

Remuneration for the Board of Directors of Einhell Germany AG

The following chart provides an overview of the main components and the structure of the remuneration system for the members of the Board of Directors of Einhell Germany AG.

Remuneration components	Remuneration components		Severance payment upon leaving the Board of Directors	Maximum remuneration	Further structuring options
Fixed annual compensation	Basic compensation	Fringe benefits ¹	Constantly increasing severance payment up until completing 12 years on the Board or Einhell preference shares	Fixed compensation + fringe benefits + up to 200% (max.) of average variable remuneration in the last three completed financial years	Contractual agreement to adjust remuneration during contract term in accordance with Section 87 (2) German Stock Corporation Act (AktG)
		Pension commitment			
Variable remuneration (bonus)	Participation in EBT Einhell Group Participation in EBT strategic units				
Variable remuneration designed to promote corporate strategy (long-term approach)	Individual targets in line with the responsibilities/function of the member of the Board of Directors				

¹ Fringe benefits shall be paid up to an amount determined by the Supervisory Board

1. Remuneration components

1.1 Fixed annual compensation

Each member of the Board of Directors receives a fixed basic compensation. This is paid out in twelve monthly instalments. The relative proportion of the fixed basic compensation to the total compensation target for the members of the Board of Directors is between 10% and 60%.

1.1.1 basic compensation

The basic compensation represents the portion of the Board of Directors remuneration that is contractually agreed irrespective of performance parameters.

1.1.2 Fringe benefits

Fringe benefits and their maximum amount are either anchored by the Supervisory Board in the employment contracts of the members of the Board of Directors, or the maximum amount is defined separately for the respective upcoming financial year for each member of the Board of Directors. This amount covers the benefits for members of the Board of Directors, such as benefits in kind and fringe benefits provided by the Company (e.g. the provision of a company car and insurance premium allowances).

1.1.3 Pension commitment

The members of the Board of Directors are granted a pension commitment for pension benefits in the form of a direct commitment from Einhell Germany AG. The pension commitment increases in direct correlation with the time the member of the Board of Directors has spent in office. The amount of the pension commitment is largely based on the comparable benefits of the public pension scheme (up to the income threshold).

1.2 variable remuneration (bonus)

The variable remuneration (bonus) represents the profit participation calculated on the basis of short-term performance indicators. It always refers to the financial year of the Company. The variable remuneration is paid in cash after the annual financial statements have been adopted by the Supervisory Board.

1.2.1 Participation in EBT Einhell Group Participation in EBT strategic units

The system of short-term variable remuneration (bonus) is based on a direct participation of the respective member of the Board of Directors in the EBT (Earnings before Taxes) of the Einhell Group. The responsibilities of the individual members of the Board of Directors are focused on the development of the Einhell Group and the implementation of the Group strategy. This establishes the direct link between the Group EBT and the short-term variable remuneration. For historical reasons related to the development of the Group, its central IT organisation is not located with Einhell Germany AG, but with the wholly owned subsidiary iSC GmbH. As a consequence, the member of the Board of Directors responsible for IT and Digitization also participates in the EBT of iSC GmbH.

After the end of the financial year, the target achievement with respect to the individual EBT values is determined. The bonus payment depends on the EBT calculated in accordance with IAS/IFRS, thereby taking into account provisions set aside for bonus payments.

Moreover, the accounting policies of the Einhell Group must be applied. These are set out in writing in the Einhell accounting manual (as amended from time to time) and agreed with the Group auditor (in particular: inventory valuation, receivables valuation and provisions).

The resulting bonus amount is paid in cash.

The relative proportion of the bonus to the total compensation target for the members of the Board of Directors is between 30% and 60%.

1.3 Variable remuneration designed to promote corporate strategy (long term approach)

The variable remuneration promotes corporate strategy as it is based on individual targets that contribute to achieving the long-term objectives of the Company. These targets are determined taking into account the strategic objectives of the relevant area of responsibility of the respective member of the Board of Directors. The variable remuneration is paid in cash after the annual financial statements have been adopted and the Supervisory Board has determined individual target achievement.

