

# REMUNERATION REPORT 2021

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## REMUNERATION REPORT 2021

The remuneration report presents and explains the individual remuneration awarded and owed to the present and former members of the Executive Board and Supervisory Board of STEMMER IMAGING AG in fiscal year 2021 (1 January to 31 December 2021). Detailed information on the remuneration system for the members of the Executive Board and Supervisory Board of STEMMER IMAGING AG can be found on the company's website <https://www.stemmer-imaging.com/en-de/corporate-governance/>.

### REMUNERATION OF EXECUTIVE BOARD MEMBERS

In the fiscal year, the Executive Board of STEMMER IMAGING AG continued to have two members; Mr Arne Dehn (CEO STEMMER IMAGING AG) and Mr Uwe Kemm (COO STEMMER IMAGING AG). Mr Dehn's current term of office runs until 31 December 2026 and Mr Kemm's until 31 May 2026.

#### Overview of the new remuneration system

At its meeting on 21 April 2021 the Supervisory Board of STEMMER IMAGING AG adopted the current remuneration system for the members of the Executive Board in accordance with the legal requirement to implement the Second Shareholder Rights Directive (ARUG II) and the revised service contracts with Mr Arne Dehn and Mr Uwe Kemm with effect from 1 January 2021. The remuneration system for the Executive Board was presented to the Annual General Meeting on 9 June 2021 and approved in accordance with section 120a (1) German Stock Corporation Act (AktG).

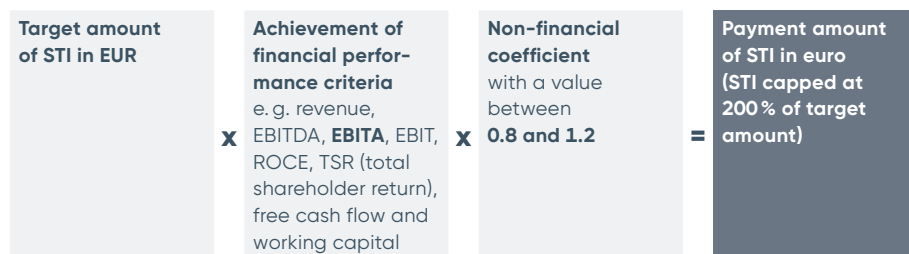
The remuneration system is made up of fixed (non-performance-based) and variable (performance-based) components.

The fixed, non-performance-based remuneration component consists of the basic salary (**basic salary**) and other benefits (**additional benefits**). The basic salary is a fixed salary for the whole year, which is paid in twelve monthly instalments at the end of every month, after statutory deductions. The Executive Board members may for example be granted the following additional benefits: company car, also for private use, including payment of operating and maintenance costs, or a monthly cash equivalent in lieu of a company car; contributions to pension, health and nursing care insurance up to the statutory maximum; D&O insurance with an excess in accordance with section 93 (2) sentence 3 AktG; reimbursement of telecommunications costs, also for private use. The basic salary represents between 50 and 70 per cent of the total target remuneration for the Executive Board member.

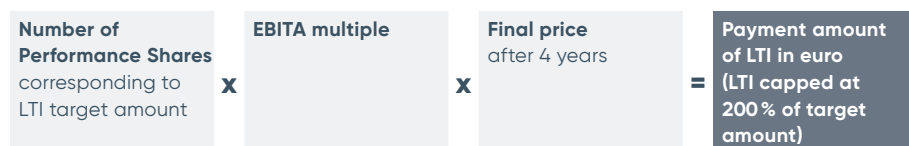
The service contracts may provide for the Company to pay the total remuneration in full or in part or individual remuneration components in full or in part for up to twelve months in the event of temporary or permanent incapacity, and for up to six months to the surviving dependants in the event of death of the Executive Board member, but not longer than the end of the service contract. The benefits paid by the Company in the event of incapacity or death are not shown as a percentage of total target remuneration, because they are only paid in the event of the Executive Board member's incapacity or death and so are not part of the total target remuneration during the period of office in addition to the remuneration components mentioned above.

The variable remuneration components consist of a short-term variable component in the form of an annual bonus (short-term incentive, "**STI**") and a long-term variable component (long-term incentive, "**LTI**") in the form of a virtual share-based programme ("**Performance Share Plan**"). Variable remuneration represents between 30 and 50 per cent of the total target remuneration. The ratio of the variable remuneration components STI and LTI is roughly 49:51.

