Remuneration Report

for the 2021 Financial Year

q.beyond
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Introduction

This remuneration report pursuant to § 162 of the German Stock Corporation Act (Aktiengesetz [AktG]) has been jointly prepared by the Management and Supervisory Boards. It presents and explains the remuneration granted and owed to current and former members of the Management and Supervisory Boards of q.beyond AG in the 2021 financial year on an individual basis. The remuneration system for the members of the Management and Supervisory Boards has a clear structure and is easily understood. It complies with the requirements of the German Stock Corporation Act (AktG) in the version adopted to implement the Second Shareholders' Rights Directive (Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie [ARUG II]) dated 12 December 2019 and the recommendations of the German Corporate Governance Code (Deutscher Corporate Governance Kodex [DCGK]) in the version dated 16 December 2019. Further information about the remuneration systems for the governing bodies of q.beyond AG is available on the company's website:
www.qbeyond.de/remuneration

Consistent with a resolution adopted by the Supervisory Board Audit Committee, both the form and the contents of this 2021 remuneration report have been audited by the external auditor.

All references to persons in this report are gender neutral, i.e. refer to person of all genders.

Due to figures being rounded up or down, adding the individual figures in this report may not produce the exact total stated. Similarly, percentages may not exactly reflect the figures stated to which they refer.

Review of 2021 financial year

Company performance in past financial year

q.beyond upheld its growth course in the second year of the coronavirus pandemic. Its dynamic performance was driven by the ongoing consistent implementation of its "2020plus" growth strategy.

This strategy focuses on an attractive core business with a high share of recurring revenues. In 2021, these accounted for 77% of total revenues. Overall, revenues grew to € 155.2 million in the past financial year, compared with € 143.4 million in the previous year. The key growth driver was once again the Cloud & IoT segment, where revenues grew by 11% to € 113.7 million.

EBITDA, the main key figure used by q.beyond to assess its profitability, improved from € -2.0 million in the previous year to € 31.7 million. This high growth was chiefly due to deconsolidation effects resulting from the successful sale of the colocation business in the third quarter of 2021.

Free cash flow amounted to € 33.2 million in 2021, compared with € -15.8 million in the previous year. As is the case for EBITDA, this increase was primarily attributable to the successful sale of the colocation business.

Revenues, EBITDA and free cash flow are consistent with the forecast, which was most recently updated at the beginning of November 2021.

Governing bodies of q.beyond AG

There were no changes in the Management Board in the 2021 financial year. Like in the previous year, Jürgen Hermann is still the sole member of the Management Board of q.beyond AG.

Acting on a proposal submitted by its Human Resources Committee, on 26 February 2021 the Supervisory Board extended the current appointment of Jürgen Hermann, which would otherwise have contractually expired as of 31 March 2021, for three years, i.e. until the end of 31 March 2024. A new Management Board employment contract already effective as of 1 January 2021 was concluded with Jürgen Hermann. This has replaced the previously valid Management Board employment contract dated 1 April 2009 (in the version most recently amended and supplemented on 14 November 2017).

The new Management Board employment contract with Jürgen Hermann takes due account of the revised remuneration system, which was adopted by the Supervisory Board on 25 November 2020 and approved by the Annual General Meeting in May 2021. The revisions made to the remuneration system were necessitated by, among other factors, the new legal requirements resulting from the German Act to Implement the Second Shareholders' directive (ARUG II) and the amendments made to the German Corporate Governance Code (DCGK).

The composition of the Supervisory Board also did not change in the 2021 financial year. The Human Resources Committee of the Supervisory Board, which is responsible for all matters pertaining to the Management Board, was also unchanged: Its members are Dr. Bernd Schlobohm (Chair), Martina Altheim and Gerd Eickers.

Remuneration of Management Board

Overview of Management Board remuneration system

Having been prepared by the Human Resources Committee, the current remuneration system for members of the Management Board of q.beyond AG was approved by the Supervisory Board in accordance with § 87 (1) and § 87a (1) AktG on 25 November 2020 and approved by 97.71% of the capital represented at the Annual General Meeting on 12 May 2021.

The remuneration of Management Board members consists of fixed and variable components.

