German Accounting Standards (DRS 17), the laws governing disclosure and appropriateness of the compensation paid to Board of Management members (VorstAG, VorstOG) and the principles of the German Corporate Governance Code (GCGC), as amended on December 16, 2019. The tables reporting the individualized compensation paid to the Board of Management were formed on the basis of the tables recommended by the German Corporate Governance Code, as amended on February 7, 2017. The new regulations of the German Stock Corporation Act (AktG) on the Compensation Report pursuant to Section 162 AktG will not be applied early. The INDUS Supervisory Board decided on a new compensation system for the members of the Board of Management in December 2020. The new system came into force on January 1, 2021. The goal is to implement the changed statutory regulations regarding the remuneration of the Board of Management in accordance with the German Act Implementing the Second Shareholder Rights Directive (ARUG II). Implementation of the Second EU Shareholder Rights Directive (ARUG II). The system also takes into account the recommendations of the government commission for the German Corporate Governance Code in the version dated December 16, 2019 – announced in the German Federal Gazette on March 20, 2020. This new Board of Management compensation system will be presented to the Annual Shareholders' Meeting for approval on May 26, 2021.

Board of Management Compensation

The compensation system for 2020 is presented in this report; it was last reviewed by the Supervisory Board in 2009 and last presented at the 2010 Annual Shareholders' Meeting. In accordance with legal requirements, the compensation system consists of three elements: fixed salary, short-term incentives and long-term incentives. When targets have been met in their entirety, variable components always account for more than 40% of compensation; components with a multi-year measurement base and short-term variable components are weighted accordingly. A sustainability component was introduced for the first time in the 2016 financial year.

The short-term incentive is based on earnings before taxes and interest (consolidated EBIT before impairment of goodwill). The target is set annually as part of the corporate planning process with the Supervisory Board. If the target is attained in full (100%), the bonus factor is likewise 100%. If the target attainment is less than 50%, the resulting value for the bonus factor is 0. If it is between 50% and 125%, the bonus factor is twice the degree in excess of 50% to which the target is attained. A cap (maximum upper limit) applies at target attainments from 125%.

The long-term incentive consists of "virtual" stock options (SARs, stock appreciation rights). An SAR comprises a commitment to pay an amount determined by the difference between the exercise price of the SAR and the current market price of company shares on exercise of the SAR. The SAR exercise price corresponds to the average closing price of company shares in XETRA trading over the last 20 trading days prior to option issuance. The Board of Management is granted a tranche of SARs each year. The option price of the SAR is calculated when it is granted. The contractually agreed target amount determines the number of SARs allocated to the tranche. The SARs are non-forfeitable from the date they are granted. There is a vesting period for the exercise of options for each tranche granted (four years). The exercise period immediately following the statutory waiting period amounts to two years. A tranche can only be paid out if the share price is higher than the exercise price of the tranche's SAR on exercise and a defined payout threshold is cleared (minimum price

BOARD OF MANAGEMENT COMPENSATION – GRANTED BENEFITS

	Dr. Johannes Schmidt Chairman of the Board (since July 1, 2018, Board of Management member since 2006)				Dr. Jörn Großmann Board of Management (since 2019)			
	2019	2020	2020 (min.)	2020 (max.)	2019	2020	2020 (min.)	2020 (max.)
Fixed salary	540	540	540	540	340	340	340	340
Ancillary benefits	25	18	18	18	20	30	30	30
Total	565	558	558	558	360	370	370	370
One-year variable component of the compensation	230	230	0	345	170	170	0	255
Multi-year variable component of the compensation								
2019 tranche*	140	0	0	0	70	0	0	0
2020 tranche**	0	140	0	280	0	70	0	140
Total	370	370	0	625	240	240	0	395
Benefit expenses	0	0	0	0	0	0	0	0
Total compensation	935	928	558	1,183	600	610	370	765

* 2019 tranche: stock appreciation rights (Jan. 1, 2019–Dec. 31, 2024)

** 2020 tranche: stock appreciation rights (Jan. 1, 2020–Dec. 31, 2025)

year, before discount, is recognized with an amount of EUR 386 thousand in the personnel expenses item. A reversal of EUR 46 thousand is included in other operating income (previous year: EUR 17 thousand in other operating income and EUR 676 thousand in personnel expenses). Payments on stock options amounting to EUR 0 thousand were made during the financial year (previous year: EUR 494 thousand).

