

Remuneration system for the Executive Board 2024

eventim 

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REMUNERATION SYSTEM FOR MEMBERS OF THE EXECUTIVE BOARD OF THE GENERAL PARTNER

1. BASIC COMPONENTS OF THE REMUNERATION SYSTEM FOR EXECUTIVE BOARD MEMBERS

The remuneration system for the members of the Executive Board of the general partner (hereinafter “Executive Board members” or “Executive Board”) of CTS EVENTIM AG & Co KGaA (hereinafter “CTS KGaA”) was revised and supplemented for new Executive Board contracts running from 2024. In future, this will form the basis for new contracts or extensions of Executive Board contracts and is thus aimed at standardisation.

The remuneration system makes a significant contribution to promoting and implementing CTS KGaA's corporate strategy of continuously expanding its market position in the ticketing and live entertainment market through organic and inorganic growth. Revenue and profitability are to be sustainably increased through the expansion of an internationally successful business model.

The remuneration system for the members of the Executive Board sets incentives that are in line with and support this corporate strategy: Variable remuneration is aligned with the financial performance criteria of revenue, earnings before interest and taxes (EBIT) and personal targets of the individual Executive Board members as well as long-term strategic targets. On the one hand, this promotes the alignment of Executive Board activities with the growth targets pursued and the desired profitability. On the other hand, it incentivises a continuous and sustainable increase in profitability. In order to align the remuneration of the Executive Board members with the long-term success of the company, the majority of the variable remuneration is linked to the strategic targets and thus to the sustained successful development of the company.

2. THE REMUNERATION SYSTEM IN DETAIL

On the basis of the remuneration system, the Supervisory Board of the general partner determines a specific and customary target total remuneration for each member of the Executive Board that is commensurate with the tasks and performance of the Executive Board member and the situation of the company. The target total remuneration is made up of the sum of all remuneration components relevant to the total remuneration. The variable remuneration is based on a target amount for 100% target achievement in accordance with the contractual provisions in the employment contracts.

According to the remuneration system, the share of fixed remuneration lies within a range of between 60% and a maximum of 75% of the target total remuneration and thus the share of the target amount of the total variable remuneration lies between 25% and a maximum of 40% of the target total remuneration - not taking into account fringe benefits and any deferred variable remuneration components from previous years in accordance with the measurement system described below. The majority of the variable remuneration is multi-year in nature. The short-term portion of the target amount of variable remuneration is between 40% and a maximum of 49% and the long-term portion of variable remuneration is between at least 51% and 60%.

2.1. FIXED REMUNERATION COMPONENTS

The members of the Executive Board receive a fixed annual salary in twelve monthly instalments. In addition, fringe benefits in the form of a company car are also granted for private use. The company also maintains accident insurance for the members of the Executive Board (death and disability) and CTS KGaA pays the maximum legally permissible employer contribution to health insurance and voluntary pension insurance. The subsidy amounts to 50% of the applicable pension insurance rate up to the contribution assessment ceiling. In addition, the members of the Executive Board are covered by CTS KGaA's D&O insurance.

2.2. VARIABLE REMUNERATION COMPONENTS

The variable remuneration is divided into short-term variable remuneration and long-term variable remuneration. The long-term remuneration has a three-year assessment period and a target amount that exceeds the short-term variable target amount in the event of 100% target achievement. The majority of the variable remuneration is therefore long-term in nature.

The criteria for granting and the amount of the **short-term variable remuneration** are the achievement of annual revenue and EBIT targets in accordance with the approved annual plan. In addition, individual targets are agreed for each member of the Executive Board. The maximum target achievement for each of the three bonus components of the short-term variable remuneration is 100%.

The revenue and EBIT targets are subject to multi-year bonus and malus incentives. If the planned revenue or EBIT targets are not met, the entitlement for the respective bonus component is reduced by the percentage of the corresponding deviation from the plan up to a maximum of 50%. If planning is fallen short of by more than 50%, the corresponding bonus entitlements lapse.

The malus regulation stipulates that if the revenue or EBIT target is not met by more than 10%, the maximum achievable amount of the respective bonus component for the next financial year is reduced disproportionately by 20%. If the target is at least achieved in the two subsequent years, the reduced remuneration components are offset again. The short-term variable remuneration therefore contains multi-year remuneration components that are linked to the sustainable development of financial performance indicators.

