

POLYTEC HOLDING AG REMUNERATION REPORT FOR THE 2024 FINANCIAL YEAR

The basic principles relating to the remuneration of the members of the POLYTEC Holding AG's Board of Directors and Supervisory Board ("remuneration policy") were voted on for the first time at the 20th Ordinary General Meeting of POLYTEC Holding AG on 7 August 2020 and a recommendatory resolution was passed with the agreement of 69.22% of the attending share capital. In accordance with § 78b Para. 1 in conjunction with § 98a of the Austrian Stock Corporation Act (AktG), the remuneration policy must be submitted to the Annual General Meeting for a vote at least every fourth financial year. The remuneration policy revised in the 2023 financial year was put to the vote at the 24th Annual General Meeting on 21 June 2024 and a recommendatory resolution was passed with an approval of 89.97% of the attending share capital. The remuneration report for the 2023 financial year received the approval of 90.45% (previous year 95.28%) at the 24th Ordinary General Meeting of POLYTEC Holding AG on 21 June 2024. In the past financial year, the principles of the 2024 remuneration policy were applied. At its scheduled meeting on 10 April 2025, the full POLYTEC Holding AG Supervisory Board approved the remuneration report for the 2024 financial year, which was prepared jointly with the Board of Directors.

I. INTRODUCTION TO THE REMUNERATION REPORT

Pursuant to § 78c Para. 1 of the Austrian Stock Corporation Act, the Board of Directors and the Supervisory Board are obliged to draw up a clear and comprehensible remuneration report, whereby the preparation of information is primarily the task of the Board of Directors. Apart from clarification regarding business development in the respective financial year, the Remuneration Report should provide information to stockholders about the remuneration paid or owed to the Board of Directors and the Supervisory Board and is to be presented yearly to the General Meeting for voting. During the preparation of the Remuneration Report, the principles of completeness, reliability, clarity, comprehensibility, and comparability are to be adhered to. The report must be so designed as to permit the determination that the granted or owed remuneration is covered by the remuneration policy. The recommendations of the Austrian Corporate Governance Code are to be observed.

II. ECONOMIC DEVELOPMENTS AND SIGNIFICANT EVENTS DURING THE 2024 FINANCIAL YEAR

In the 2024 financial year, demand for new cars had risen slightly compared to the previous year, but was still below pre-Corona levels. In particular, the ongoing uncertainties in the field of electromobility contributed significantly to consumer behavior. Many consumers remained rather cautious in their consumer behavior due to the continuing inflation and general geopolitical uncertainties, which had a particular impact on the automotive industry. For the POLYTEC GROUP, increased inflation and high interest rates continued to be a dominant issue. Consolidated sales of the POLYTEC GROUP amounted to EUR 677.8 million in the 2024 financial year, up 6.6% or EUR 41.8 million on the previous year (EUR 636.0 million). At the beginning of the 2024 financial year, the management of the POLYTEC GROUP assumed a sales target of between EUR 660 million and EUR 710 million in its outlook for the full year. The slight increase in sales is due, among other things, to the price increases successfully implemented by the Board of Directors due to the above-mentioned external circumstances and influences. In the past financial year, too, there were repeated short-term reductions in call-off volumes, which had a noticeable impact on the earnings situation of the POLYTEC GROUP. Due to lower call-off volumes, Group sales were at the lower end of the originally expressed sales expectations. As a result, the short-term call-off cancellations by customers resulting from the reluctance to buy prevented a significant increase in revenue. In operational terms, the Board of Directors dealt with the ongoing economic effects of the ongoing transformation towards e-mobility, the challenges posed by the start-up of a large number of technically demanding new orders and the comprehensive reorganization of the POLYTEC GROUP. As a result, the POLYTEC GROUP's EBIT in 2024 amounted to EUR 3.9 million (previous year: EUR -6.7 million). The EBIT margin increased by 1.7 percentage points year-on-year, from -1.1% to 0.6%. ROCE (return on capital employed) before taxes in the 2024 financial year was 1.34% (previous

year: -2.0%) with an average capital employed of EUR 288.1 million (previous year: EUR 328.7 million), which corresponds to an increase of around 3.34 percentage points.

