

DATA MODUL Aktiengesellschaft
Produktion und Vertrieb von elektronischen Systemen

Munich

- ISIN: DE0005498901 -

- WKN: 549 890 -

Compensation system for the Executive Board members

1. Principles of the compensation system

The determination of the compensation of Executive Board members of the Company is based on the size and global activities of the Company, its business and financial position, profitability and prospects of the Company as well as the amount and structure of Executive Board compensation of comparable companies in and outside Germany. The responsibilities and personal performance of the Executive Board are taken into account. The compensation system makes a significant contribution to promoting the long-term development of the Company.

The compensation structure is designed to be competitive in the international market and to provide an incentive for successful work for sustainable corporate development.

2. Procedure for determining, implementing and reviewing the compensation

The Supervisory Board draws up and approves the compensation system in accordance with the statutory requirements and in the light of the recommendations and suggestions of the German Corporate Governance Code. If necessary, the Supervisory Board may call in external, independent consultants.

The Supervisory Board regularly reviews the compensation system and the amount of compensation of the Executive Board. In the event of material changes, but at least every four years, the compensation system shall be submitted to the General Meeting for approval. If the General Meeting does not approve the compensation system to be voted on, a reviewed compensation system will be presented for resolution at latest in the following ordinary General Meeting.

All members of the Supervisory Board are committed to preserving the Company's best interests and must refrain from engaging in any personal or third-party interests. Accordingly, Supervisory Board members must disclose potential conflicts of interest relating to these matters without undue delay to the Supervisory Board. In the event of a conflict of interest, the Supervisory Board member concerned does not participate in the Supervisory Board discussion and vote affected by the conflict.

3. Temporary deviation from the compensation system

The Supervisory Board may temporarily deviate from the compensation system if this is necessary in the interest of the Company's long-term well-being. The extraordinary circumstances requiring a deviation shall be determined by resolution of the Supervisory Board. The components of the compensation system from which deviations may be made are the procedure, the regulations on the compensation structure and amount as well as the individual compensation components.

4. Determination of the specific total compensation

On the basis of the compensation system, the Supervisory Board determines the specific target total remuneration of the Executive Board comprising fixed and variable compensation components (the latter in case of hundred-percent target achievement) including fringe benefits. The Supervisory Board ensures that the target total remuneration appropriately reflects the duties and performance of the Executive Board member as well as the Company's net assets, financial position and results of operations and does not exceed the customary compensation without reason.

After the end of the financial year, the Supervisory Board determines the amount of the individual compensation to be granted for the respective financial year depending on the target-achievement level.

In reviewing the appropriateness of the specific total compensation, companies from the Company's sector as well as other companies listed in the Prime Standard are included (horizontal). In addition to the horizontal comparison, the Supervisory Board also takes into account the compensation of the senior management team and the total number of employees of DATA MODUL Group (vertical) when determining the total compensation. In this context, the Supervisory Board considers the relation of the compensation of the Executive Board to the compensation of the comparison group. The relation thus determined is also reviewed over time.

5. Overview of compensation components

The total compensation is composed of fixed components and variable performance-based components.

The fixed compensation, which is not tied to performance, comprises the basic salary, fringe benefits and the fixed retention bonus.

The variable performance-based compensation is composed of a bonus linked to the EBIT of the DATA MODUL group.

The individual compensation components of the sole Executive Board member account for the following relative shares of the total target compensation:

Basic salary	~40%
Fringe benefits	~4%
Retention bonus	~16%
EBIT-related bonus	~40%
Target total compensation	100%

6. Compensation components in detail

6.1 Fixed components

Basic salary

The basic salary is a fixed annual salary, payable in twelve equal instalments at the end of each calendar month.

Fringe benefits

The fringe benefits mainly consist of the provision of a company car, contribution subsidies for accident, life and health insurance and the conclusion of a D&O insurance policy. No company pension commitments have been made.

Retention bonus

In order to honor the long-standing loyalty to the group, the Company grants a fixed retention bonus, if the Executive Board member is still employed by the Company at the end of the respective financial year.

