

# REMUNERATION REPORT 2023

The Executive Management Board remuneration system pursuant to section 87a (1) of the German Stock Corporation Act (AktG)

## Principles and strategic orientation of the remuneration system for the the members of the executive management board

The remuneration system for members of the Executive Management Board serves as an important element for the alignment of Medigene and contributes significantly to promoting the business strategy and enhancing the operating performance, and thus to the long-term success of the Group. Our aim is to support successful and sustainable corporate governance by linking the remuneration of the Executive Management Board members to both the short-term and long-term development of the Company. At the same time, the choice of suitable performance criteria provides important incentives for implementing the Group's strategic realignment. The compensation system includes performance-related parameters and parameters based on the success of the Company. In addition, the relative and absolute performance of the share price is rewarded, further aligning Management's objectives with the direct interests of shareholders. We are aware of our social and ecological responsibility. Therefore, in addition to the focus on financial performance criteria, strong emphasis is also put on the consideration of non-financial sustainability criteria (Environmental, Social and Corporate Governance (ESG) criteria) when designing the remuneration system. The remuneration system presented below applies to all Executive Board service contracts to be concluded or renewed from 1 March 2022.

## Definition, implementation and review of the remuneration system

The remuneration system for the members of the Executive Management Board was adopted by the Supervisory Board in accordance with sections 87 (1) and 87a (1) of the German Stock Corporation Act (AktG). In all remuneration decisions, the Supervisory Board considers the requirements of the German Stock Corporation Act and is guided by the recommendations of the German Corporate Governance Code (GCGC) as amended on 28 April 2022, which became effective on 27 June 2022, as well as the following guidelines:

- Advancement of the corporate strategy
- Appropriateness and customary nature
- Setting performance incentives
- Conformity with regulatory requirements
- Sustainability and long-term focus

The Supervisory Board regularly reviews the appropriateness and customary nature of the remuneration of the members of the Executive Management Board – both overall and regarding the individual remuneration components – and adjusts where necessary to ensure that the remuneration package for the members of the Executive Management Board is both in line with the market and competitive within the regulatory framework. Criteria for the appropriateness of remuneration are the duties of the individual member of the Executive Management Board, personal performance and the economic situation. The assessment of the appropriateness of remuneration is made both in comparison with other companies (horizontal comparison) and within Medigene on the basis of the ratio of Executive Management Board remuneration to the remuneration of the first management level below the Executive Board and total employees (vertical comparison). Due to the size of Medigene, the following companies are used for the horizontal comparison:

- MorphoSys AG
- Heidelberger Pharma AG
- 4SC AG
- Evotec SE
- Qiagen NV

The Supervisory Board may – in accordance with the statutory requirements in section 87a (2) sentence 2 AktG – temporarily deviate from the remuneration system if this is necessary in the interests of the long-term welfare of the Company. This may be the case, for example, in the event of extraordinary, unforeseeable developments such as a severe financial and economic crisis; general unfavorable market developments alone do not constitute such extraordinary, unforeseeable developments.

Deviation from the remuneration system is only possible by way of a corresponding resolution of the Supervisory Board and after careful consideration of the necessity. The components of the remuneration system from which deviation is possible under the above circumstances are the procedure, the remuneration structure, the individual remuneration components and performance criteria. Furthermore, in this case the Supervisory Board may temporarily grant additional remuneration components or replace individual remuneration components with other remuneration components to the extent necessary to restore the appropriateness of the Executive Management Board's remuneration in the specific situation.

The compensation report for fiscal year 2022 was approved by the Annual General Meeting on August 10, 2023. As a result of the approval, there was no need to change the implementation of the compensation system or the way in which compensation is reported.

## Overview of the design of the remuneration system

### General overview of the remuneration system for the Executive Management Board

The following table shows the basic components of the remuneration system and their design.