III. REMUNERATION REVIEW

A. REMUNERATION OF THE BOARD OF DIRECTORS

1. Basic principles

a. Aim of the remuneration of the Board of Directors

The aim of the remuneration policy is to promote a long-term, sustained company development. The total remuneration of the Board of Directors should be proportionate to the assignments and performance of its individual members, the situation of the company and standard payments. In addition, the remuneration policy of the POLYTEC GROUP envisages that the salaries granted to the Board of Directors bear comparison to those paid by other listed, industrial companies in Austria and similar enterprises in Germany, in order that by means of competitive salaries the most suitable and best-qualified persons can be attracted to serve on the POLYTEC GROUP's Board of Directors. The objective of the remuneration is to offer the members of the Board of Directors a salary package that within the regulatory framework is in conformity with the market and competitive.

b. Remuneration structure

The remuneration of the Board of Directors is composed of several differing components. Apart from a fixed amount (basic salary), a variable bonus is agreed, which is constituted by a combination of financial and personal elements.

c. Fixed remuneration

The fixed remuneration is paid in fourteen instalments, independent of performance, and consists of a basic salary and fringe benefits. The basic salary covers all overtime, travel times and the assumption of executive functions within the POLYTEC GROUP.

During the assessment of the appropriate amount of the basic salary, various factors are taken into consideration such as the fundamental assumption of the mandate as a Managing Director, the related overall responsibility of the individual Board members and both the importance of the remit regarding corporate success and its scope. Furthermore, the remuneration should be on a competitive level to attract and retain qualified board members to the group.

d. Variable remuneration components

While the variable remuneration component of the Chairman of the Board of Directors is based exclusively on economic targets, the other Board members are entitled to a performance-related, variable remuneration component that is dependent upon both the economic development of the POLYTEC GROUP and the personal performance of the respective Board member and is capped at a total of 100% of the basic salary. The focus of the variable remuneration components is upon the return on capital employed (ROCE) performance indicator, which defines the relationship between the company's operative earnings before interest and taxes (EBIT) and considers sustainable and appropriate capital investment (capital employed). The economic bonus component therefore constitutes both a short- and long-term performance incentive. The financial bonus was defined as a certain percentage of EBIT that exceeded a minimum ROCE (basis), which is distributed among the individual members of the Board of Directors according to a fixed allocation key.

The Supervisory Board established the multi-year target agreement, which is also relevant for the 2024 reporting period, in the first quarter of 2020. After reporting by the Chairman of the Board of Directors, the Supervisory Board assessed the fulfilment of the financial and personal performance criteria, considering the overall circumstances after the end of the financial year. The resulting remuneration of the Board of Directors is presented in detail below.

2. Overview of the remuneration to the Board of Directors

	Markus Huemer		Peter Bernscher		Heiko Gabbert		Markus Mühlböck	
(Values in EUR, unless stated otherwise)	2023	2024	2023	2024	2023	2024 ⁽¹⁾	2023 ⁽²⁾	2024
Fixed remuneration (basic salary)	651 387	668 631	406 692	416 351	396 695	271 589	119 721	285 289
Basic salary	642 747	659 991	395 807	407 711	388 055	266 108	114 759	269 227
Fringe benefits	8 640	8 640	10 885	8 640	8 640	5 481	4 962	16 062
Variable remuneration	0	0	175 000	125 000	0	0	45 833	150 000
Total remuneration	651 387	668 631	581 692	541 351	396 695	271 589	165 554	435 289
Payment of variable remuneration of previous year	0	0	250 000	175 000	90 000	0	0	45 833
Share of var. remuneration in total remuneration (in %)	0	0	30	23	0	0	28	34
Share of fixed remuneration in total remuneration (in %)	100	100	70	77	100	100	72	66
Change in total remuneration (absolute amount)		17 244		-40 341		-125 106		269 735
Change in total remuneration (in %)		2.65%		-6.94%		-31.54%		162.93%
Total amounts	2023	1 795 328						
	2024	1 916 861						
Change in the average remuneration paid to POLYTEC Holding AG employees (in %)				4.68				
Change in economic success (consolidated result) in EUR m:				10.6				
Change in economic success (consolidated result) in %:				n/a				

¹⁾ Claims arising from employment contract for the period after dismissal

²⁾ Period from appointment to the Board of Directors (17.07.2023) to 31.12.2023

a. General information

The member of the Board of Directors Heiko Gabbert was dismissed from his position as a member of the Board of Directors of POLYTEC Holding AG with immediate effect following the resolution of the Supervisory Board in the extraordinary meeting on 17 July 2023. The employment contract was subsequently terminated with effect of the end of 31 August 2024 and Heiko Gabbert was released from his obligation to perform his duties, taking into account any outstanding holiday entitlements.

Due to a partial transfer agreement of Markus Mühlböck to German leading plants of the POLYTEC Group, a part of the total remuneration totalling EUR 435,289 is taken over by a German company and consists of EUR 154,062 basic salary, EUR 16,062 non-cash remuneration and EUR 50,000 variable remuneration, thus totalling EUR 220,124.

b. Fixed remuneration

The fixed remuneration increased in the past financial year in accordance with the actual wage increase of the framework collective agreement for employees in the chemical industry.

