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Alzchem Group AG

REMUNERATION REPORT 2023

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1. Preliminary remark

In accordance with the requirements of Section 162 AktG, a remuneration report on the remuneration of the Management Board and Supervisory Board must be prepared for the fiscal year 2023.

The remuneration report clearly and comprehensibly presents and explains the remuneration granted and owed individually to the members of the Management Board and Supervisory Board of Alzchem Group AG in the fiscal year 2023. To clarify, it should be noted that no remuneration was incurred in the fiscal year 2023 to former members of the Management Board or Supervisory Board who were not active in the reporting year.

This remuneration report for the members of the Management Board and Supervisory Board of Alzchem Group AG is published on the [company's website](#). The current remuneration report will be submitted to the Annual General Meeting on May 7, 2024 for approval.

As a precautionary measure, it should be noted that due to rounding, it is possible that individual figures in this report do not add up exactly to the totals given and that the percentages shown do not exactly reflect the absolute values to which they relate.

2. Relevant developments in the fiscal year 2023

2.1. COMPOSITION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

In the fiscal year 2023, the Management Board of Alzchem Group AG consisted of the following persons – unchanged from the previous year:

- Andreas Niedermaier, qualified economic engineer (FH) – CEO
- Klaus Englmaier, qualified engineer (FH) – COO
- Dr. Georg Weichselbaumer, qualified chemist – CSO

The following persons were members of the Supervisory Board of Alzchem Group AG in the fiscal year 2023 – also unchanged from the previous year:

- Markus Zöllner (Chairman)
- Prof. Dr. Martina Heigl-Murauer
- Steve Röper
- Dr. Caspar Freiherr von Schnurbein (Deputy Chairman)

2.2. DEVELOPMENT OF THE KEY FIGURES RELEVANT FOR REMUNERATION

As explained under 3. Remuneration of the Management Board members, the variable remuneration of Management Board member Andreas Niedermaier depends on the annual earnings indicator EBITDA and the long-term performance of the company's share price. For the Management Board members Klaus Englmaier and Dr. Georg Weichselbaumer, whose service contracts have already been converted to a new remuneration system, a sustainability target is also important with regard to the short-term variable remuneration. Mr. Andreas Niedermaier and the newly appointed Management Board member Andreas Lösler as of January 1, 2024 will also follow this regulation from the fiscal year 2024.

Despite the ongoing economic and increasing global political turmoil, the Alzchem Group can once again look back on an extremely successful fiscal year 2023. The EBITDA of the IFRS consolidated financial statements of Alzchem Group AG, which is relevant for determining the short-term incentive (STI), developed as follows over the past three fiscal years:

In EUR thousand	01/01 – 12/31/2020	01/01 – 12/31/2021	Change in %	01/01 – 12/31/2022	Change in %	01/01 – 12/31/2023	Change in %
EBITDA	53,805	62,046	15	61,441	-1	81,373	32

The EBITDA forecast originally issued by the company for the fiscal year 2023 was not only achieved, but significantly exceeded. The forecast for EBITDA, which was adjusted upwards in October 2023, was also achieved or slightly exceeded.

The Supervisory Board has set the reduction of cooling water consumption as a non-financial, sustainability-related target for Management Board members Klaus Englmaier and Dr. Georg Weichselbaumer. At the Trostberg, Schalchen and Hart production sites, this should amount to a total of less than 40 million m³ in the reporting year. The actual cooling water consumption over the past three years is shown in the following overview:

Consumption in the fiscal year 2021 in million m³	43.3
Consumption in the fiscal year 2022 in million m³	42.5
Change	-2%
Consumption in the fiscal year 2023 in million m³	36.1
Change	-15%



The share price of Alzchem Group AG, which is decisive for the Long Term Incentive (LTI) of all Management Board members, developed as follows during the past four fiscal years:

Price on 01/01/2020	EUR 21.40
Price on 12/30/2020	EUR 21.40
Change	0%
Price on 12/30/2020	EUR 21.40
Price on 12/30/2021	EUR 23.40
Change	9%
Price on 12/30/2021	EUR 23.40
Price on 12/30/2022	EUR 16.90
Change	-28%
Price on 12/30/2022	EUR 16.90
Price on 12/29/2023	EUR 26.00
Change	54%

In line with the principle set out in the Management Board service contracts that special performance is also particularly rewarded and that lower performance leads to a reduction in remuneration ("pay for performance" principle), the significantly higher EBITDA in the fiscal year 2023 compared to the previous year also resulted in a noticeable increase in the STI and thus the variable remuneration of the Management Board members as a whole.

3. Remuneration of the Management Board members

3.1. OVERVIEW OF THE REMUNERATION SYSTEM

a. Old (2019), new (2021) and current (2023) Management Board remuneration system

In the fiscal year 2023, different remuneration systems were applied due to a time lag in the conclusion of the Management Board contracts, which are reported here.