The fixed non-performance-related component comprises basic remuneration, fringe benefits and pension benefits. The following components are performance-related and thus variable: the short-term incentive (STI) and the long-term incentive (LTI).

Furthermore, the share ownership guidelines represent another material aspect of the remuneration system. These oblige members of the Management Board to hold a defined multiple of their fixed remuneration in q.beyond AG shares for the duration of their employment and two years beyond. Moreover, the Management Board remuneration system is supplemented by requirements governing the reduction in or reclaiming of performance-related remuneration components in specific cases and in connection with termination of activity in the Management Board.

Table 1 presents the basic components of the remuneration system for members of the Management Board at q.beyond AG.

The Annual General Meeting on 12 May 2021 approved the Management Board remuneration system with almost 98% of the capital represented.

Table 1: Basic components of the remuneration system for members of the Management Board at q.beyond AG

Non-performance-related components

Fixed remuneration	• Contractually agreed fixed remuneration, paid in 12 equal monthly
	instalments
Fringe benefits	• Company car and standard insurance benefits
Pension benefits	• Fixed contribution to Company pension scheme (e.g. provident fund)

Performance-related components

Short-Term Incentive (STI)	• Annual target bonus plan
Plan type	• 150% of the target amount
Cap	• Revenues (as reported)
Performance criteria	• EBITDA (as reported)
	• Free cash flow (as reported)
	• Respective weighting (20% – 50%) to be stipulated on an annual basis
	• Criteria-based modifier (0.8 – 1.2) to take account of non-financial /
	ESG targets and extraordinary developments
Payment	• In cash after completion of the financial year
Long-Term Incentive (LTI)	
Plan type	• Performance Share Plan
Cap	• 150% of the target amount
Performance criteria	• Relative Total Shareholder Return (TSR)
	• ESG targets
	• Respective weighting (30% – 70%) to be stipulated per tranche
Performance period	• Four years
Payment	• Basically in cash, alternatively in shares, after four-year
	performance period

Other contractual provisions

Maximum remuneration p.a.	• Maximum remuneration of € 900,000 per member of the
	Management Board
Share ownership requirements	• Obligation to buy and hold shares in q.beyond AG in an amount of 200%
	(Chairman of the Management Board, CEO or sole managing director) or 100%
	(ordinary Management Board members) of the annual fixed remuneration
Malus / clawback	• Obligation to hold for the entire term of office and for two years thereafter
	• Possibility to reduce or demand the return of the performance-related
	remuneration in the case of serious breaches or faulty consolidated accounts
Compensation cap	• Compensation payment restricted to twice the fixed annual remuneration,
	but to a maximum of the fixed remuneration to which the Management Board
	member is entitled for the remainder of the contract of employment

Strategy reference of Management Board remuneration

The Management Board remuneration system is closely linked to implementation of the company's growth strategy. Most recently communicated under the title of "growth strategy 2020plus", this strategy has the objective of sustainably increasing the company's value. Any such increase is driven by success in the operating business. The Management Board has therefore set clear targets for revenues, EBITDA and free cash flow.

Sustainability is also an integral component of q.beyond's corporate strategy. The accelerating process of digital transformation at companies offers numerous growth opportunities for q.beyond. Its Management and Supervisory Boards view the resulting business success as going hand in hand with q.beyond's corporate responsibility for the environment and society.

In view of these factors, the Management Board remuneration system is an important management instrument and is geared towards promoting achievement of the core objectives of the corporate strategy. The performance criteria within the remuneration system incentivise the company's successful and sustainable growth and link Management Board remuneration to the company's short-term and long-term performance. This objective is underlined by the structure stipulated for remuneration. A high share of remuneration is performance related. The majority of performance-related remuneration is in turn linked to the achievement of long-term objectives and thus aligned overall to the company's long-term and sustainable performance.

Table 2 presents the target remuneration for the Management Board and the relative shares of target total remuneration for the 2021 financial year that are attributable to individual remuneration components based on target achievement (TA) of 100% and the maximum possible target achievement of 150%.