The concrete amount of the STI is calculated as follows:



The concrete amount of the LTI is calculated as follows:



The sum of the remuneration described above is the total remuneration ("**total remuneration**") for an Executive Board member.

The Supervisory Board is authorised, in exceptional cases and at its reasonable discretion, to reward an Executive Board member's special performance in the service of the Company with a special bonus, if this helps to promote the corporate strategy and the Company's long-term development. These are one-off benefits, which do not establish a legal claim for the future. The amount of any such special bonus is capped at 50 per cent of the fixed annual salary and may only be paid in cash. A decision on any such special bonus for the fiscal year in which the special performance by the Executive Board member concerned largely took place is taken at the same time as the target achievement for the STI is determined for the same fiscal year. If the Supervisory Board grants any special bonus, it is payable at the same time as the STI bonus.

The remuneration system for the Executive Board also obliges the Executive Board members to hold a **minimum level of shares** in STEMMER IMAGING AG as private individuals until the end of their term of service on the Executive Board. The total purchase price for the shares must be one fixed gross annual salary (basic salary without additional benefits). All payments received as variable components of Executive Board remuneration, after deduction of personal taxes and payroll charges, are to be invested in shares in STEMMER IMAGING AG until the minimum level has been purchased. Shares purchased in STEMMER IMAGING AG may not be sold during the whole term of service on the Executive Board until the minimum level has been reached or if the sale would reduce the shareholding below the minimum level.

The award of shares and share options is not part of the remuneration system for the Executive Board.

## Total target remuneration

The Supervisory Board defines the performance criteria and targets to be achieved for the total target remuneration ("**total target remuneration**") for each Executive Board member for the upcoming fiscal year. The total target remuneration is the total remuneration that is paid for 100 per cent achievement of the performance criteria for short and long-term variable remuneration. The aim is for each type of remuneration to be in an appropriate relation to the tasks and performance of each Executive Board member and to the state of the Company, to be aligned with the long-term, sustainable development of the Company and the STEMMER IMAGING Group, and not to exceed the usual remuneration without particular reason.

## Target remuneration for fiscal year 2021

The following table shows the individual target remuneration for each Executive Board member and the relative share of the individual elements in the total target remuneration.

TARGET REMUNERATION in EUR	Arne Dehn				Uwe Kemm			
	2021	in %	2020	in %	2021	in %	2020	in %
Basic salary	280,000	60.0 %	240,000	60.0 %	236,000	67.2 %	216,000	70.6 %
Short-term variable remuneration	91,467	19.6 %	78,400	19.6 %	56,350	16.1 %	44,100	14.4 %
Long-term variable remuneration	95,200	20.4 %	81,600	20.4 %	58,650	16.7 %	45,900	15.0 %
Total target remuneration	466,467	100 %	400,000	100 %	351,000	100 %	306,000	100 %

### Compliance with maximum remuneration

In accordance with section 87a (1) sentence 2 no. 1 AktG the Supervisory Board has capped the total remuneration for Executive Board members (i. e. the sum of basic salary, short-term and long-term variable remuneration components ("**maximum total remuneration**"). This maximum total remuneration is EUR 700,000.00 for the Chief Executive Officer and EUR 520,000.00 for the other Executive Board members.

The LTI is paid in cash after the Company's financial results for the third fiscal year following the award year are published, so full compliance can only be verified in 2025. Compliance with the remuneration cap for fiscal year 2021 is already assured, because the sum of basic salary, additional benefits, short-term variable remuneration and LTI cannot reach the limit for the maximum remuneration due to corresponding interim caps. The LTI payment is capped at 200 per cent of the agreed LTI target amount. Even if the maximum amount is paid, the maximum total remuneration for fiscal year 2021 will not be exceeded.

### Appropriateness of remuneration

To assess whether the concrete total target remuneration of the Executive Board members is appropriate and usual compared with other companies, the Supervisory Board refers to a suitable peer group (horizontal comparison). The decisive factor is the market position of the members of the peer group compared with that of the Company. The peer group entities are publicly listed companies from the industrial machine vision sector or adjacent sectors and/or companies with comparable business models or financial figures (e. g. revenue, earnings, market capitalisation).