The remuneration system for the three members of the Management Board in office in the fiscal year 2023 was originally based on contractual agreements from the fiscal year 2019 ("MB rs 2019"). Of these agreements, only Mr. Andreas Niedermaier's Management Board service contract was still in force in unchanged form in the reporting year. The remuneration granted or accrued to him in the reporting year was therefore still based exclusively on the provisions applicable under the MB rs 2019. In contrast, only the long-term variable remuneration component ("bonus") is relevant for Klaus Englmaier and Dr. Georg Weichselbaumer from the contracts concluded at that time, which have since been converted to a new remuneration system (see below).

In 2021, in accordance with the statutory requirements, the Supervisory Board adopted a new, clear and comprehensible system for the remuneration of the Management Board members that complies with both the requirements of Section 87a (1) sentence 1 AktG and the recommendations of the then version of the German Corporate Governance Code (GCGC). This was approved by a large majority at the Annual General Meeting of Alzchem Group AG on May 12, 2021 ("MB rs 2021"). The remuneration granted or accrued to Klaus Englmaier and Dr. Georg Weichselbaumer in the reporting year is based on service contracts that were concluded with effect from January 1, 2023 under the MB rs 2021.

The MB rs 2021 was revised in detail once again and approved by the Annual General Meeting on May 11, 2023, also by a large majority ("MB rs 2023"). The Annual General Meeting also approved the transitional payments contained in the service contracts of Klaus Englmaier and Dr. Georg Weichselbaumer.

As of January 1, 2024, the service contracts of all current Management Board members (Andreas Niedermaier, Klaus Englmaier, Andreas Lösler, Dr. Georg Weichselbaumer) were uniformly converted to the current MB rs 2023.

b. Components of Management Board remuneration; strategic reference

The remuneration of the Management Board members is made up of fixed and variable remuneration components, irrespective of the respective remuneration system. The fixed remuneration is non-performance-related and comprises basic remuneration, remuneration in kind, other additional benefits and the company pension scheme. The variable remuneration includes a short-term (STI) and a long-term incentive (LTI) as well as a transitional payment, which is only granted for a maximum period of three years.

There was no deviation from the relevant remuneration system for the individual Management Board members or its components when determining and paying the remuneration (Section 162 para. 1 sentence 2 no. 5 AktG). The remuneration of the Management Board was also paid exclusively in accordance with the respective remuneration system, with the exception of transitional arrangements that were objectively necessary when switching from one remuneration system to another. In particular, no benefits were promised or granted in the fiscal year 2023 to any member of the Management Board by a third party with regard to their activities as a member of the Management Board (Section 162 para. 2 no. 1 AktG).

Section 162 para. 1 sentence 2 no. 1 AktG requires an explanation of the manner in which the remuneration components promote the long-term development of the company. Since the long-term development of Alzchem Group AG is dependent on the development of the entire Alzchem Group, which it manages as the lead company, the explanation is provided in relation to the business strategy of the entire Alzchem Group.

The following table provides an overview of the components of the relevant remuneration systems for the Management Board members, the underlying targets (including the strategic reference) and their specific structure in the fiscal year 2023:

Fixed remuneration			
Reference to the strategy	The fixed remuneration must be competitive and contribute to attracting managers with industry experience to join the Alzchem Management Board and to retaining them in the company in the long term.		
	Basic remuneration	Remuneration in kind and other additional benefits	Company pension scheme
Integration into the remuneration system	<ul style="list-style-type: none"> Fixed annual remuneration based on the size, complexity and responsibility of the department for which the respective Management Board member is responsible. Payment in twelve monthly installments. 	<ul style="list-style-type: none"> Includes remuneration in kind and other additional benefits granted by Alzchem Group AG to the Management Board members. <p>These include:</p> <ul style="list-style-type: none"> Provision of a cell phone, also for private use. Provision of a company car (upper mid-range), also for private use. Assumption of certain insurances (including D&O insurance). 	<ul style="list-style-type: none"> Payment of employer contributions to a reinsured provident fund. Assumption of pension entitlements already acquired prior to the Management Board position.
Application in the fiscal year 2023	<ul style="list-style-type: none"> Chairman of the Management Board: EUR 315,000 p.a. All other members of the Management Board: EUR 250,000 p.a. 	The fringe benefits granted amounted to EUR 45,750.	The payments amounted to EUR 157,930. The service cost in accordance with IAS 19 amounted to EUR 0.



