Remuneration system for members of the Executive Board in accordance with Section 87a (1) AktG

(valid from 1 January 2024)

A. Basic features of the remuneration system for members of the Executive Board

The remuneration system for the members of the Management Board aims to appropriately remunerate the Management Board members in accordance with their areas of responsibility and duties, taking into account the success and development of MEDICLIN Aktiengesellschaft ("**Company"**) and the MEDICLIN Aktiengesellschaft Group ("**Group**") as well as the performance of the Management Board members. It is designed to contribute to the promotion of the business strategy and the long-term development of the Company and the Group. To this end, the remuneration system provides for an incentive structure that is oriented towards profitability and earnings strength as well as the long-term development of sales in the post-acute segment, which is particularly important for the Group:

In addition to a fixed basic remuneration payable monthly and fringe benefits, it consists of an annual short-term variable remuneration (short-term incentive ("**STI**")) and a multi-year long-term variable remuneration (long-term incentive ("**LTI**")). The STI is linked to the achievement of a certain EBITDA margin, whereby the audited consolidated financial statements are decisive. This directly links Executive Board remuneration to earnings strength, which not least contributes to the pursuit of the strategic goal of sustainably securing the Company and its positive development and is intended to ensure that the interests of shareholders and Executive Board members are aligned. In order to align the remuneration of the members of the Management Board even more closely with the long-term development of the Company and the Group, the LTI is calculated on the basis of the *compound annual growth rate* (**CAGR**) of sales in the post-acute segment, which is particularly important for the Company, over a multi-year assessment period. This long-term incentivisation of the members of the Management Board helps to secure and expand the Group´s position as one of the leading rehabilitation clinic groups in Germany.

By structuring the remuneration system as a whole – including the fixed remuneration components – the Supervisory Board aims not least to offer competitive remuneration in order to attract the best available candidates for a position on the Management Board.

The remuneration system adopted by the Supervisory Board on 21 September 2023 represents a continuation of the previous remuneration system approved by the 2021 Annual General Meeting. The new remuneration system applies – subject to its approval by the Annual General Meeting – from 1 January 2024 for all new employment contracts to be concluded with Executive Board members and for contract extensions. The employment contract concluded with the Executive Board member Mr. Thomas Piefke with effect from 1 October 2023 will be based on this new remuneration system from 1 January 2024, subject to approval of the remuneration system by the Annual General Meeting. The same applies to the follow-on service contract concluded with the CEO Dr Joachim Ramming with effect from 1 January 2024. The existing Executive Board service contract with Mr. Tino Fritz has so far been based on the previous remuneration system.

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B. The remuneration system in detail

I. Overview of the individual remuneration components and their relative share of the target total remuneration

The remuneration of the members of the Executive Board is made up of fixed and variable components. The fixed components are a fixed annual salary and certain fringe benefits. Variable components are an annual, short-term variable remuneration (STI) and a multi-year, long-term variable remuneration (LTI), the term of which generally corresponds to the term of the respective service contract with the Management Board member. The possible total remuneration of a Management Board member is limited to a maximum amount (“**maximum remuneration**”).

Compensation component		Design
Independent of success	Fixed annual remuneration	• Fixed, contractually agreed remuneration in 12 equal monthly instalments • Payment: cash
	Fringe benefits	Including the following fringe benefits: • Company car • Allowances for private health and long-term care insurance and pension insurance up to a maximum of the contribution assessment ceiling
Performance-related	STI	• Performance-related bonus with a one-year assessment period • Limit: 100 % of the STI target amount • Performance criterion: achievement of a certain EBITDA margin • Payment: cash
	LTI	• Performance-related bonus with multi-year assessment period (generally term of employment contract) • Limit: 100 % of the LTI target amount • Performance criterion: achievement of a certain CAGR in terms of sales in the post-acute segment • Payment: cash
Maximum remuneration		• EUR 850,000 p.a. per Executive Board member

On the basis of the remuneration system and at the proposal of its Executive Committee, the Supervisory Board determines a specific target total remuneration for each Executive Board member at its own discretion, which is commensurate with the tasks and performance of the Executive Board member and the situation of the Company and does not exceed the usual remuneration without special reasons. The target total remuneration is made up of the sum of all remuneration components relevant to the total remuneration (fixed annual remuneration, fringe benefits, STI, LTI). The STI and LTI are based on the target amounts for 100 % target achievement as agreed in the Executive Board service contracts.

