Declaration of Compliance pursuant to Art. 161, AktG

The Board of Directors and the Supervisory Board declare that Branicks Group AG has complied, and will continue to comply, with the recommendations of the Government Commission on the German Corporate Governance Code as amended on 28 April 2022 during the time since it issued its last Declaration of Compliance on 19 December 2023, subsequently updated on 19 March 2024, 29 April 2024 and 18 July 2024. The declaration has been and will continue to be subject to the following exceptions:

- The Code recommends in Section C.10, Sentence 1, that the chair of the supervisory board should be independent of the company and the management board. The Company failed to comply with the recommendation until 13 April 2024. Irrespective of the fact that Prof. Dr. Gerhard Schmidt, the Chairman of the Supervisory Board serving until 13 April 2024, did not qualify as independent of the Company and the Management Board due to the formal indicators pursuant to Section C.7 of the Code, the Supervisory Board had no doubt that he fulfilled his advisory and supervisory duties without constraints. The Company has complied with the recommendation ever since Dr. Angela Geerling became the Chair of the Supervisory Board.

- In deviation of Section D4 of the Code, no nomination committee has been formed for the Supervisory Board. Since the Supervisory Board, which consists of six members, only includes shareholder representatives and since the established practice of having the full Supervisory Board prepare election proposals has proven efficient, the Supervisory Board sees no need to form a nomination committee.

- In Section F.2, the Code recommends that the consolidated financial statements and the group management report should be made publicly accessible within 90 days of the end of a given financial year and the mandatory interim financial information within 45 days of the end of a given reporting period. Branicks Group AG did not comply with the recommendation to make its Consolidated Financial Statements and Group Management Report for the 2023 financial year and its 2024 Half-Year Financial Report publicly accessible. The later date of publication of the Consolidated Financial Statements and Group Management Report for the 2023 financial year was connected to the length of time that the StaRUG stabilisation and restructuring proceedings required which the Company initiated as a preventive measure in early March of 2024 for the purpose of extending the terms of the promissory note loans that matured in 2024. The later publication of the 2024 Half-Year Financial Report is explained by the date of the Annual General Meeting on 22 August 2024, at which the auditor for the audit review of the 2024 half-year financial report was elected. In future, Branicks Group AG will fully comply with recommendation F.2 of the Code again.

- In deviation of the first and second indents of Section G.1 of the Code, the remuneration system for the members of the Management Board does not stipulate a so-called “total target remuneration” that would correspond to the total remuneration in the event of a 100-percent target achievement (in relation to variable remuneration components), and does not determine the relative shares of individual remuneration components in the total remuneration in relation to such a “total target remuneration.” According to the remuneration system for the members of the Management Board that was approved by the Annual General Meeting on 24 March 2021, their variable remuneration consists of a performance-based annual bonus (STI) and options on virtual shares in the Company as a share-based remuneration element with long-term incentive (LTI) effect.

As far as the STI goes, the Supervisory Board sets company-related and personal annual targets when preparing the annual budget. The specific amount of STI payments upon achievement of the annual targets is subject to the discretion of the Supervisory Board and is determined ex-post by the Supervisory Board when measuring the target achievement. LTI payments depend solely on the share price; which means that an ex-ante agreed “target amount” is not specified for the LTI either. The Supervisory Board is of the opinion that the variable remuneration structure for its Management Board members is clearly meant to tie the performance of the Management Board members to the level of remuneration (*pay for performance*) and that the structure of the share-based remuneration element helps to align the interests of the Management Board members with those of the shareholders. The structure promotes the strategic objective of boosting the long-term appreciation of the Company’s goodwill.

- Pursuant to the recommendation of Section G.2 of the Code, the specific “total target remuneration” for each member of the Management Board should be defined annually so as to be proportionate to the tasks and performance of a given Management Board member and the situation of the Company and not to exceed the standard remuneration without specific reasons. In accordance with the requirements of the German Stock Corporation Act (AktG), the adequacy of the total remuneration of the members of the Management Board is reviewed regularly and, if necessary, on an ad-hoc basis (e.g. whenever the contract comes up for renewal). As elaborated, the remuneration system does not provide for a “total target remuneration” within the meaning of the Code, and therefore no amount is specified annually for it either. In the opinion of the Supervisory Board, the definition of the remuneration conditions in the Management Board members’ service contracts and the subsequent definition of the STI payment amounts provide sufficient scope to ensure the adequacy of the Management Board remuneration at all times.