Variable remuneration		
	Short-Term Incentive (STI)	Long-Term Incentive (LTI) and transitional payment*
Reference to the strategy	<p>[Regarding all MB rs:] A strong operating result (EBITDA) as the most important business performance indicator leads to a secure liquidity trend and forms the basis for positive business development.</p> <p>[Regarding the MB rs 2021 and 2023:] The achievement of significant ESG targets supports the company's sustainability efforts and ambitions and contributes to the company's economic success.</p>	<p>A positive share price development documents and supports the long-term value-oriented development of the company and also takes into account the interests of shareholders in a sustainably attractive development of their investment.</p>
Integration into the remuneration system	<ul style="list-style-type: none"> Annual STI depending on the development of EBITDA in the IFRS consolidated financial statements and – with regard to the MB rs 2021 and 2023 – the achievement of predefined ESG targets. Non-operating effects can be adjusted in EBITDA. Payment in the following year in the month after the Annual General Meeting. 	<ul style="list-style-type: none"> Entitlement to payment of the LTI depending on the share price performance over the past four years and the number of stock appreciation rights (SARs) held. [Regarding the MB rs 2019:] Exercise in (still) one or two exercise periods in January 2024 or 2025, depending on the Management Board member. [Regarding the MB rs 2021:] Exercise in one exercise period per annually due LTI tranche from January 2027 ff. Calculated per SAR held as the difference between an average price at the time the SARs are exercised and a base price at the time they are allocated. Payable in cash within a certain processing period after the exercise of the SARs or the end of the respective exercise period. Entitlement to a transitional payment (MB rs 2023) depending on the share price development during a one-, two- or three-year period and the number of SARs held.
Consideration of individual/collective performance factors	<ul style="list-style-type: none"> [Regarding the MB rs 2021 and 2023:] Target achievement can be adjusted depending on the "personal contribution" made in the fiscal year. 	n.a.
Application in the fiscal year 2023	<ul style="list-style-type: none"> CEO: EUR 613,730 COO: EUR 341,045 CSO: EUR 341,045 	<ul style="list-style-type: none"> CEO: No allocation of SARs / no exercise of SARs COO: Allocation of 26,500 "SARs 2022" and 88,333 SARs from the "Transitional payments 2024" and "2025" / no exercise of SARs CSO: Allocation of 26,500 "SARs 2022" and 88,333 SARs from the "Transitional payments 2024" and "2025" / no exercise of SARs

* The variable "transitional payments" (TP) made by the company under the MB rs 2021 are technically based on the Long-Term Incentive (LTI), but may already give a payment entitlement after a holding period of one to three years (which in turn depends on the increase in the Alzchem share price). The TP serve to bridge temporary salary shortfalls of the Management Board members solely due to the entry or transition to a new remuneration system. They are therefore not categorized according to strategic relevance, etc.

The Management Board service contracts subject to the MB rs 2019, which only concerned Mr. Andreas Niedermaier in the reporting year, do not contain any provisions on a possible clawback of variable remuneration components. The provisions in the MB rs 2021, which concerned the service contracts of Klaus Englmaier and Dr. Georg Weichselbaumer, are different: this contains the possibility of either not paying out variable remuneration components in full or in part or, if these have already been paid out, reclaiming them in full or in part (clawback) in the event of significant breaches of duty by a member of the Management Board that are detrimental to the company, such as a breach of the company guidelines. However, the company (the Supervisory Board) has not made such a clawback claim in any case to date due to the absence of the aforementioned requirements.

All Management Board service contracts stipulate that they do not give rise to any entitlement to a severance payment, either in the event of regular or premature termination of the Management Board member's contract (Section 162 para. 2 no. 2, 3 AktG). Any severance agreements in the event of premature termination of the service contract are limited to two annual fixed salaries, but no more than the remuneration for the remaining term of the service contract. If the company terminates the employment contract for good cause, no severance payment is due.

3.2. REGULATIONS ON MAXIMUM REMUNERATION

The Management Board service contracts contain individual regulations on maximum remuneration. Maximum amounts are implemented both in the individual elements of the variable remuneration and in the remuneration over the entire contractual period [MB rs 2019] or the individual year of service [MB rs 2021]. The various maximum amounts do not apply exclusively, but alongside each other.

The following table provides an overview of the clauses on maximum remuneration per Management Board member contained in the service contracts:

	Andreas Niedermaier [MB rs 2019]	Klaus Englmaier [MB rs 2021]	Dr. Georg Weichselbaumer [MB rs 2021]
	in EUR thousand	in EUR thousand	in EUR thousand
Short-Term Incentive (STI); maximum amount p.a.	700	480	480
Long-Term Incentive (LTI); maximum amount for all exercises [MB rs 2019] or the individual LTI tranches [MB rs 2021]	2,000	1,000 [for the LTI granted under the MB rs 2019] 530 [for the LTI granted under the MB rs 2021]	1,000 [for the LTI granted under the MB rs 2019] 530 [for the LTI granted under the MB rs 2021]
Transitional payments	n.a.	530	530
Total remuneration over the period of the Management Board service contract [MB rs 2019] or the individual year of service [MB rs 2021]	5,000	1,100	1,100



The maximum STI remuneration is the maximum amount to be paid annually.

With regard to the LTI, the maximum amount refers to the total amount to be paid out over all exercise periods [MB rs 2019] or the annually exercised LTI tranches [MB rs 2021]. The reference point for transitional payments is also the payment made in the year in question.