Table 2: Target total remuneration of Management Board member Jürgen Hermann*

	100% TA		150% TA	
	€ 000s	%	€ 000s	%
Non-performance-related remuneration				
Fixed remuneration	300	47	300	38
Fringe benefits	22	3	22	3
Pension benefits	12	2	12	2
Total fixed remuneration	**334**	**52**	**334**	**43**
One-year variable remuneration				
STI 2021	120	19	180	23
Long-term variable remuneration				
LTI 2021 to 2024 (payment in 2025)	180	29	270	34
Total variable remuneration	**300**	**48**	**450**	**57**
Target total remuneration	**634**	**100**	**784**	**100**

* Member of Management Board since 1 April 2013, sole member of Management Board since 1 January 2020.

Appropriateness of Management Board remuneration

The Supervisory Board Human Resources Committee regularly reviews the appropriateness of Management Board remuneration, assesses the extent to which this is consistent with market norms and, if necessary, proposes amendments to the Supervisory Board to ensure that the remuneration package for Management Board members is consistent with market norms and also competitive within the given framework.

The appropriateness was most recently reviewed with the assistance of an independent external remuneration expert upon the drafting of the current Management Board remuneration system and the new Management Board employment contract. Both external and internal comparisons were used for this purpose. In a horizontal comparison, Management Board remuneration was compared with that at a select group of peer-group companies, taking due account of size-related criteria of revenues, annual earnings and employee totals. This peer group comprises 14 listed companies with service portfolios comparable to q.beyond's portfolio. In a vertical comparison, Management Board remuneration is compared with that of senior management and the workforce, with consideration being given both to the status quo and to the development in these ratios over time. The Supervisory Board defines the term "senior management" as including all managers who, alongside the Management Board, are members of the management of q.beyond AG. The term "workforce" refers to all employees of the q.beyond Group employed in Germany.

This review concluded that the remuneration of the Management Board at q.beyond AG is consistent with market norms and appropriate.

Application of Management Board remuneration system in 2021 financial year

Non-performance-related remuneration components

The fixed remuneration of Management Board members is paid in equal monthly instalments. The annual fixed remuneration of the sole member of the Management Board, Jürgen Hermann, currently amounts to € 300,000.

The fringe benefits granted to Management Board members mainly comprise the provision of a company car for business and private use (the company bears all costs of maintenance and use) or the payment of a car allowance, a half contribution to the contributions for existing health and long-term care insurance and other insurance benefits customary to the market, such as contributions to a collective accident insurance policy.

The Management Board receives pension benefits in the form of a fixed contribution to an employer-financed pension fund.

Performance-related remuneration components

The performance-related components consist of the short-term incentive (STI) with a one-year performance period and the long-term incentive (LTI) with a four-year performance period. A clear "pay for performance" approach is pursued, which provides both for ambitious internal targets and external performance comparison with listed companies which are comparable to q.beyond AG in terms of their service portfolios.

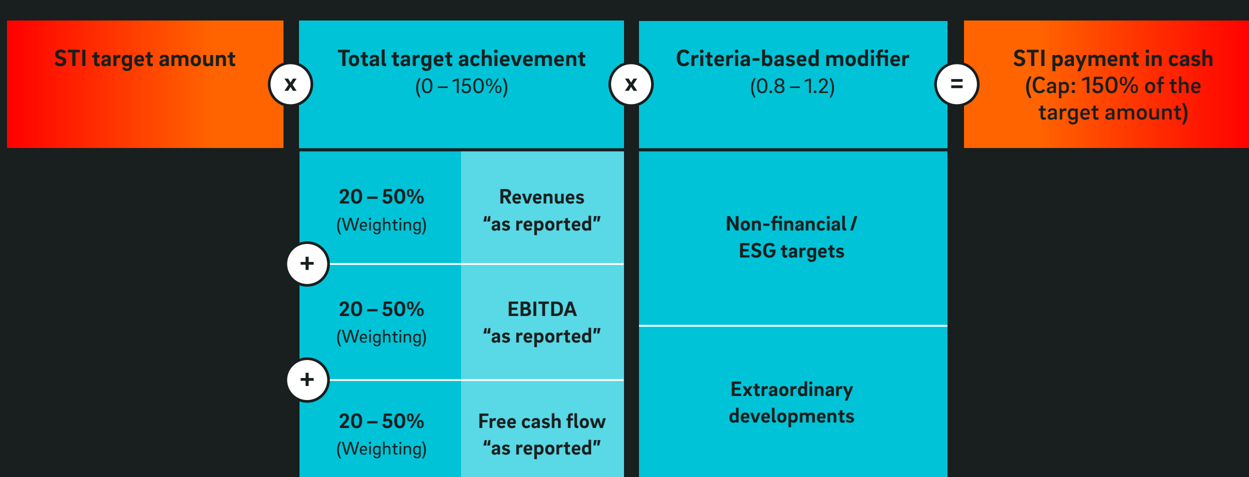
The granting of performance-related remuneration components solely at the discretion of the Supervisory Board (such as one-off remuneration for exceptional performance solely at the discretion of the Supervisory Board) is not permitted.