The internal (vertical) comparison is based on the ratio of Executive Board remuneration to the remuneration of the senior executives and the Company's overall workforce. The senior executives are the managing directors of the national subsidiaries and the second-tier managers at the Company.

The Supervisory Board assesses annually, most recently on 29 March 2022, whether the total remuneration, consisting of basic salary and variable remuneration components, is appropriate, giving particular regard to its intended incentive effect.

### Variable remuneration – disclosures on target definition and achievement

The variable remuneration is linked to performance and accounts for a significant portion of the Executive Board members' total remuneration.

#### Incentive effect of the STI

The STI is intended to reward the Executive Board's contribution to the Company's success in a given fiscal year.

It is based on financial and non-financial performance criteria that reflect the collective and/or individual performance of the Executive Board members or performance against other non-financial targets, e.g. the successful implementation of strategic corporate goals or other targets relating to organisational development and good corporate governance.

Performance indicators shown in the management report or Group management report are used to measure the financial criteria.

To define the targets for the STI in fiscal year 2021 the Supervisory Board chose the following assessment base: EBITA.

The concrete targets were set using the corporate plan for 2021.

The following aspects are generally available as potential criteria for the non-financial factor:

- Strategic corporate goals such as important strategic targets (including mergers and acquisitions, strategic partnerships), entry into new markets, the Company's sustainable strategic, technical or structural development, implementation of any transformation projects.
- Implementation of relevant strategic projects, achievement of other operational milestones, e.g. in the supply chain, sales, research and development, IT.

- Targets relating to good governance, customer satisfaction, employee concerns or corporate culture (such as activities to increase employer attractiveness and employee satisfaction, develop managers, increase diversity and equal opportunity, sustainability (environmental/social/governance (ESG targets)). They also include other organisational and cultural development (e.g. promotion of corporate values, agility and ownership, strengthening internal cooperation and communication, succession planning) or cooperation with the Supervisory Board.

The Supervisory Board has defined the following targets for non-financial criteria in the fiscal year 2021 (for a target achievement of 100 per cent):

Topic	Description	Weighting in %
CSR/ESG	Ongoing development of CSR/ESG strategy and implementation of relevant measures	20 %
M&A	Identification of attractive targets (short-list), initiation of talks/contract negotiations and closing of 1 – 2 value-added transactions, taking relevant transaction parameters into account	20 %
Product/ service portfolio	Refine product/service portfolio towards sub-systems and development of software offering	20 %
IT	Optimise IT security, relaunch web platform and PMI system, prepare multi-year digitalisation roadmap with milestones	20 %
Succession planning	Design and implementation of a talent pool	20 %

## Incentive effect of the LTI

The LTI is share-based and therefore dependent on the performance of the share price of STEMMER IMAGING AG and changes in the earnings indicator EBITA, which is a key variable for the company valuation and so for the share performance.

EBITA corresponds to the definition in the Group management report. It supports the company's long-term profitability and return on capital and so strengthens the lasting execution of the company strategy.

For the LTI tranche 2021 the Supervisory Board has defined the growth target for EBITA as EUR 14,386,387.39, and the following figures for minimum target achievement (floor) = EUR 10,789,790.54 and maximum target achievement (cap) = EUR 21,579,581.09.

The relevant share price for the award of performance shares is EUR 24.34, which is the average share price over the 10-day period following the publication of the Annual Report in 2020.

## Disclosures on target achievement

The following overview shows the target achievement for the short-term variable remuneration for fiscal year 2021 as confirmed by the Supervisory Board of STEMMER IMAGING AG on 29 March 2022.

Quantitative targets STI:

in EUR	<b>EBITA</b>
Plan	6,451,238.57
75 % threshold (50 % STI)	4,838,428.93
150 % cap (200 % STI)	9,676,857.86
Actual	14,867,351.22
STI target achievement in %	200 %

Qualitative targets STI:

Topic	Description	Weighting in %	Target achievement in %
<b>CSR/ESG</b>	Ongoing development of CSR/ESG strategy and implementation of relevant measures	20 %	100 %
<b>M&amp;A</b>	Identification of attractive targets (short-list), initiation of talks/contract negotiations and closing of 1 – 2 value-added transactions, taking relevant transaction parameters into account	20 %	100 %
<b>Product/ service portfolio</b>	Refine product/service portfolio towards sub-systems and development of software offering	20 %	100 %
<b>IT</b>	Optimise IT security, relaunch web platform and PMI system, prepare multi-year digitalisation roadmap with milestones	20 %	100 %
<b>Succession planning</b>	Design and implementation of a talent pool	20 %	100 %

## Malus and claw-back rules

In the event of severe breaches by the Executive Board of its statutory obligations, the Supervisory Board is generally entitled to withhold or reduce unpaid components of the STI and LTI at its professional discretion ("**malus**") or to recover all or part of any variable remuneration components that have already been paid ("**claw back**").