## GENERAL OVERVIEW OF REMUNERATION COMPONENTS

REMUNERATION COMPONENT	ASSESSMENT BASIS / PARAMETER
<b>Non-performance-related remuneration</b>	
Fixed remuneration	The fixed remuneration of the members of the Executive Management Board is paid monthly on a pro rata basis as a salary
Fringe benefits	Insurance premiums; further one-time or time-limited benefits possible for new hires with resolution of the Supervisory Board, extra spending for double household
<b>Company pension plan</b>	
Pension compensation	Members of the Executive Management Board receive a monthly pension payment for their own provision
<b>Other remuneration arrangements</b>	
Maximum remuneration	Cap on total compensation granted for a fiscal year in accordance with section 87a (1) sentence 2 no. 1 AktG for each member of the Executive Management Board: EUR 1.5 million
<b>Performance-related remuneration</b>	
Short-Term incentive (STI)	Bonus model based on goal achievement <ul style="list-style-type: none"> <li>● Goal achievement is based on corporate goals set by the Supervisory Board</li> <li>● Cap: 75% of fixed remuneration</li> </ul>
Long-Term incentive (LTI)	Long-term bonus model based on goal achievement <ul style="list-style-type: none"> <li>● Goal achievement is based on corporate goals set by the Supervisory Board</li> <li>● Cap: 150% of target income</li> </ul> Share-based long-term remuneration <ul style="list-style-type: none"> <li>● Waiting period: 4 years</li> <li>● Cap: 40.000 stock options per member of the Executive Management Board</li> </ul>
<b>Other remuneration arrangements</b>	
Maximum remuneration	Cap on total compensation granted for a fiscal year in accordance with section 87a (1) sentence 2 no. 1 AktG for each member of the Executive Management Board: EUR 1.5 million

## Remuneration components and structure

The remuneration of the members of the Executive Management Board is composed of non-performance-related and performance-related elements. The former comprises fixed remuneration, fringe benefits and pension commitments. The performance-related remuneration includes the short-term incentive (STI) with a term of one year and the long-term incentive (LTI) with a term of four years. The amount of the performance-related remuneration components is determined on the basis of the financial and non-financial performance criteria set by the Supervisory Board.

The sum of all non-performance-related and performance-related remuneration components constitutes the total remuneration of the Executive Board members. The target total remuneration (fixed remuneration + pension compensation + fringe benefits + total target income STI + total target income LTI) of the Executive Board consists mainly of non-performance-related compensation elements.

The remuneration structure is geared to a sustainable and long-term development of the Company. Non-performance-related remuneration accounts for around 61% of total remuneration. Basic compensation accounts for approx. 57% of total remuneration, while pension compensation accounts for approx. 4%. The performance-related remuneration accounts for a total of approximately 39% of the total remuneration target. The target amount of the STI accounts for around 19% of total remuneration target, while the target amount of the LTI accounts for around 20% of total remuneration target.

## Maximum remuneration

The compensation of the members of the Executive Management Board is capped in two respects. Firstly, maximum limits have been set for the performance-related components and individual elements thereof (STI: 75% of fixed remuneration, LTI: 150% of target income). Secondly, in accordance with Art. 87a par. 1 sentence 2 no. 1 AktG, the Supervisory Board has set a maximum remuneration limit which restricts the total amount of remuneration received for a particular fiscal year (fixed remuneration + pension compensation or retirement pension + payment from STI + payment from LTI). For the individual Executive Board Members, the total compensation is limited to EUR1.5 million each.

The following table compares the maximum compensation with the actual compensation paid for fiscal year 2022:

IN EUR K FOR 2023	VARIABLE REMUNERATION COMPONENT				TOTAL	
	Short-term		Mid-term			
	Maximum	Granted	Maximum	Granted	Maximum	Granted
Dr. Selwyn Ho	240	51	120	0	1.500	449
Prof. Dolores Schendel	240	104	120	19	1.500	481

## The remuneration system in detail

### Fixed remuneration

Each member of the Executive Management Board receives non-performance-related fixed remuneration paid out in monthly installments. The amount of the fixed remuneration is determined based on the principles set out in the management report.

### Fringe benefits

In addition to the above-mentioned remuneration components, the members of the Executive Management Board may be granted fringe benefits, in particular

- Payment of a fixed amount to be contributed to a pension fund
- A company car or alternatively, an increase in the contribution to the pension plan
- Reimbursement of costs in connection with dual households
- Co-payment of existing health insurance, not exceeding the employer's share of statutory health insurance contributions
- Reimbursement of business travel expenses
- Accident insurance coverage and payment of the relevant insurance premiums
- Inclusion in the D&O insurance in place with a deductible according to the statutory minimum amount

## Variable remuneration

### Annual performance-related remuneration

In addition to the fixed remuneration, the members of the Executive Management Board are entitled to variable remuneration depending on the achievement of several performance goals set in advance by the Supervisory Board. If 100% of the short-term and long-term performance goals are achieved, the annual performance-related remuneration currently amounts to 50% of the fixed remuneration and can amount to a maximum of 75% of the fixed remuneration.