The maximum total remuneration over the term of the Management Board service contract [MB rs 2019] comprises all remuneration components from fixed and variable remuneration during the originally agreed contract term. If the STI, the LTI or the total remuneration exceeds the respective maximum amount, the excess amount is forfeited. According to the MB rs 2021, however, the maximum remuneration is based on the remuneration paid in each individual year of service.

All maximum amounts set were complied with in the fiscal year 2023.

3.3. APPROPRIATENESS OF THE REMUNERATION

The remuneration systems for the Management Board members on which the service contracts are based are designed to promote sustainable corporate development. The remuneration structure follows the principles of appropriateness, incentive effect and performance and responsibility orientation. However, these principles apply not only to the remuneration of the Management Board, but also to that of the Supervisory Board and the remuneration structure of the company's employees as a whole.

The individual remuneration of each Management Board member is based on the size, complexity and economic situation of the company, the usual remuneration at selected comparable companies (horizontal comparison), the remuneration generally paid in the company (vertical comparison) and the performance required of the Management Board members. Management Board remuneration systems and Management Board remuneration of comparable companies were used as a guide and professionally evaluated by external consultants.

Andreas Niedermaier's employment contract for the fiscal year 2023 met the requirements

of the German Corporate Governance Code at the time it was concluded (in the version dated February 7, 2017, which was valid at that time and has since been superseded). With regard to the service contracts of Mr. Klaus Englmaier and Dr. Georg Weichselbaumer, a precautionary deviation was to be declared in one point (long-term nature of the "transitional payments") at the time they were concluded. The status of compliance with the recommendations of the current version of the Code can be found in the Declaration of Conformity printed in the Corporate Governance Statement under point 9.1.3. in the combined management report of Alzchem Group AG as of December 31, 2023, which can also be viewed on the [company's website](#).

3.4. VARIABLE REMUNERATION IN THE FISCAL YEAR 2023

3.4.1. SHORT-TERM INCENTIVE (STI)

The STI granted to the members of the Management Board for the respective fiscal year is calculated – exclusively (MB rs 2019) or to a certain extent (MB rs 2021) – from the EBITDA or (MB rs 2021) EBIT of the IFRS consolidated financial statements of Alzchem Group AG for the relevant fiscal year. If non-operating special effects occur in the fiscal year, the key figure is adjusted for these. According to the MB rs 2019, the amount to be paid to the Management Board under the STI ("bonus") is calculated as a percentage of the EBITDA exceeding a minimum base amount. Under the MB rs 2021, the Supervisory Board sets specific target (100%), maximum (200%) and minimum EBITDA (or EBIT) targets (0%) before the start of the fiscal year, between which there is a linear target curve. The actual target achievement is then determined on the basis of the EBITDA or EBIT generated in each case.

Under the MB rs 2021, the financial (= EBITDA/EBIT) target has a weighting of 90% within the STI. In addition to the financial target, one or more sustainability targets (ESG targets) with a total weighting of 10% are also included in the calculation of the STI to be granted. After the end of the fiscal year, the actual value achieved for the financial target and the ESG target(s) is compared with the target value set at the beginning of the fiscal year. If the actual value is



below the minimum value, the target achievement is 0%, if it is at the target value, the target achievement is 100% and if it reaches the maximum value, the target achievement is 200%. The values are interpolated linearly between the minimum and target values and the target and maximum values. If the Supervisory Board has set one or more non-quantifiable ESG targets, it determines the respective target achievement at its reasonable discretion on the basis of the target value. The overall target achievement at the end of the fiscal year results from the weighted target achievement for the financial target (90%) and the ESG target(s) (10%).

In the fiscal year 2023, EBITDA from the IFRS consolidated financial statements amounted to EUR 81,373 thousand (previous year: EUR 61,441 thousand). No adjustments were necessary in either reporting period. The ESG target (reduction of cooling water consumption to less than 40 million m³) was achieved in the reporting year with a target rate of 100%. At the end of the fiscal year, the Supervisory Board determined the specific target achievement of the STI and the resulting payout amount.

The bonus (MB rs 2019) or STI payment (MB rs 2021) calculated on the basis of this key figure is as follows for the individual members of the Management Board:

in EUR thousand	Andreas Niedermaier		Klaus Englmaier		Dr. Georg Weichselbaumer	
	2022	2023	2022	2023	2022	2023
STI	420	614	231	341	189	341

3.4.2. LONG-TERM INCENTIVE (LTI)

LTI 2019

Under the MB rs 2019, the members of the Management Board received a certain number of stock appreciation rights (SARs 2019) as a one-off LTI ("bonus") with a multi-year assessment basis. An SAR does not grant an entitlement to the transfer of shares, but to the payment of a certain amount of money. This is calculated from the difference between the average closing price of the Alzchem Group AG share in the last 30 trading days before the respective exercise date (plus the dividends granted up to that point) and the average closing price of the Alzchem Group AG share in the 60 trading days before January 1, 2020 (whereby this "base price" increases by three percentage points each year from January 1, 2020). In the one or two remaining exercise periods in January 2024 or 2025, depending on the Management Board member, a certain portion of the SARs allocated to the Management Board members can be exercised, i.e. converted into a cash amount to be paid out within six weeks of the end of the respective exercise period, provided the relevant requirements are met. SARs not redeemed at the end of the last exercise period expire.