In fiscal year 2021 the Supervisory Board did not make use of its right to withhold or recover variable remuneration components.

### Executive Board remuneration actually awarded and still owed

The following table shows the amounts actually awarded to the members of the Executive Board in the reporting year, i. e. those amounts that were actually paid, and those which were legally owed and payable but as yet unpaid:

AMOUNT RECEIVED in EUR	Arne Dehn				Uwe Kemm			
	2021	in %	2020	in %	2021	in %	2020	in %
Fixed salary	280,000		210,000		236,000		120,000	
Refund Salary waiver 2020	9,000		0		8,100		0	
Additional benefits	33,560		25,948		34,040		6,419	
<b>Total</b>	<b>322,560</b>	<b>77.7 %</b>	<b>235,948</b>	<b>100 %</b>	<b>278,140</b>	<b>87.7 %</b>	<b>126,419</b>	<b>100 %</b>
Variable remuneration	92,369	22.3 %	0	0.0 %	38,968	12.3 %	0	0.0 %
<b>Amount received</b>	<b>414,928</b>		<b>235,948</b>		<b>317,108</b>		<b>126,419</b>	

EXPENSE in EUR	Arne Dehn				Uwe Kemm			
	2021	in %	2020	in %	2021	in %	2020	in %
Fixed salary	280,000		240,000		236,000		162,000	
Salary waiver 2020	0		-21,000		0		-16,200	
Additional benefits	33,560		25,948		34,040		12,623	
<b>Total</b>	<b>313,560</b>	<b>48.8 %</b>	<b>244,948</b>	<b>72.6 %</b>	<b>270,040</b>	<b>57.2 %</b>	<b>158,423</b>	<b>80.3 %</b>
STI	182,934	28.5 %	92,370	27.4 %	112,700	23.9 %	38,970	19.7 %
LTI	145,401	22.7 %	0	0.0 %	89,575	19.0 %	0	0.0 %
<b>Expense</b>	<b>641,895</b>		<b>337,318</b>		<b>472,314</b>		<b>197,393</b>	



No benefits were agreed or awarded to any Executive Board member in the fiscal year by a third party for their work as an Executive Board member. No benefits were agreed with an Executive Board member in the event that their contract came to an early or scheduled end.

For post-employment obligations in the form of a pension commitment to a former executive (Christoph Zollitsch), EUR 112 thousand was recognised as at 31 December 2021 (previous year: EUR 115 thousand). EUR 3 thousand (previous year: expense of EUR 3 thousand ) was recognised as income in the reporting year 2021.

### Outlook for fiscal year 2022

The following overview shows the performance criteria for the short- variable remuneration for fiscal year 2022 adopted by the Supervisory Board of STEMMER IMAGING AG on 29 March 2022. The maximum remuneration for Executive Board members is unchanged as defined in the remuneration system and as agreed in the current service contracts.

Quantitative targets STI:

in EUR		<b>EBITA</b>
Plan		17,207,395.96
75 % threshold (50 % STI)		12,905,546.97
150 % cap (200 % STI)		25,811,093.94

The Supervisory Board has defined the following targets for non-financial criteria in the fiscal year 2022 (for a target achievement of 100 per cent):

<b>Topic</b>	<b>Description</b>	<b>Weighting in %</b>
<b>CSR/ESG</b>	Ongoing development of CSR/ESG strategy and implementation of relevant measures	20 %
<b>M&amp;A</b>	Identification of attractive targets (short-list), initiation of talks/contract negotiations and closing of 1 – 2 value-added transactions, taking relevant transaction parameters into account	20 %
<b>Product/ service portfolio</b>	Refine product/service portfolio towards sub-systems and development of software offering	20 %
<b>IT</b>	Optimise IT security, relaunch web platform and PIM system, update multi-year digitalisation roadmap with milestones	20 %
<b>Succession planning</b>	Update talent strategy and implementation of talent pool	20 %

For the LTI tranche 2022 the Supervisory Board has defined the growth target for EBITA as EUR 17,207,395.96, and the following figures for minimum target achievement (floor) = EUR 12,905,546.97 and maximum target achievement (cap) = EUR 25,811,093.94.