Fair value calculation is based on an option-price model of Black/Scholes and reasonable volatility on the part of INDUS, along with a risk-free interest rate that takes the capping of payment claims into account. For the 2019 and 2020 financial years, Board of Management compensation was reported in individualized form on the basis of the standard tables recommended by the German Corporate Governance Code, as amended on February 7, 2017.

Ancillary benefits include taxable non-cash benefits, primarily the provision of a company car. Pension rights were acquired by a former member of the Board of Management through a deferred salary plan; the rights are covered by reinsurance policies of corresponding value.

In accordance with the recommendation in item G.1 of the German Corporate Governance Code, as amended on December 16, 2019, the Board of Management's compensation is to include upper limits overall and in regard to variable remuneration. The maximum compensation for the Board of Management can be found in the table "Granted Benefits."

Supervisory Board Compensation

Supervisory Board compensation is governed by Section 16 (1) and (2) of the Articles of Incorporation. Under the Articles of Incorporation, every member of the Supervisory Board receives a basic payment of EUR 30 thousand for serving on the **SUPERVISORY BOARD**, an attendance fee of EUR 3 thousand per meeting, fixed compensation of EUR 5 thousand for serving on Supervisory Board committees (except mediation committee), plus reimbursement of out-of-pocket expenses. The same applies to telephone and video conferences. The Chairman receives double the two aforementioned sums, and his deputy receives one-and-a-half times these amounts. The chairman of the committee receives twice the basic committee amount. Supervisory Board members who do not serve for the entire financial year receive pro rata compensation. This also applies to pro rata membership in committees. As in previous years, no loans or advances were granted to Supervisory Board members, nor any liabilities assumed on their behalf.

There are no stock option plans or similar securities-based incentive systems in place for Supervisory Board members. Total compensation paid to Supervisory Board members in the 2020 financial year was EUR 751 thousand (previous year: EUR 667 thousand). No Supervisory Board member received any compensation in the financial year or the previous year for consultancy services personally provided to Group companies. Offices that members of the Board of Management and Supervisory Board held in legally stipulated Supervisory Boards or comparable supervisory bodies in domestic and foreign commercial enterprises are disclosed in the Notes to the Consolidated Financial Statements under item [37]. See the Notes for related party disclosures.



Further information on the meetings of the Supervisory Board can be found in the "Report of the Supervisory Board" starting on p. 10

Supervisory Board members received compensation as follows in the year under review:

SUPERVISORY BOARD COMPENSATION

(in EUR '000)

	Fixed component of the compensation		Attendance fee		Total	
	2019	2020	2019	2020	2019	2020
Jürgen Abromeit	80	80	30	42	110	122
Dr. Jürgen Allerkamp	35	35	12	21	47	56
Dr. Dorothee Becker	35	35	15	18	50	53
Dorothee Diehm	35	35	15	21	50	56
Pia Fischinger	30	30	16	21	46	51
Cornelia Holzberger	28	30	14	21	42	51
Gerold Klausmann	35	35	15	21	50	56
Wolfgang Lemb	50	50	20	32	70	82
Isabella Pfaller	45	45	16	21	61	66
Sergej Schönhals	2	0	0	0	2	0
Helmut Späth	30	30	16	21	46	51
Uwe Trinogga	30	30	16	21	46	51
Carl Martin Welcker	35	35	12	21	47	56
Total	470	470	197	281	667	751