The relative shares of the fixed and variable remuneration components in the total annual target remuneration are determined individually for each member of the Management Board by the Supervisory Board and are within the following ranges:

Fixed remuneration	Variable remuneration	
Fixed annual salary + fringe benefits	**STI**	**LTI**
approx. 60–70 %	**approx. 25–30 %**	**approx. 5 –10 %**

The share of fixed remuneration (fixed annual remuneration and fringe benefits) of the members of the Executive Board is approximately 60–70 % of the target total remuneration. The STI (target amount) accounts for approx. 25–30 % of the target total remuneration, while the LTI (target amount) accounts for approx. 5–10 % of the target total remuneration. These percentages may change for future financial years due to the development of the cost of contractually agreed fringe benefits and for any new appointments.

II. Fixed remuneration components

The members of the Executive Board receive a fixed annual remuneration agreed in their service contracts. This is paid in 12 equal monthly instalments at the end of each month. If a member of the Executive Board is prevented from performing their duties due to illness or other circumstances for which they are not responsible, they retain their entitlement to the pro rata fixed annual remuneration for a period of six months, but for no longer than until the end of the employment relationship.

In addition, the members of the Executive Board essentially receive the following fringe benefits: the Company provides the members of the Executive Board with a Company car appropriate to their position for the duration of their employment, which can also be used privately, and covers the maintenance and operating costs. The Company may agree to pay contributions to (private) health and long-term care insurance as well as pension insurance contributions up to a maximum of the contribution assessment ceiling. Furthermore, the Company can agree to take out (Group) accident insurance and directors and officers liability insurance (D&O insurance) for the Management Board member in accordance with Section 93 para. 2 sentence 3 AktG.

III. Variable remuneration components

In addition, the members of the Executive Board receive short-term variable remuneration (STI) and long-term variable remuneration (LTI), each of which is granted entirely in cash. After payment of the performance-related, variable remuneration components, the members of the Executive Board are free to dispose of the remuneration amounts granted. Claims by the Company to reclaim or withhold variable remuneration components are governed by statutory provisions.

1. STI

The STI is a performance-related bonus with a one-year assessment period, which generally corresponds to the financial year. The amount of the STI to be paid out depends on the extent to which a certain EBITDA target margin is achieved in the assessment period.

- EBITDA is defined as earnings before interest, taxes, depreciation and amortisation; the EBITDA reported in the consolidated income statement of the audited consolidated financial statements according to IFRS is decisive. EBITDA is a measure of economic success and profitability.

- The EBITDA margin is calculated as the ratio of EBITDA to sales (EBITDA divided by sales); the relevant figures are those reported in the consolidated income statement of the audited consolidated financial statements.

The EBITDA margin is stated in per cent. The EBITDA margin is stated as a percentage. The EBITDA margin can be used as a financial target or control parameter for measuring the Group´s earnings strength.

The assessment of the STI depending on the achievement of a certain EBITDA margin thus promotes the focusing of the Management Board´s activities on the corporate strategy of securing earnings strength.

The targets for the EBITDA margin are set separately by the Supervisory Board for the acute and post- acute segments. A uniform (total) EBITDA target margin (“**EBITDA target margin**”) is then calculated as follows, depending on the ratio of acute and post-acute sales in the respective financial year:

$$\text{Acute target margin (in \%)} \times \frac{\text{Acute sales}}{\text{Acute and post-acute sales}} + \text{Target margin post-acute (in \%)} \times \frac{\text{Post-acute sales}}{\text{Acute and post-acute sales}} = \text{EDITA target margin (in \%)}$$

The Supervisory Board also determines the percentage deductions from the STI target amount in the event that the EBITDA target margin is not met (weighting).

Target achievement is determined after the end of the financial year. For this purpose, the Supervisory Board compares the actual value of the EBITDA margin with the EBITDA target margin for the respective financial year; the values reported in the audited consolidated financial statements in accordance with IFRS for the respective financial year are used as a basis. Based on this, the STI is calculated as follows, taking the defined STI target amount and the weighting as a basis:

$$\text{100 \% - [(100\% - target achievement) x Weighting] (in \%)} \times \text{STI target amount (in EUR)} = \text{STI payout amount (in EUR)}$$

If the EBITDA margin for the respective financial year reaches the EBITDA target margin, 100 % of the STI target amount is payable; if the EBITDA target margin is exceeded, this does not lead to a further increase in the STI. If the EBITDA margin falls below the EBITDA target margin, a percentage deduction is made from the STI target amount in the amount of the weighting for every 1 % below the EBITDA target margin.