The relevant share price for the award of performance shares will be the average share price over the period of 10 trading days following the publication of the Annual Report in 2021.

### REMUNERATION OF SUPERVISORY BOARD MEMBERS

The current rules on the remuneration of the Supervisory Board were approved by the Annual General Meeting on 9 June 2021 with effect from fiscal year 2021. The remuneration of the Supervisory Board consists of fixed remuneration only. It reflects the responsibilities and the scope of work carried out by the Supervisory Board members. Additional remuneration is paid for the Chair and Deputy Chair of the Supervisory Board and for the Chair and Deputy Chair of the Audit Committee. Members of the Nomination Committee do not receive any additional remuneration. Since the Supervisory Board current consists of three people, the full Supervisory Board performs the role of the Audit Committee.

The members of the Company's Supervisory Board receive the following annual remuneration:

- Chair of the Supervisory Board: EUR 40,000.00 plus German VAT
- Deputy Chair of the Supervisory Board: EUR 30,000.00 plus German VAT
- Ordinary member of the Supervisory Board: EUR 20,000.00 plus German VAT

If a member joins or leaves the Supervisory Board the remuneration is paid pro rata temporis for each month or part thereof.

In addition, an attendance fee of EUR 1,000 per Supervisory Board member is paid for Supervisory Board meetings. The attendance fee is also paid for participation in hybrid Supervisory Board meetings for only virtually participating members or also for meetings conducted purely by means of telecommunications. The Deputy Chair receives one and a half times this amount, while the Chair receives double this attendance fee.

In accordance with article 14 (2) of the Articles of Association of STEMMER IMAGING AG the Supervisory Board members are also reimbursed for all out-of-pocket expenses and for any value added tax payable on their remuneration and reimbursements.

The approved remuneration system and the Articles of Association are publicly available at <https://www.stemmer-imaging.com/en-de/corporate-governance/>.

The following table shows the remuneration awarded and owed to the Supervisory Board members in fiscal year 2021 in accordance with section 162 (1) sentence 1 AktG.

SUPERVISORY BOARD REMUNERATION in EUR	2021				2020			
	Basic salary	in %	Attendance fee	in %	Basic salary	in %	Attendance fee	in %
Klaus Weinmann (Chair)	40,000	76.9 %	12,000	23.1 %	40,000	76.9 %	12,000	23.1 %
Stefan Kober (Deputy Chair)	30,000	76.9 %	9,000	23.1 %	30,000	76.9 %	9,000	23.1 %
Markus Saller	20,000	76.9 %	6,000	23.1 %	20,000	76.9 %	6,000	23.1 %

#### COMPARISON OF CHANGES IN REMUNERATION AND PROFITABILITY

In accordance with section 162 (1) sentence 2 no. 2 AktG, the following table shows the change in earnings at STEMMER IMAGING AG, the annual change in the remuneration of Executive Board members and Supervisory Board members and the annual change in the average remuneration of employees on an FTE basis since the short fiscal year 2019. These data were not collected in full for periods before the short fiscal year 2019, so the remuneration report will be successively extended going forward to cover a period of five consecutive fiscal years.

Profitability is shown by means of the figures for Group revenue and EBITA.

For the members of the Executive Board and Supervisory Board the table shows the remuneration awarded and owed in the respective fiscal year, in accordance with section 162 (1) sentence 1 AktG.

The average employee remuneration shown is the remuneration per FTE for the workforce of STEMMER IMAGING AG.