### Determination of the performance goals

The Supervisory Board sets annual goals that are identical for all members of the Executive Management Board. The goals are weighted among each other by the Supervisory Board. For 2023, the following have been set:

- Financing to support future company operations (40%).
- Accelerate Pipeline Refill (40%).
- Maximise Existing / Build New Partnerships (20%).

The targets were met 45% in fiscal year 2023.

### Determination of the amount of the annual performance-related remuneration

The amount of the annual performance-related remuneration is calculated based on the degree of goal achievement in relation to the individual goals, considering the weighting assigned to each goal.

Of the annual performance-related remuneration for a fiscal year, 65% is attributable to the short-term incentive and 35% to the long-term incentive.

At the beginning of the subsequent fiscal year, the Supervisory Board assesses the percentage goal achievement of each performance goal. On the basis of the goal achievement levels calculated in this way for each performance goal and the weighting of the individual performance goals among each other defined by the Supervisory Board, the Supervisory Board calculates the overall goal achievement level for the previous financial year, on the basis of which the amount of the short-term portion is determined by multiplying the overall goal achievement level by the portion of the annual performance remuneration attributable to the short-term incentive. The short-term portion of the annual performance-related remuneration is paid out in cash after approval of the Company's annual financial statements for the fiscal year in question. The Executive Management Board member concerned may immediately dispose of the amount of the short-term performance-related remuneration paid out at his or her own discretion.

Payment of the long-term portion of the annual performance-related remuneration is deferred for a further three years. At the end of this four-year period, the Supervisory Board will decide whether and to what extent the long-term portion of the annual bonus will be paid out to the respective Executive Board member with appropriate interest. The payment of the long-term variable performance-related remuneration is therefore made in cash in the fourth year after the relevant long-term targets have been set by the Supervisory Board. The Executive Board member concerned can immediately dispose of the amount paid out as long-term variable remuneration at his own discretion.

Variable remuneration components were not clawed back. The annual performance remuneration paid out is not subject to any repayment agreement.

## Stock options

In addition, the members of the Executive Management Board receive stock options based on the Company's stock option program in effect at the time of issue. Stock options represent further long-term variable compensation components. This is intended to create performance incentives geared to the sustainability and long-term success of the Company as measured by a positive development in the Company's share price.

Options are issued to the respective Executive Management Board member in accordance with the contractually agreed number per year (currently a maximum of 20,000 options) either in one tranche or several tranches. The maximum number of 20,000 options to be issued per year is based on the target achievement for short-term incentive compensation in the preceding calendar year. Furthermore, the Supervisory Board of the Company may grant additional stock options of up to 20,000 per year as a special recognition bonus based on additional, special, personal performance by a member of the Executive Board.

Thus, there is a maximum limit of 40,000 stock options that can be offered to a member of the Executive Management Board in a calendar year ("cap stock options").

The value of the stock options is measured for the purpose of maximum remuneration at the time the stock options are issued, considering the conditions specified in the stock option plans and the expected increase in the price of the Company's share by the end of the four-year waiting period. This is based on a maximum increase of 500% in the price of the Company's shares at the end of the four-year vesting period compared to the price of the Company's shares at the time the stock options were issued. Once stock options have been exercised at the end of the four-year waiting period, there is no obligation to hold the corresponding shares (no "lock-up").

The exercise price corresponds to the average closing price of the last 30 trading days prior to the issue of the stock options (allocation date). The Executive Board members may exercise the option rights at the earliest after expiry of a waiting period of four years beginning with the allocation date of the respective subscription right. Furthermore, it is required that the average closing price on the 30 trading days prior to the respective exercise amounts to 120% of the exercise price (performance target).