Short-term incentive (STI)

The STI is the short-term variable remuneration component and has a term of one year. The amount of STI depends on the achievement of financial performance criteria and on the criteria-based modifier to be determined by the Supervisory Board.

The components for measuring the STI target bonus are presented in the chart below. At the beginning of each financial year, the Supervisory Board newly determines the respective weightings of the financial performance criteria of revenues, EBITDA and free cash flow within the possible corridors for each key figure.

Short-term incentive target bonus



Financial performance criteria in 2021 financial year

For the 2021 financial year, the following weightings were agreed for the financial performance criteria:

- Revenues weighted at 40%
- EBITDA weighted at 30%
- Consolidated free cash flow weighted at 30%.

The key performance targets are calculated based on the consolidated financial statements approved by the Supervisory Board for the 2021 financial year. Revenues are defined as total consolidated sales at the Group. EBITDA corresponds to consolidated earnings before interest, taxes on income, amortisation of deferred non-cash share-based remuneration, impairment losses on customer-related inventories and depreciation and amortisation of property, plant and equipment and intangible assets. Free cash flow presents the change in net liquidity / debt at the companies included in consolidation before acquisitions and dividend payments and including divestments.

For all key performance targets, the Supervisory Board determines lower and upper threshold values for each financial year, as well as a target achievement curve on the basis of which achievement of the respective performance target is determined. The target achievement is 100% if the performance target for the financial year corresponds to the target value. If the performance target reaches the upper threshold, the maximum value of 150% target achievement is reached. If the performance target exceeds the upper threshold, this does not lead to any further increase in target achievement. If the performance target falls short of the lower threshold, the minimum value of 0% target achievement is reached. Target achievements between the respective target achievement points (0%, 100%, 150%) are interpolated linearly.

The target agreement concluded with Jürgen Hermann on 26 February 2021 for the 2021 financial year also stipulates that, should any material extraordinary effects arise in or impact on the current financial year, the Supervisory Board and the Management Board member will agree whether and, if so, to what extent this change or development should be neutralised for the purpose of determining target achievement and / or whether adjustments should be made to the targets.

In the 2021 financial year, q.beyond AG sold its colocation business, which was pooled at the two group companies IP Exchange GmbH and IP Colocation GmbH. The sale of IP Colocation GmbH was executed with economic effect as of 31 July 2021, while the shares in IP Exchange GmbH were sold with economic effect as of 30 September 2021.

The relevant STI performance targets agreed in the 2021 target agreement are based on the assumption that the revenues, EBITDA and free cash flow generated by the colocation business unit in the 2021 financial year as a whole are accounted for when determining the relevant performance targets of consolidated revenues, consolidated EBITDA and consolidated free cash flow at q.beyond AG for the 2021 financial year. When determining the relevant STI performance targets for the 2021 financial year, however, the sale of the two colocation companies means that it is only possible to account for those revenues, EBITDA and free cash flows generated by the two companies in the colocation business unit through to 31 July 2021 and 30 September 2021 respectively. This circumstance constitutes a material extraordinary effect as defined in the 2021 target agreement in respect of the relevant performance targets of consolidated revenues, consolidated EBITDA and consolidated free cash flow.