The STI is generally due within one month of the adoption of the annual financial statements for the respective year. In the event of employment commencing or ending during the year, the STI is generally paid *pro rata temporis.*

2. LTI

The LTI is a multi-year, performance-related bonus. The LTI is therefore geared towards a long-term incentive effect. The amount of the LTI depends on the CAGR of sales in the post-acute segment during the assessment period.

The CAGR of sales in the post-acute segment as a key financial performance criterion reflects the average annual growth rate of sales in the post-acute segment during the assessment period. By measuring long-term remuneration on the basis of the CAGR of sales in the post-acute segment, an incentive is created for the members of the Management Board to work towards a continuous, long-term increase in sales in the post-acute segment. This incentive effect for the members of the Executive Board corresponds with the strategic corporate goal of maintaining and, if possible, further expanding the position as the leading rehabilitation clinic group in Germany.

The target CAGR for sales in the post-acute segment over the assessment period is set by the Supervisory Board ("**target CAGR**"). The assessment period generally corresponds to the term of the respective service contract. To facilitate the calculations, the Supervisory Board can set the beginning and end of the assessment period to the beginning or end of the quarter before or after the start or expiry of the service contract.

At the end of the assessment period, the target achievement is determined. For this purpose, the Supervisory Board compares the actual CAGR over the assessment period with the target CAGR; this is based on the revenue in the post-acute segment recognized in the audited consolidated financial statements or unaudited published interim reports in accordance with IFSR. The amount of the LTI is calculated by multiplying the weighted target achievement by the LTI target amount specified in the respective Executive Board service contracts in the event that the target CAGR is achieved. The weighting of the deviation from the target CAGR is also defined in the respective Executive Board service contracts.

100 % - [(100% - target achievement) x Weighting] (in %)	X	LTI target amount (in EUR)	=	LTI payout amount (in EUR)

The amount of the LTI is limited to a maximum of 100 % of the LTI target amount (if the target CAGR is achieved); if the target CAGR is exceeded, this does not lead to a further increase in the LTI.

The LTI is generally due within one month of publication of the annual or interim report, which is decisive for the terminal value relevant for the CAGR calculation.

IV. Maximum remuneration

The total remuneration to be granted for a financial year (total of all remuneration amounts paid for the financial year in question, including fixed annual salary, variable remuneration components and fringe benefits with the exception of D&O insurance) for the members of the Management Board – regardless of whether it is paid out in this financial year or at a later date – is capped ("**maximum remuneration**"). The maximum remuneration per Executive Board member set by the Supervisory Board is EUR 850,000 p.a. Irrespective of the maximum remuneration set, the payment amounts of the individual variable remuneration components relative to the respective target amount are also capped at 100%.

C. Remuneration-related legal transactions

I. Terms and conditions for the termination of remuneration-related legal transactions

The employment contracts of the members of the Executive Board are concluded for a limited period for the duration of the current appointments to the Executive Board; they end automatically at the end of the term without the need for cancellation. The following principles apply to the appointment period: initial appointments to the Executive Board are generally for three years; reappointments are generally for a period of up to five years. A decision on the extension of the service contract and reappointment should be made no later than six months before the expiry of the service contract or term of office.

The service agreements do not generally provide for ordinary termination; the mutual right to extraordinary termination without notice for good cause remains unaffected by law. A special right of termination in the event of a **change of control** can be agreed in individual cases. If a member of the Executive Board becomes permanently incapacitated for work during the term of the contract, the contract ends six months after the end of the month in which the permanent incapacity for work was established.

If a member of the Executive Board is dismissed before the expiry of the Executive Board service contract, the Supervisory Board is authorised to irrevocably release the Executive Board member at any time, with continued payment of the fixed remuneration and offsetting against their holiday entitlements. No entitlements to variable remuneration arise during the period of release. Previously acquired entitlements to variable remuneration generally fall due *pro rata temporis* one month after the relevant audited annual financial statements are available or after publication of the relevant unaudited interim report. In this case, the Supervisory Board and the dismissed Executive Board member will endeavour to reach an agreement on a termination agreement for the employment relationship. In the event that this is not successful within three months of the dismissal, the dismissed Executive Board member is granted the right to terminate the employment contract with three months' notice to the end of the month.