The personal targets for each member of the Executive Board are set annually by the Supervisory Board General Partner at the beginning of the respective financial year. The Supervisory Board general partner can use the personal targets to assess the individual performance of the members of the Executive Board and the achievement of non-financial targets. These can be, for example, key financial figures or performance in the department, individual contributions to important key projects, relevant strategic performance or the achievement of sustainability targets. The fulfilment of the personal targets is determined by the Supervisory Board at its own dutiful discretion depending on the degree of fulfilment of the criteria for assessing the individual performance of the member of the Executive Board.

For the **long-term variable remuneration**, the Supervisory Board of the general partner sets strategic three-year targets each year, taking into account the strategic planning of the Executive Board, whereby subsequent changes to the targets and/or any comparison parameters are excluded. At the end of the three-year assessment period, the Supervisory Board of the general partner determines the fulfilment of the defined strategic targets and thus the amount of the variable long-term remuneration components to be granted. In addition, it is intended to grant the members of the Executive Board share options as part of long-term variable remuneration.

In addition, the Supervisory Board may, at its discretion, decide to pay an additional bonus for special individual performance by the Executive Board and if the company is particularly successful. The bonuses determined in accordance with the following section 3 for all members of the Executive Board together may not be exceeded by this additional bonus.

The achievement of both short-term and long-term targets is determined by the Supervisory Board of the general partner within the first quarter of the financial year following the relevant financial year. The variable remuneration components are paid in the month in which the consolidated financial statements for the past financial year are approved, or at the latest in the month thereafter.

3. MAXIMUM REMUNERATION

In accordance with Section 87a (1) sentence 2 no. 1 AktG, the Supervisory Board of the general partner has set a maximum remuneration limit that restricts the actual total amount of remuneration granted for a specific financial year (fixed remuneration + fringe benefits + payment from variable remuneration + granting of share options). This maximum remuneration for all members of the Executive Board together totals EUR 12 million.

4. OTHER FEATURES OF THE REMUNERATION SYSTEM

Commitments for benefits in the event of premature termination of the employment contract by the Executive Board member due to a change of control have not been contractually agreed.

The contracts of the CFO and COO include a one-year non-competition clause after termination of the contract with compensation. The compensation corresponds to 100% of the total fixed and variable remuneration for the last financial year before the contract ended. Income earned by the Executive Board member from self-employment, employment or other gainful employment during the period of the post-contractual non-competition clause is to be offset against the compensation. The company may waive compliance with the post-contractual non-competition clause at any time during the term of this agreement by means of a written declaration to the Executive Board.

In order to take appropriate account of extraordinary developments, the Supervisory Board may, in the event of a deterioration in the situation of CTS KGaA, unilaterally reduce the total remuneration of the Executive Board to an appropriate amount in accordance with Section 87 (2) AktG. Instead of reducing the total remuneration, the variable remuneration can also be withheld or reclaimed in full or in part in such a case.

5. PROCESS OF ESTABLISHING, IMPLEMENTING AND REVIEWING THE REMUNERATION SYSTEM

The Supervisory Board of the general partner adopts a clear and comprehensible remuneration system for the members of the Executive Board. The General Partner's Supervisory Board reviews the remuneration system at its own discretion, but at least every four years. In doing so, the Supervisory Board conducts a market comparison and also takes particular account of changes in the corporate environment, the overall economic situation and strategy of the company, changes and trends in national and international corporate governance standards and the development of employee remuneration and employment conditions. If necessary, the Supervisory Board of the general partner consults external experts.

The Supervisory Board of the general partner also regularly reviews the specific remuneration of all members of the Executive Board. When assessing the appropriateness of the remuneration, the comparative environment of CTS KGaA (horizontal comparison in relation to the remuneration for members of the Executive Board) and the company's internal remuneration structure (vertical comparison) are taken into account. The vertical comparison refers to the ratio of the remuneration of the members of the Executive Board to the remuneration of the first management level and the total workforce of CTS KGaA. The Supervisory Board of the general partner takes into account the development of the remuneration of the groups described and how the ratio has developed over time.

6. DEVIATIONS FROM THE GERMAN CORPORATE GOVERNANCE CODE (GCGC)

With the exception of the point mentioned below, the remuneration system takes into account the recommendations of the German Corporate Governance Code (GCGC) in the version that came into force on 27 June 2022.

Only with regard to G.10 (share-based variable remuneration) is there still a deviation from the recommendations of the GCGC. Nevertheless, the pursuit of long-term and sustainable positive corporate development is ensured in particular by the fact that the Chairman of the Executive Board is himself indirectly a significant shareholder of the company. For this reason alone, it can be assumed that the interests of the Executive Board and shareholders are aligned.