Furthermore, the 2021 target agreement did not account either for the proceeds from the sale of the two companies in the colocation business or for the inflow of cash resulting from the sales proceeds (net of ancillary sales expenses directly related to the transactions). This means that the proceeds and cash inflows generated in connection with the sale of the two companies also constitute material extraordinary effects as defined in the 2021 target agreement.

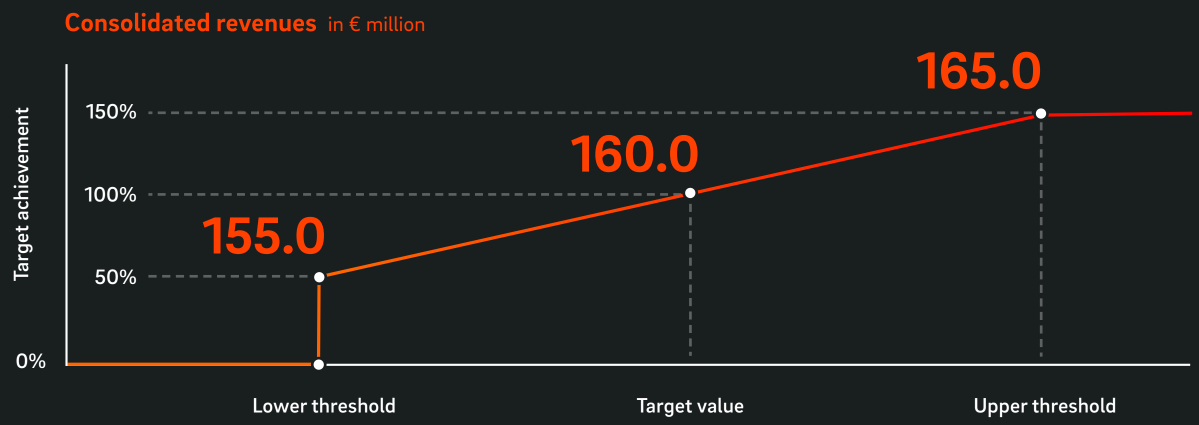
Give the extraordinary effects resulting from the sale of IP Colocation GmbH and IP Exchange GmbH and their impact on key performance targets in the target agreement concluded with Jürgen Hermann for the 2021 financial year and in response to a proposal submitted by the Human Resources Committee the full Supervisory Board resolved to make the following adjustments to the lower thresholds for the key performance targets for the purpose of calculating STI remuneration in the 2021 target agreement:

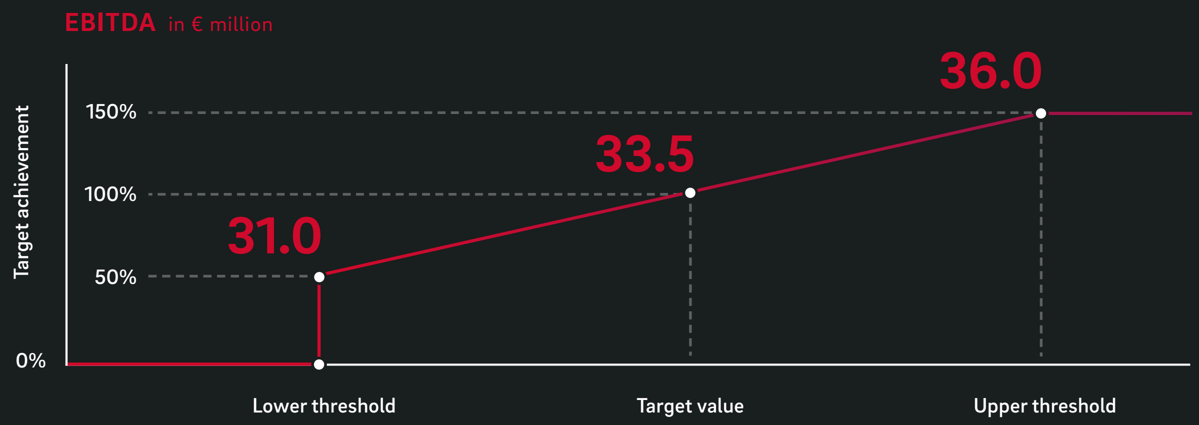
Table 3: Adjusted lower thresholds for key performance targets