## COMPARATIVE PRESENTATION

	2021	Change in %	2020	Change in %	2019 <sup>1</sup>
<b>Profitability</b>					
Revenue (in EUR m)	130.1	23.7%	105.2	68.7%	62.3
EBITA (in EUR m)	14.9	239.5%	4.4	729.4%	0.5
Earnings per share (in EUR)	1.61	414.5%	-0.51	132.4%	-0.22
<b>Personnel expenses STEMMER IMAGING AG (in EUR m)</b>					
Number of FTE	156.5	-11.6%	177.1	-5.7%	187.9
Average personnel expenses per FTE of STEMMER IMAGING AG (in KEUR)	89.8	37.5%	65.30	-10.1%	72.6
<b>Executive Board remuneration</b>					
Arne Dehn (since 01/01/2019)	496.5	47.2%	337.3	166.8%	126.4
Uwe Kemm (since 01/04/2020)	382.7	93.9%	197.4	n/a	0.0
<b>Former Executive Board members</b>					
Martin Kersting (until 31/03/2020)	0.0	n/a	56.0	-49.8%	111.4
Lars Böhrnsen (until 30/11/2019)	0.0	n/a	0.0	-100.0%	86.8
<b>Supervisory Board</b>					
Klaus Weinmann	52.0	0.0%	52.0	100.0%	26.0
Stefan Kober	39.0	0.0%	39.0	100.0%	19.5
Markus Saller	26.0	0.0%	26.0	100.0%	13.0

<sup>1</sup> short fiscal year (07 – 12/2019)

29 March 2022

STEMMER IMAGING AG  
Executive Board



Arne Dehn



Uwe Kemm

On behalf of the Supervisory Board



Klaus Weinmann

## REPORT OF THE INDEPENDENT AUDITOR ON THE AUDIT OF THE REMUNERATION REPORT PURSUANT TO SEC. 162 (3) AKTG

### TO STEMMER IMAGING AG, PUCHHEIM

#### AUDIT OPINION

We have conducted a formal audit of the remuneration report of **STEMMER IMAGING AG, Puchheim**, for the financial year from 1 January 2021 to 31 December 2021 to determine whether the disclosures required by Sec. 162 (1) and (2) AktG [“Aktengesetz”: German Stock Corporation Act] have been made therein. In accordance with Sec. 162 (3) AktG we have not audited the content of the remuneration report.

In our opinion, the disclosures required by Sec. 162 (1) and (2) have been made in the accompanying remuneration report in all material respects. Our opinion does not cover the content of the remuneration report.

#### BASIS FOR THE OPINION

We conducted our audit of the remuneration report in accordance with Sec. 162 (3) AktG and in compliance with the IDW Auditing Standard: Audit of the Remuneration Report in Accordance with Sec. 162 (3) AktG (IDW AuS 870). Our responsibilities under this provision and standard are further described in the “Responsibilities of the auditor” section of our report. As an audit firm, we applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1). We complied with the professional obligations pursuant to the WPO [“Wirtschaftsprüferordnung”: German Law Regulating the Profession of Wirtschaftsprüfer (German Public Auditor)] and the BS WP/vBP [“Berufssatzung für Wirtschaftsprüfer/vereidigte Buchprüfer”: Professional Charter for German Public Accountants/German Sworn Auditors] including the requirements regarding independence.

#### RESPONSIBILITIES OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

The management board and supervisory board are responsible for the preparation of the remuneration report and the related disclosures in compliance with the requirements of Sec. 162 AktG. In addition, they are responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report and the related disclosures that are free from material misstatement, whether due to fraud or error.

#### RESPONSIBILITIES OF THE AUDITOR

Our objectives are to obtain reasonable assurance about whether the disclosures required by Sec. 162 (1) and (2) AktG are made in the remuneration report in all material respects and to express an opinion thereon in a report.

We planned and performed our audit so as to determine the formal completeness of the remuneration report by comparing the disclosures made in the remuneration report with the disclosures required by Sec. 162 (1) and (2) AktG.

In accordance with Sec. 162 (3) AktG, we have not audited the accuracy of the disclosures, the completeness of the individual disclosures or the fair presentation of the remuneration report.

## CONSIDERATION OF MISREPRESENTATIONS

In connection with our audit, our responsibility is to read the remuneration report considering the knowledge obtained in the audit of the financial statements and, in doing so, remain alert for indications of whether the remuneration report contains misrepresentations in relation to the accuracy of the disclosures, the completeness of the individual disclosures or the fair presentation of the remuneration report.

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

Stuttgart, 29 March 2022

Ebner Stolz GmbH & Co. KG  
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

**Martina Schaaf**  
Wirtschaftsprüferin  
(German Public Auditor)

**Linda Ruoff**  
Wirtschaftsprüferin  
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