The entitlement to receive SARs was linked to the acquisition of a certain number of Alzchem shares by the end of the fiscal year 2019 ("treasury shares 1"). In addition, each member of the Management Board has committed under their service contract to acquire a further tranche of shares in the company ("treasury shares 2"). All members of the Management Board have fulfilled the obligation to purchase treasury shares.

As part of the LTI, the members of the Management Board were granted a total of 250,000 SARs in the fiscal year 2019. In subsequent years, no further SARs were issued in accordance with the contract. At the end of the reporting year, the current members of the Management Board had not yet exercised any of the SARs granted to them under the LTI 2019 because no key figures had been achieved.

The following overview shows the SARs held by each member of the Management Board at the end of 2022 and 2023 as well as the fair value determined in accordance with IFRS 2 (Share-based Payment) and the vesting and exercise periods at the reporting date:



	Andreas Niedermaier		Klaus Englmaier		Dr. Georg Weichselbaumer	
	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023
SARs 2019 held in units	100,000	100,000	75,000	75,000	75,000	75,000
Fair value according to IFRS 2 in EUR thousand	34	356	9	291	9	291
Waiting period until	12/31/2022		12/31/2022		12/31/2022	
Exercise period 1	01/01-01/31/2023 40% of SARs [not exercised]		01/01-01/31/2023 60% of SARs [not exercised]		01/01-01/31/2023 60% of SARs [not exercised]	
Exercise period 2	01/01-01/31/2024 [not yet exercised + further] 40% of SARs		01/01-01/31/2024 [not yet exercised + further] 40% of SARs		01/01-01/31/2024 [not yet exercised + further] 40% of SARs	
Exercise period 3	01/01-01/31/2025 [not yet exercised + further] 20% of SARs		n.a.		n.a.	

None of the Management Board members were able to make use of exercise period 1. For the SARs still held by them for exercise periods 2 and 3, the recognized fair values of the share-based payment have increased due to the positive share price performance. The change compared to the previous year's reporting date is presented as share-based payment.

LTI 2022 AND LTI 2023

The Management Board members Klaus Englmaier and Dr. Georg Weichselbaumer concluded new Management Board contracts in the fiscal year 2022, which provide for the granting of SARs, among other things. The SARs already granted under the previous Management Board contracts (see above) remain unaffected; they can still be exercised in accordance with the conditions applicable at the time they were granted.

Each Management Board member receives an LTI tranche consisting of a certain number of stock appreciation rights in each year of their term of office. The "allocation date" is January 1 of the fiscal year of allocation. At the end of the holding period, the SARs entitle the Management Board member to payment of a cash amount based on an assumed "four-year share price increase", which defines 100% target achievement. The assumed four-year share price

increase is determined by the Supervisory Board at its reasonable discretion either once at the beginning of the Management Board mandate or annually for the respective LTI tranche to be allocated. SARs can only be exercised in full or in part during certain periods to be determined by the Supervisory Board. The earliest possible exercise can take place after a holding period of four years after the allocation date of the relevant LTI tranche. SARs that are not exercised expire without replacement.

The Management Board member Andreas Niedermaier concluded a new Management Board contract in the fiscal year 2023, which, among other things, provides for the granting of SARs; the SARs already granted under the previous Management Board contracts (see above) remain unaffected. They can still be exercised in accordance with the conditions applicable at the time they were granted. The new Management Board contract has been in force since January 1, 2024. SARs could therefore be allocated in the fiscal year 2024 at the earliest.

The following overview shows the SARs held by each Management Board member as of December 31, 2023, as well as the SARs used for the calculations in accordance with IFRS 2 (Share-based Payment), their calculated fair values and the vesting periods at the reporting date:



	Andreas Niedermaier	Klaus Englmaier	Dr. Georg Weichselbaumer
SARs 2022 held in units	0	26,500	26,500
SARs used for the calculation in accordance with IFRS 2 in units	85,423	65,341	65,341
Fair value according to IFRS 2 in EUR thousand	30	91	91
Waiting period until	<ul style="list-style-type: none"> • 12/31/2027 for the assumed grant in 2024 • 12/31/2028 for the assumed grant in 2025 • 12/31/2029 for the assumed grant in 2026 	<ul style="list-style-type: none"> • 12/31/2026 for the SARs granted in 2023 • 12/31/2027 for the assumed grant in 2024 • 12/31/2028 for the assumed grant in 2025 	<ul style="list-style-type: none"> • 12/31/2026 for the SARs granted in 2023 • 12/31/2027 for the assumed grant in 2024 • 12/31/2028 for the assumed grant in 2025

Andreas Lösler, who was newly appointed to the Management Board on January 1, 2024, concluded a Management Board contract in December 2023, which also provides for the granting of Stock Appreciation Rights ("SARs 2023"). In accordance with the provisions of IFRS 2, personnel expenses of EUR 2 thousand had to be recognized. For reasons of materiality, no separate presentation is made here.