The pro rata structure of the annual performance-related remuneration with a total sustainability component of three years (with determination and payment only taking place in the fourth year after the year to which the long-term variable remuneration relates) and the structure of the stock options with a four-year waiting period before exercise provide considerable incentives for sustained positive corporate development, so that overall a balanced mix of short- and long-term remuneration components is achieved.

Additionally, stock options can be granted at the beginning of the service period.

In the 2023 financial year, Dr. Selwyn Ho was granted 20,000 stock options under the annual option plan. Prof. Dolores Schendel was granted 20,000 stock options.

## Severance payment upon termination of employment due to a change of control

In the event of a change of control, the Executive Board service agreements contain special termination rights under certain conditions for both the Company and the Executive Board members. A change of control within the meaning of the Executive Board service agreements occurs if at least 30% of the shares with voting rights in the Company are acquired directly or indirectly by a third party.

If the employment of Executive Board members ends in the event of a change of control due to the exercise of a special right of termination by the Company or by an Executive Board member, the respective Executive Board member is entitled to payment of a severance payment. This may not exceed twice the sum of the annual gross

compensation agreed at the time of termination of the employment relationship, nor may it exceed the remaining term of the employment contract.

## Severance payment upon termination of employment due to end of contract

Mr. Malkomes received his base salary for 6 months (EUR 150 k) and his contractual rent allowance for 3 months (EUR 4 k) as compensation for a contractual non-competition clause when his contract expired on April 1, 2022.

## Executive Management Board remuneration in detail

The following table presents the benefits contained in the remuneration of the members of the Executive Management Board, which amounted to EUR 942 k in 2023 (2022: EUR 1,145 k).

REMUNERATION OF THE EXECUTIVE MANAGEMENT BOARD		
IN EUR K	2023	2022
Fixed remuneration component (basic remuneration)	680	552
Short-term variable compensation component	99	179
Payments due at short notice	779	731
Mid-term variable compensation component	54	97
Post-employment benefits (service cost from pension entitlements)	77	65
Share-based payment	32	252
<b>Total</b>	<b>942</b>	<b>1,145</b>

IN EUR K	DR. SELWYN HO				PROF. DR. DOLORES J. SCHENDEL				AXEL SVEN MALKOMES (UNTIL 31/3/2022)			
	IN %	2023	IN %	2022	IN %	2023	IN %	2022	IN %	2023	IN %	2022
Fixed remuneration component	73	360	33	157	72	320	59	320	0	0	61	75
variable remuneration component												
Short term	11	52	11	51	11	47	19	104	0	0	20	24
Mid-term	5	29	5	27	6	25	10	56	0	0	11	13
Post-employment benefits (service cost from pension entitlements)	8	38	4	17	8	38	7	39	0	0	8	10
Share-based payment	3	16	47	228	3	16	4	24	0	0	0	0
<b>Total</b>	<b>100</b>	<b>495</b>	<b>100</b>	<b>480</b>	<b>100</b>	<b>446</b>	<b>100</b>	<b>543</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>122</b>

The following table presents the benefits contained in the remuneration of the members of the Executive Management Board, which amounted to EUR 931 k in 2023 (2022: EUR 1,369 k).

## REMUNERATION OF THE EXECUTIVE MANAGEMENT BOARD – BENEFITS GRANTED

IN EUR K	DR. SELWYN HO CHIEF EXECUTIVE OFFICER				PROF. DOLORES J. SCENDEL MEMBER OF THE EXECUTIVE MANAGEMENT BOARD				AXEL SVEN MALKOMES MEMBER OF THE EXECUTIVE MANAGEMENT BOARD SINCE 1/4/2019 UNTIL 31/3/2022			
	IN %	2023	IN %	2022	IN %	2023	IN %	2022	IN %	2023	IN %	2022
Fixed remuneration	81	360	38	157	66	320	51	320	0	0	22	75
Fringe benefits <sup>1)</sup>	4	18	6	24	6	27	7	39	0	0	49	163
<b>Total</b>	<b>85</b>	<b>378</b>	<b>44</b>	<b>181</b>	<b>72</b>	<b>347</b>	<b>58</b>	<b>359</b>	<b>0</b>	<b>0</b>	<b>71</b>	<b>238</b>
Variable performance-based components	11	51	0	0	25	123	39	241	0	0	29	98
<b>Total</b>	<b>96</b>	<b>429</b>	<b>44</b>	<b>181</b>	<b>97</b>	<b>470</b>	<b>96</b>	<b>600</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>336</b>
Variable components in the form of stock options												
Number of stock options in the year	20.000		190,000		20.000		20.000					
Fair value	4	16	56	228	3	16	4	24	0	0	0	0
<b>Total</b>	<b>100</b>	<b>445</b>	<b>100</b>	<b>409</b>	<b>100</b>	<b>486</b>	<b>100</b>	<b>624</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>336</b>