In the event of termination of the employment relationship before the contractually agreed period, the agreed variable remuneration is to be paid *pro rata temporis,* whereby the amount of the variable remuneration (STI, LTI) is based on the originally agreed targets, performance criteria and due dates.

There are no promises of redundancy payments, pensions or early retirement arrangements. If a member of the Executive Board dies before the end of the employment relationship, the Company will continue to pay any widow and any dependent children as joint creditors the fixed annual remuneration applicable at the time of death on a pro rata basis for the month of death and the following three months.

II. Post-contractual non-competition clause

The members of the Management Board are subject to a post-contractual non-competition clause for a period of six months following the termination of the employment contract, unless the contract ends due to the Management Board member retiring or becoming disabled. For the duration of the post- contractual non-competition clause – except for the duration of any breach of the non-competition clause – they receive compensation for each month of the ban, which amounts to the last monthly fixed remuneration received by the Management Board member plus one twelfth of half of the STI last received by the Management Board member. Other acquisitions are to be taken into account in accordance with Section 74c HGB. The Company can waive the post-contractual non-competition clause and is then released from the obligation to pay compensation after a period of three months (beginning with receipt of the waiver by the Executive Board member). A contractual penalty may be provided for in the event of a breach of the post-contractual non-competition clause by the Executive Board member in question.

III. Recognition of remuneration for secondary employment, in particular for Supervisory Board mandates

Members of the Management Board may only take on other professional, remunerated or honorary activities with the prior written consent of the Supervisory Board, which decides on the offsetting of remuneration, expense allowances or similar payments for Supervisory Board mandates (or similar offices). Such offsetting against the monthly fixed remuneration takes place in principle when accepting mandates in companies in which the Company holds a direct or indirect interest, or in the case of honorary positions in administration and jurisdiction as well as activities in associations to which the Company belongs due to its business activities.

D. Determination, implementation and review of the remuneration system

The Supervisory Board adopts a clear and comprehensible remuneration system for the members of the Executive Board and reviews this regularly based on the proposals of its Executive Committee. A review is carried out at the Supervisory Board's discretion, but at least every four years. When determining and reviewing the remuneration system, the Supervisory Board takes horizontal account of the Company´s peer environment. In addition, the Supervisory Board generally takes the Company´s remuneration structure into account vertically.

The Supervisory Board submits the adopted remuneration system to the Annual General Meeting for approval. In the event of any significant changes, but at least every four years, the remuneration system is resubmitted to the Annual General Meeting for approval. The remuneration system is generally implemented as part of the service contracts that the Supervisory Board concludes with the members of the Executive Board on behalf of the Company and in preparation of its Executive Committee.

The Supervisory Board takes appropriate measures to ensure that conflicts of interest of the members of the Supervisory Board and its Executive Committee involved in the discussions and decisions on the determination, implementation and review of the remuneration system are avoided. If a conflict of interest arises, the Supervisory Board member concerned discloses this immediately to the Chairman of the Supervisory Board; in the event of a conflict of interest on the part of the Chairman, he immediately discloses the conflict to his deputy. The Supervisory Board decides on how to deal with any conflicts of interest on a case-by-case basis. In particular, a member of the Supervisory Board affected by a conflict of interest may not participate in a meeting or individual deliberations and decisions of the Supervisory Board or its Presidial Committee. The Supervisory Board provides information on any conflicts of interest that arise and how they are handled in its report to the Annual General Meeting.

The Supervisory Board may temporarily deviate from the remuneration system (regulations on the procedure and remuneration structure) and its individual components as well as with regard to individual remuneration components of the remuneration system (including the performance criteria), replace remuneration components with other components or introduce new remuneration components if it deems this necessary in the interests of the long-term well-being of the Company (see Section 87a para. 2 sentence 2 AktG). The Supervisory Board reserves the right to make such deviations in exceptional circumstances. Such a deviation requires an explicit resolution by the Supervisory Board that specifically describes the duration of the deviation, the deviation as such and the reason for it.