3.4.3 TRANSITIONAL PAYMENTS

The remuneration system 2023 (MB rs 2023) approved by the Annual General Meeting in May 2023 provides for transitional payments for the liquidity gap that has arisen for the Management Board members due to the switch to a new LTI system. These bridging payments ("transitional payment 2024", "2025" and "2026"), which are designed for a limited transitional period of three years, are granted in the form of SARs in the amount of a pre-defined allocation amount. The SARs allocated under the "transitional payment 2024" can be exercised for the first time after a holding period of one year (i.e. in 2025), the SARs allocated under the "transitional payment 2025" after a holding period of two years (i.e. in 2026) and the SARs allocated under the "transitional payment 2026" after a holding period of three years (i.e. in 2027); the exact exercise periods are determined by the Supervisory Board. Instead of the "assumed four-year share price increase" applicable in the LTI regulations, an "assumed one-year share price increase" is therefore to be used for the "transitional payment 2024", an "assumed two-year share price increase" for the "transitional payment 2025" and an "assumed three-year share price increase" for the "transitional payment 2026".

The following overview shows the SARs held as a transitional payment per Management Board member as of December 31, 2023, as well as the calculated fair values and vesting periods at the reporting date:

	Andreas Niedermaier	Klaus Englmaier	Dr. Georg Weichselbaumer
SARs 2022 held in units	0	88,333	88,333
SARs used for the calculation in accordance with IFRS 2 in units	239,412	88,333	88,333
Fair value according to IFRS 2 in EUR thousand	142	244	244
Waiting period until	[Allocation will not take place until 2024]	<ul style="list-style-type: none"> • 12/31/2024 for 53,000 SARs; • 12/31/2025 for 35,333 SARs 	<ul style="list-style-type: none"> • 12/31/2024 for 53,000 SARs; • 12/31/2025 for 35,333 SARs

Andreas Lösler, who was newly appointed to the Management Board on January 1, 2024, concluded a Management Board contract in December 2023, which also provides for the granting of transitional payments. In accordance with the provisions of IFRS 2, personnel expenses of EUR 18 thousand had to be recognized. For reasons of materiality, no separate presentation is made here.

3.4.4 (NO) CLAWBACK OF VARIABLE REMUNERATION COMPONENTS

In the reporting year, the company did not reclaim any variable remuneration components from the members of the Management Board (Section 162 para. 1 no. 4 AktG).

3.5. COMPANY PENSION SCHEME

Alzchem Group AG pays contributions to a reinsured provident fund for the members of the Management Board. In addition, some members of the Management Board are entitled to a company pension acquired before they joined the Management Board, for which Alzchem Group AG assumes the servicing of the entitlements.

The following table shows the contributions paid in the fiscal years 2022 and 2023, the service cost earned for the period in accordance with IAS 19 and the present value of the pension entitlements also calculated in accordance with IAS 19:

in EUR thousand	Andreas Niedermaier		Klaus Englmaier		Dr. Georg Weichselbaumer	
	2022	2023	2022	2023	2022	2023
Contributions	62	66	43	46	43	46
Service cost	0	0	0	0	0	0
Present value of pension entitlements	207	256	638	709	0	0

3.6. REMUNERATION GRANTED AND OWED

The following tables show the remuneration granted and owed to the members of the Management Board in the fiscal years 2022 and 2023 in accordance with Section 162 para. 1 sentence 1 AktG. Accordingly, the tables include all amounts that actually accrued to the individual members of the Management Board in the reporting period (“remuneration granted”) and all remuneration that is legally due but has not yet accrued (“remuneration owed”).

The variable remuneration component STI is regarded as “remuneration owed”, as the underlying performance was rendered in the fiscal year. The STI payment amounts are therefore reported for the reporting year, as this is when the Management Board member’s entitlement to a corresponding payment arose, even if the STI is only paid out after it has expired. This enables transparent and comprehensible reporting and establishes a better link to the vesting period. The variable remuneration components LTI and transitional payment are included in the remuneration in the fiscal years in which they fall due and are paid out – this is usually the year in which the Management Board member exercises SARs.