6.2 Variable components

The variable performance-based compensation is composed of a bonus linked to the EBIT of the DATA MODUL group. The basis for calculation is the EBIT, as reported in the consolidated financial statements for the last financial year. EBIT represents one of the most important financial performance indicators for the operating performance of the DATA MODUL Group.

The amount of the bonus paid out is staggered and depends on the percentage of DATA MODUL Group's actual EBIT (EBIT performance) compared with DATA MODUL Group's budgeted EBIT (EBIT planning), whereby the maximum amount paid out is EUR 250,000. Before the beginning of the respective financial year, the Supervisory Board approves a budgeted EBIT figure for the DATA MODUL Group. The figures reported in the adopted consolidated financial statements of the Company for the respective past financial year are decisive for the actual EBIT achieved by the DATA MODUL Group.

The EBIT-related bonus is an incentive for the contribution to increasing the value of the Company made in the financial year. To ensure that the EBIT-related bonus has a long-term incentive effect for the Executive Board member, the service agreement stipulates that only 2/3 of the EBIT-related bonus will be paid out after adoption of the annual financial statements and approval of the consolidated financial statements for the past financial year. The outstanding 1/3 of the EBIT-related bonus is only paid out in the following financial year if the DATA MODUL Group continues to develop positively.

If the EBIT performance exceeds the EBIT planning by up to 200%, the Executive Board member is entitled to payment of a performance bonus. The amount paid out depends on the percentage of DATA MODUL Group's actual EBIT compared with DATA MODUL Group's budgeted EBIT.

Subsequent modification of the above parameters is excluded.

7. Maximum compensation

The Supervisory Board has determined that the total compensation that an Executive Board member can receive in a financial year may on the basis of the current Executive Board compensation system may not exceed an amount of EUR 870,000 (maximum compensation).

8. Other remuneration-related arrangements

The new compensation system to be applied from 1 January 2023.

The Supervisory Board may withhold or reclaim the variable compensation in justified exceptional cases.

9. Duration and arrangements in connection with the termination of the seat on the Executive Board

Terms

Service agreement of Executive Board members are concluded for the duration of their appointment and are extended for the duration of their reappointment, unless otherwise agreed.

If the service agreement of an Executive Board member is terminated, the disbursement of any remaining variable compensation components attributable to the period up until the termination of the agreement is based on the originally agreed targets and comparison parameters as well as the due dates stipulated in the agreement.

Right of extraordinary termination

In case of a change of control with regard to the Company, the Company and the Executive Board member have the one-time right to terminate the service agreement by giving eight weeks' notice with effect as of the end of the month.

A change of control exists if a shareholder, other than Arrow, Inc. or its affiliated companies, has acquired control over the Company within the meaning of sec. 29 para. 2 of the German Securities Acquisition and Takeover Code by holding at least 30% of the voting rights in the Company – also indirectly by imputation according to sec. 30 of the German Securities Acquisition and Takeover Code.

In case the service agreement expires due to an exercise of the right of extraordinary termination, the Executive Board member shall receive (i) payment of the fixed salary until the expiry of the service agreement as well as (ii) a pro rata temporis executive bonus, calculated from the effective date of the extraordinary termination until the expiry of the service agreement, whereby all compensation payments to the Executive Board member may not exceed the value of two years' compensation (severance payment cap).

There are no commitments in the event of premature termination of Executive Board membership due to a change of control.

Compensation for post-contractual non-competition clauses

There are post-contractual non-competition clauses with the Executive Board members for a period of six months, which provide for compensation to be paid by the Company for the duration of the existence of the post-contractual non-competition clause. This compensation amounts to 70% of (i) the monthly portion of the basic salary and (ii) an imaginary equal monthly portion of the total executive bonus allocated to the past financial year.

Incapacity for work

In the event of illness or other incapacity to perform his duties through no fault of his own, the Company continues to pay the Executive Board member the monthly fixed basic salary for a period of six months. For further six months, the Company continues to pay the Executive Board member 80% of the monthly fixed basic salary.