The stated benefits based on taxation principles relate to the company cars of the members of the Board of Directors. These are provided to each Board member in line with performance and may be used privately. The costs for accident insurance are included in the non-cash remuneration of the Board members.

c. Variable remuneration

In accordance with the basic principles of the remuneration policy, as opposed to his colleagues on the Board, the Chairman receives a variable salary, which is oriented entirely upon the business development of the company and subject to a ceiling of 100% of the basic salary paid out in the respective financial year. According to the group's financial statements, in 2024 ROCE amounted to 1.34%. Consequently, owing to the non-achievement of the agreed ROCE, again no variable remuneration based on financial performance was due to the Board of Directors.

Group performance in the past financial year was largely characterised by many technically challenging project start-ups, the economic impact of the volatile call-off behaviour of customers and the continuing inflation. The Board of Directors and its team continued to drive forward and implement the necessary countermeasures, in particular the intensive customer negotiations in an extremely difficult market environment and the stabilisation of the operating areas, in the best possible way and with determination. In addition, the company focussed on structural reorganization measures and the expansion of investments and business activities in the UK in order to strengthen the company's success. The POLYTEC GROUP considers itself to be well positioned for the 2025 financial year.

On the occasion of the past financial year, the Supervisory Board decided that in view of the extent to which their personal performance criteria and targets were met, bonuses should be granted to the members of the Board of Directors, Peter Bernscher and Markus Mühlböck, in the amount described.

d. Insurance

The members of the Board of Directors have Austrian social, health, accident, and pension insurance. The social insurance contributions are divided between the Board members and the company according to the applicable legal key and in addition the company pays the legally prescribed contribution to an employee pension fund.

Apart from accident insurance, the costs of which are reported under the fringe benefits, the members of the POLYTEC Holding AG Board of Directors are included in the cover provided by the group-wide insurance for directors and officers (D&O).

e. Average remuneration of other employees

If the blue- and white-collar workers of affiliated companies are excluded, the average remuneration of the other POLYTEC Holding AG employees on a full-time equivalent basis, amounts to EUR 91.7 k p.a. (2023: EUR 87.6 k), which represents an increase of 4.68% (2023: 8.15%) and is mainly due to the actual wage increase of the applicable framework collective agreement. In terms of a full-time basis, the monthly basic salary of a member of the Board of Directors is in a reasonable ratio to the remuneration of POLYTEC Holding AG employees. Variable remuneration is foreseen for personnel at the second management level. The variable remuneration components are performance-related and subject to economic and personal performance criteria like those on the Board of Directors level.

f. Miscellaneous

No remuneration was paid to members of the Board of Directors and Supervisory Board from affiliated companies in the reporting year - except for the remuneration shares assumed due to the transfer of the Board member Markus Mühlböck in accordance with item a. above. There were no changes to the remuneration policy adopted at the 24th Annual General Meeting.

B. REMUNERATION OF THE SUPERVISORY BOARD

1. General principles

The remuneration of the Supervisory Board is intended to promote the sustained and long-term development of the company and the implementation of its corporate strategy. Equally, the remuneration should reflect the responsibilities, tasks, and scope of activities of the individual Board members and correspond with the economic position of the company. Variable bonuses or other remuneration are not foreseen.

To achieve the market conformity and competitiveness of Supervisory Board remuneration, a horizontal comparison of the payments made by other Austrian industrial companies has been undertaken with the aim of attracting qualified candidates by means of the remuneration system. In the event of a member joining or leaving during the year, remuneration is paid on a pro rata basis.

During the 2024 financial year, remuneration of the members of the Supervisory Board comprised the following fixed payments:

Supervisory Board Chairperson	EUR 50,000.00
Supervisory Board Deputy Chairperson	EUR 35,000.00
Supervisory Board member	EUR 28,000.00

The members of the Supervisory Board are included in the cover provided by the group-wide insurance for directors and officers (D&O). The premiums are borne by the group.

2. Overview of Supervisory Board remuneration

(Values in EUR k)	Friedrich Huemer		Fred Duswald		Manfred Trauth		Viktoria Kickingner		Reinhard Schwendtbauer	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
Remuneration	50	50	35	35	28	28	28	28	28	28
Total amounts	2023	169	2024	169						

C. MISCELLANEOUS

No further changes were made to the remuneration policy agreed during the 24th Annual General Meeting.