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

As the service cost for the company pension scheme and the change in the fair value of the SARs granted as part of the LTI and the transitional payment regulations are not to be classified as remuneration granted and owed in accordance with Section 162 AktG, these are also shown in the following tables for reasons of transparency:



		Andreas Niedermaier				Klaus Englmaier				Dr. Georg Weichselbaumer			
		2022		2023		2022		2023		2022		2023	
		in EUR thousand	Share	in EUR thousand	Share	in EUR thousand	Share	in EUR thousand	Share	in EUR thousand	Share	in EUR thousand	Share
Fixed remuneration	Basic remuneration	315	38%	315	31%	230	45%	250	39%	230	49%	250	39%
	Remuneration in kind and other benefits	21	3%	21	2%	10	2%	12	2%	10	2%	12	2%
	Supply costs	62	8%	66	7%	43	8%	46	7%	43	9%	46	7%
	Fixed remuneration	398	49%	402	40%	283	55%	308	47%	283	60%	308	47%
Variable remuneration	Short-Term Incentive (STI)	420	51%	614	60%	231	45%	341	53%	189	40%	341	53%
	Long-Term Incentive (LTI)	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
	Transitional payment	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
	Variable remuneration	420	51%	614	60%	231	45%	341	53%	189	40%	341	53%
	Total remuneration within the meaning of Section 162 AktG	818	100%	1,016	100%	514	100%	649	100%	472	100%	649	100%
	Service cost	0		0		0		0		0		0	
	Change in fair value SARs	0		493		0		592		0		592	
Total remuneration	818		1,510		514		1,241		472		1,241		

4. Remuneration of the Supervisory Board members

The remuneration of the Supervisory Board of Alzchem Group AG was last amended by the Annual General Meeting 2020 with (retroactive) effect from January 1, 2020. The resulting system of Supervisory Board remuneration, which still does not provide for any variable remuneration component(s), was disclosed to the Annual General Meeting 2021 and the remuneration to be paid to the Supervisory Board members on this basis was approved by it.

The remuneration of the Supervisory Board members is regulated in detail as follows in accordance with Article 14 of the Articles of Association:

- Each member of the Supervisory Board receives a fixed remuneration of EUR 20,000 for each full fiscal year of membership of the Supervisory Board, payable after the end of the fiscal year. The Chairman of the Supervisory Board receives twice this amount and the Deputy Chairman receives 1.5 times this amount.
- Membership of a committee of the Supervisory Board is remunerated with an additional 10% and chairmanship of a committee with an additional 20% of the basic remuneration of the respective Supervisory Board member. However, this requires that the respective committee has met at least twice in the relevant fiscal year and that the Supervisory Board member has participated in these meetings.
- Supervisory Board members who only belonged to the Supervisory Board or a committee for part of the fiscal year or only held the office of Chairman of the Supervisory Board or a committee or Deputy Chairman of the Supervisory Board for part of the fiscal year receive pro rata remuneration (with the minimum meeting requirement remaining unchanged), rounded up to full months.
- The members of the Supervisory Board are also reimbursed for their expenses and any VAT payable on their remuneration and expenses. They are also included in a directors' and officers' liability insurance policy for executive bodies and certain managers (D&O insurance), insofar as the company maintains such a policy; the premiums for the D&O insurance are borne by the company.

- Supervisory Board members who are also members of the Supervisory Board of another Alzchem Group company (which applies to all Supervisory Board members of Alzchem Group AG with regard to their simultaneous Supervisory Board activity in Alzchem Trostberg GmbH) must allow the remuneration that they receive in their capacity as Supervisory Board members of Alzchem Group AG to be offset against the Supervisory Board remuneration to which they may be entitled in the other company. In this way, double payments for the Supervisory Board activities of the two Group companies, which overlap to a considerable extent, are avoided.

The following table shows the remuneration granted and owed to the active members of the company's Supervisory Board in the fiscal years 2022 and 2023 in accordance with Section 162 para. 1 sentence 1 AktG:

		Basic remuneration		Committee remuneration		Total remuneration
		in EUR thousand	Share	in EUR thousand	Share	in EUR thousand
Markus Zöllner	2022	40	95%	2	5%	42
	2023	40	95%	2	5%	42
Prof. Dr. Martina Heigl-Murauer	2022	20	83%	4	17%	24
	2023	20	83%	4	17%	24
Steve Röper	2022	20	91%	2	9%	22
	2023	20	91%	2	9%	22
Dr. Caspar Freiherr von Schnurbein	2022	30	94%	2	6%	32
	2023	30	94%	2	6%	32

5. Comparative presentation of earnings development and the annual change in remuneration

In accordance with Section 162 para. 1 sentence 2 no. 2 AktG (in conjunction with Section 26j para. 2 sentence 2 EGAktG), the following table shows the earnings development of the Alzchem Group, the annual change in the remuneration of the Management Board and Supervisory Board members as well as the annual change in the average remuneration of employees on a full-time equivalent basis over the last four financial years, i.e. since the fiscal year 2020.

The earnings development is presented on the basis of the Group key figure EBITDA of the IFRS consolidated financial statements of Alzchem Group AG, which is fundamental to remuneration. In addition, the development of the net income of Alzchem Group AG is shown in accordance with the HGB annual financial statements.

Both the remuneration granted and the remuneration owed in the respective fiscal year are reported for the members of the Management Board and the Supervisory Board.