1.3.1 Individual targets in line with the responsibilities/function of the member of the Board of Directors

The focus of all functions of the Board of Directors on the implementation of the Strategy 2025 is vital for the further development of Einhell Germany AG and the Einhell Group. For this reason, individual targets have been agreed with each member of the Board of Directors that refer to this objective.

The relative proportion of the variable remuneration (that promotes achievement of the corporate objectives) to the total remuneration target for the members of the Board of Directors ranges from 5% to 32%.

Chief Technical Officer:

- a) Successful IP registrations
- b) Product quality development
- c) Development of sourcing companies in Asia
- d) Development of ECOM companies

With these objectives, the achievements of the Chief Technical Officer are directly measured against the implementation of Strategy 2025 in the areas of product development, product quality, sourcing processes as well as the integration of sustainable technological trends.

Chief Financial Officer:

- a) Return on Capital Employed of the last three completed financial years
- b) Successful integration of M&A projects

In order to ensure a sustainable financial structure that remains stable in the long term, the calculation of the variable remuneration component is based on the respective average of the Return on Capital Employed of the last three completed financial years. In addition to the planned organic growth, the Strategy 2025 also promotes unlocking growth potential through M&A projects. Crucial in this context is the legal and financial design of the M&A process, but also the sustainable integration of the M&A targets. The involvement of the Chief Financial Officer in the implementation of these projects is therefore sensible in order to achieve long-term success.

Chief IT and Digitization Officer:

- a) Main initiatives in the strategic field of digital organisation
- b) Main initiatives in the strategic field of service management
- c) Main initiatives in the digitalisation of supply chain management

In many areas of the Company, the digitalisation process and the corresponding future-oriented further development of our IT infrastructure and application landscape are key prerequisites to meeting the objectives of Strategy 2025 in a sustainable manner. On the one hand, this refers to leveraging improvement potential in process automation, and on the other hand to protecting the system against undesired access (cyber security).

Chairman of the Board of Directors:

The Chairman of the Board of Directors is rewarded for achieving future-oriented sustainable objectives with an additional committed profit participation in the Einhell Group's EBT. Mandatory for this additional profit participation is the purchase of Einhell preference shares. The long-term benefit of this agreement is furthered by the fact that these shares may not be divested during the Chairman's term of office. Moreover, this committed participation is also a component of the retirement package and conditional on the waiver of potential severance payments.

2. Severance payment upon leaving the Board of Directors

2.1 Constantly increasing severance payment up until completing 12 years on the Board or Einhell preference shares

If the employment contracts of members of the Board of Directors are not extended, the severance payments then due are governed by the respective clauses in the employment contracts. This is transparently anchored in the individual employment contracts of the members of the Board of Directors.

After 12 years of uninterrupted service on the Board of Directors of Einhell Germany AG, the members of the Board of Directors receive a one-off severance payment in a fixed amount based on the average remuneration of the last three completed financial years when they leave this function.

For members of the Board of Directors with less than 12 years of service on the Board of Directors, the severance payment is also determined on the basis of the last three years (if available), with the entitlement being calculated on a pro rata temporis basis (1/12 per year).

The Chairman of the Board of Directors' claims to severance payment have been replaced by the additional committed profit participation in the EBT of the Einhell Group, as already described above.

3. Maximum remuneration

3.1 Fixed compensation + fringe benefits + up to 200% (max.) of average variable remuneration in the last three completed financial years

Maximum remuneration refers to all the components of the Board of Directors' remuneration.

The maximum remuneration is determined annually by the Supervisory Board for each member of the Board of Directors in accordance with Section 87 a (1) Sentence 2 No. 1 German Stock Corporation Act (AktG). The maximum remuneration for the respective member of the Board of Directors corresponds to the sum total of the maximum amount of all remuneration components for the relevant financial year and is calculated by adding basic compensation, maximum fringe benefits and twice the target bonus amount.

4. Further structuring options

4.1 Contractual agreement to adjust remuneration during contract term in accordance with Section 87 (2) German Stock Corporation Act (AktG)

Further structuring options in accordance with Section 87 (2) German Stock Corporation Act (AktG)

The employment contracts stipulate that the Supervisory Board may adjust all components of remuneration if the prerequisite set out in Section 87 (2) German Stock Corporation Act (AktG) is fulfilled. In this case, the affected member of the Board of Directors shall have a special right of termination.