<sup>1)</sup> The fringe benefits paid to members of the Executive Management Board include expenses for the cost of maintaining dual households.

## Supervisory Board remuneration

Supervisory Board compensation amounted to EUR 163 k in 2022 (2021: EUR174 k). The total compensation of the members of the Supervisory Board comprises fixed compensation and attendance fees. In addition, expenses are reimbursed. The greater scope of activities of the Supervisory Board Chairman and Deputy Chairman is reflected in correspondingly higher compensation. Since the resolution on the compensation system for members of the Supervisory Board was adopted at the 2020 Annual General Meeting on 16 December 2020, this has also applied to the chairmanship of a committee. No advances were paid to members of the Supervisory Board and Executive Management Board.

### SUPERVISORY BOARD MEMBER 2023 (IN EURK)

SUPERVISORY BOARD MEMBERS	IN %	FIXED REMUNERATION	IN %	COMMITTEE REMUNERATION	IN %	MEETING FEE
Dr. Gerd Zettlmeissl, Chairman since 23/5/2019	71	32	13	6	16	7
Antoinette Hiebeler-Hasner, Deputy Chair	63	24	16	6	21	8
Dr. Anthony Man	67	16	0	0	33	8
Dr. Frank Mathias	53	16	20	6	27	8
Ronald Scott	62	16	12	3	26	7
<b>Summe</b>	<b>64</b>	<b>104</b>	<b>13</b>	<b>21</b>	<b>23</b>	<b>38</b>



## Comparative presentation of the annual change in remuneration

	2019 TO 2018	2020 TO 2019	2021 TO 2020	2022	2022 TO 2021	2023	2022 TO 2021
	CHANGE IN %	CHANGE IN %	CHANGE IN %	IN TEUR	CHANGE IN %	IN TEUR	CHANGE IN %
<b>Member of the Executive Management Board</b>							
Prof. Dolores J. Schendel	21	-20	27	543	-3	<b>495</b>	<b>-9</b>
Dr. Selwyn Ho	n/a	n/a	n/a	480	n/a	<b>446</b>	<b>-7</b>
Dr. Kai Pinkernell	50	-6	-72	0	n/a	<b>0</b>	<b>n/a</b>
Axel Sven Malkomes	n/a	-24	9	122	-77	<b>0</b>	<b>n/a</b>
<b>Supervisory Board member</b>							
Dr. Gerd Zettlmeissl	50	8	7	46	2	<b>45</b>	<b>-2</b>
Antoinette Hiebeler-Hasner	0	-13	10	36	6	<b>38</b>	<b>6</b>
Dr. Anthony Man	n/a	n/a	n/a	21	5	<b>24</b>	<b>14</b>
Dr. Keith Manchester	0	0	0	17	-26	<b>0</b>	<b>n/a</b>
Dr. Frank Mathias	50	0	11	30	0	<b>30</b>	<b>0</b>
Ronald Scott	0	-15	0	24	4	<b>26</b>	<b>8</b>
<b>Key figures</b>							
Revenue Medigene Group	39	-24	31	31,247	200	<b>6,034</b>	<b>-81</b>
Revenue Medigene AG (HGB)	4	45	-13	12,168	24	<b>3,441</b>	<b>-72</b>
EBITDA Medigene Group	-15	25	-70	13,125	n/a	<b>-14,686</b>	<b>n/a</b>
EBITDA Medigene AG (HGB)	171	41	-102	210	n/a	<b>-7,702</b>	<b>n/a</b>
Average annual remuneration of employees of the Medigene Group	0	1	3	73	4	<b>81</b>	<b>11</b>

The average annual remuneration of the Medigene Group's employees includes all employees of the Group, except for the Executive Management Board.