The presentation of the average remuneration of employees is based on the workforce of the Alzchem companies in Germany, including trainees. The average remuneration of employees includes personnel expenses for wages and salaries, fringe benefits, employer contributions to social security and any short-term variable remuneration components attributable to the fiscal year. This means that the disclosure is consistent with the presentation of the remuneration of the Management Board and Supervisory Board.

Earnings development

In EUR thousand	01/01 – 12/31/2020	01/01 – 12/31/2021	Change in %	01/01 – 12/31/2022	Change in %	01/01 – 12/31/2023	Change in %
EBITDA IFRS consolidated financial statements	53,805	62,046	15	61,441	-1	81,373	32
Net income HGB annual financial statements Alzchem Group AG	15,111	20,540	36	9,503	-54	40,367	325

Average remuneration of employees

In EUR thousand	01/01 – 12/31/2020	01/01 – 12/31/2021	Change in %	01/01 – 12/31/2022	Change in %	01/01 – 12/31/2023	Change in %
Remuneration of employees in Germany	80.8	81.5	1	84.4	4	87.9	4
Number of employees	1,475	1,482	< 1	1,522	3	1,531	1

Remuneration of the Management Board members

In EUR thousand	01/01 – 12/31/2020	01/01 – 12/31/2021	Change in %	01/01 – 12/31/2022	Change in %	01/01 – 12/31/2023	Change in %
Andreas Niedermaier (Chairman)	716	801	13	818	2	1,016	24
Klaus Englmaier	468	516	11	514	-0	649	26
Dr. Georg Weichselbaumer	430	471	10	472	0	649	38

Remuneration of the Supervisory Board members

In EUR thousand	01/01 – 12/31/2020	01/01 – 12/31/2021	Change in %	01/01 – 12/31/2022	Change in %	01/01 – 12/31/2023	Change in %
Markus Zöllner (Chairman)	44	40	-9	42	5	42	0
Prof. Dr. Martina Heigl-Murauer	20	20	0	24	20	24	0
Steve Röper	20	20	0	22	10	22	0
Dr. Caspar Freiherr von Schnurbein (Deputy Chairman)	55	30	-45	32	7	32	0

Trostberg, February 2024

For the Supervisory Board

Markus Zöllner
(Chairman of the Supervisory Board)

For the Management Board

Andreas Niedermaier

Klaus Englmaier

Dr. Georg Weichselbaumer

Andreas Lösler

REPORT OF THE INDEPENDENT AUDITOR ON THE AUDIT OF THE REMUNERATION REPORT PURSUANT TO SEC. 162 PARA. 3 AKTG

to Alzchem Group AG, Trostberg

AUDIT OPINION

We have formally audited the remuneration report of Alzchem Group AG, Trostberg, for the fiscal year from January 1 to December 31, 2023, to determine whether the disclosures pursuant to sec. 162 para. 1 and 2 AktG have been made in the remuneration report. In accordance with sec. 162 para. 3 AktG, we have not audited the content of the remuneration report.

In our opinion, the information required by sec. 162 para. 1 and 2 AktG has been disclosed in all material respects in the accompanying remuneration report. Our audit opinion does not cover the content of the remuneration report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the remuneration report in accordance with sec. 162 para. 3 AktG taking into account the IDW Auditing Standard: The Audit of the Remuneration Report in Accordance with sec. 162 para. 3 AktG (IDW PS 870 (09.2023)). Our responsibility under this provision and this standard is further described in the Auditor's Responsibility section of our report. As an auditing practice, we have complied with the requirements of the IDW Quality Management Standard: Requirements for Quality Management in the Practice of Public Accountants (IDW QMS 1 (09.2023)). We have complied with the professional duties pursuant to the German Auditors' Code and the professional statutes for auditors/certified public accountants, including the requirements for independence.

RESPONSIBILITY OF THE MANAGEMENT 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, which complies with the requirements of sec. 162 AktG. Furthermore, they are responsible for such internal control that they have determined 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.

AUDITOR'S RESPONSIBILITY

Our objective is to obtain reasonable assurance about whether the disclosures required by sec. 162 para. 1 and 2 AktG have been made in all material respects in the remuneration report and to express an opinion thereon in a report.

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 sec. 162 para. 1 and 2 AktG. In accordance with sec. 162 para. 3 AktG, we did not verify the accuracy of the disclosures, the completeness of the individual disclosures or the fair presentation of the remuneration report.

HANDLING OF ANY MISLEADING PRESENTATIONS

In connection with our audit, we have a responsibility to read the remuneration report, taking into account the knowledge gained from the audit of the financial statements, and to remain alert for indications as to whether the remuneration report contains misleading representations as to the accuracy of the content of the disclosures, the completeness of the content of the individual disclosures, or the fair presentation of the remuneration report.

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

Munich, February 23, 2024

RSM Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Josef Eberl
Certified Public Accountant

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