- Pursuant to the recommendation in Section G.6 of the Code, the long-term variable remuneration (LTI) should exceed the share of remuneration from short-term targets (STI), with the Code assuming a 100-percent target achievement as a basis for comparison. The options granted on virtual shares in the Company (LTI) constitute a long-term remuneration component which—assuming a corresponding share price performance—can make up the bulk of the total variable remuneration granted, although it is not mandatory that it outweigh the short-term variable remuneration. Since neither the STI nor the LTI component provides for “target remunerations,” a deviation from the recommendation in Section G.6 of the Code is declared as a precautionary measure. With the shares of the STI (up to 35%) and the LTI (up to 55%) of the total remuneration taken into account as the prospective annual expense amount stipulated by the remuneration system, the Supervisory Board considers the long-term part of the variable remuneration to be generally the predominant share and in any case to be sufficiently weighted.

- The recommendation in Section G.7, Sentence 1, of the Code, pursuant to which the Supervisory Board should define the performance criteria, which are based on strategic objectives in addition to operational objectives, for all variable remuneration components of each member of the Management Board for the upcoming financial year, is not heeded by the Company insofar as no further performance criteria are defined for the long-term share price-based remuneration component (LTI) in addition to the fact that the payment amount is tied to the share price. Tying the amount to the share price is more effective in aligning the interests of Management Board members to those of the shareholders and promotes the strategic goal of boosting the long-term appreciation of the Company’s goodwill.

- Pursuant to the recommendation in Section G.10, Sentence 1, of the Code, the variable remuneration granted should predominantly take a share-based form or be invested in shares. The options granted for virtual shares in the Company (LTI) constitute a share-based remuneration component. However, as elaborated above, it is not mandatory that the share-based remuneration component accounts for the bulk of the variable remuneration. A deviation from the recommendation in Section G.10, Sentence 1, of the Code is therefore declared as a precautionary measure. Taking into account the STI shares (up to 35%) and the LTI shares (up to 55%) as stipulated by the remuneration system, the Supervisory Board considers the long-term part of the variable remuneration to be adequately tied to the share price.

- Section G.10, Sentence 2, of the Code recommends that Management Board members must not dispose of their long-term variable remuneration before the end of a four-year period. The LTI options granted on virtual shares in the Company are subject to a vesting period based on the term of a given Management Board member’s service contract, which generally extends over three to five years and at the end of which the options may be exercised at the earliest. This means that, depending on the length of term of the respective Management Board member’s service contract, the options may also mature before the end of the recommended four-year period. In the opinion of the Supervisory Board, the fact that the vesting period is principally tied to the respective term of appointment sufficiently enhances the incentive effect of the share-based remuneration.

- In deviation of Section G.11 of the Code, the remuneration system and the existing Management Board members’ contracts do not specify any option agreed in advance that would take extraordinary developments into account and that would withhold or reclaim variable remuneration in justified cases (so-called malus and clawback provisions). In the opinion of the Supervisory Board, the subsequent specification of the amount of the performance-based annual bonus (STI), which is subject to the discretion of the Supervisory Board, and the limitation by the maximum remuneration specified by the remuneration system are sufficiently effective means of taking into account any extraordinary developments that may transpire. Conversely, the Supervisory Board considers contractual malus and clawback provisions to be unnecessary, given the existing statutory claims that a breach of duty would trigger.

- In accordance with the Articles of Association, the members of the Supervisory Board are entitled to performance-based remuneration, which relates to the annual dividend payment and which may therefore deviate from Section G.18 of the Code which recommends a focus on long-term corporate development. The payment of dividends is a key performance indicator for shareholders. We deem it appropriate to remunerate the Supervisory Board members according to criteria equally important to the shareholders.

Frankfurt am Main, 12 December 2024

The Management Board and Supervisory Board of

Branicks Group AG