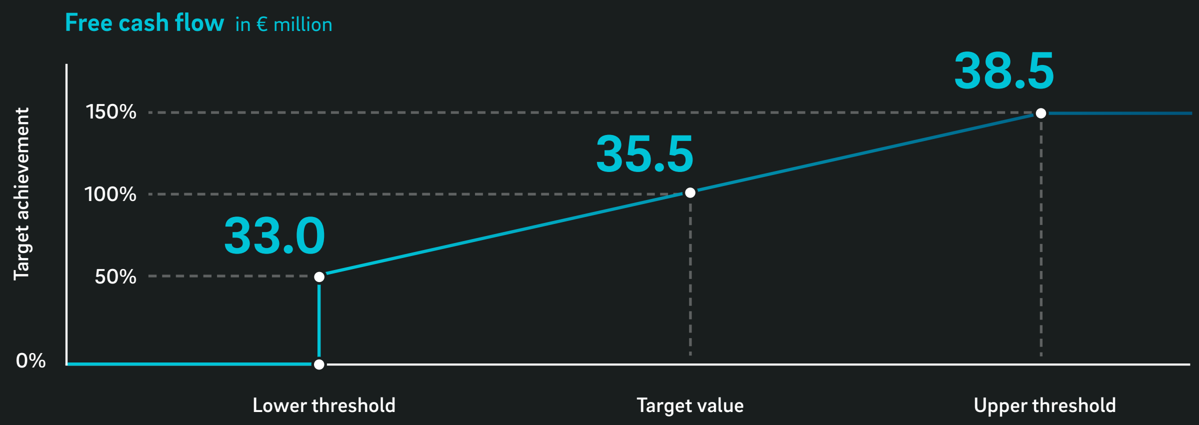
	Revenues	EBITDA	Free cash flow
Key performance target			
Lower threshold set in original 2021 target agreement	€ 160 million	€ 5 million	€ -10 million
Adjustment due to extraordinary effect	€ -5 million	€ +26 million	€ +43 million
Adjusted lower threshold	€ 155 million	€ 31 million	€ 33 million

The Supervisory Board sets the minimum values for the key financial performance targets: revenues, EBITDA and free cash flow.

Target achievement curves







Following this Supervisory Board resolution, the absolute ranges set in the 2021 target agreement for calculating the various factors are unchanged on the original 2021 target agreement: they amount to € 10 million for the revenue factor and to € 5 million for each of the EBITDA and the free cash flow factors.

Accounting for the Supervisory Board resolution, the target achievement curves shown to the left on Page 10 therefore apply for the financial performance criteria in the 2021 financial year.

After the end of the financial year the Supervisory Board determined the target achievements (TA) presented in Table 4 in respect of the key financial performance criteria for the 2021 financial year.

Criteria-based modifier

At the discretion of the Supervisory Board, the criteria-based modifier can be set within a range of 0.8 to 1.2. Alongside financial target achievement, the modifier allows the Supervisory Board to take into account environmental, social and governance targets ("ESG targets") and any extraordinary developments that may have occurred.

The ESG targets are derived from the company's sustainability strategy, which currently comprises the two dimensions of resilience and adaptability.

The following two ESG targets were agreed for the 2021 financial year:

ESG Target 1: Implementation of a regular procedure at q.beyond AG to determine an employee net promoter score (employee NPS).

This target is 100% achieved if a regular procedure to determine an employee net promoter score is implemented and a basic measurement (initial survey) is performed and completed in the 2021 financial year.

ESG Target 2: At least two new or additional digital sustainability solutions are included in the service portfolio at q.beyond AG in the 2021 financial year and their marketability is tested with customers.

Table 4: Target achievement for key performance targets for 2021 financial year

€ million	Threshold for 0% TA	Threshold for 50% TA	Threshold for 100% TA	Threshold for 150% TA	2021 result	TA %
Performance target						
Revenues	< 155.0	155.0	160.0	165.0	155.16	51.6%
EBITDA	≤ 31.0	> 31.0	33.5	36.0	31.74	64.8%
Free cash flow	≤ 33.0	> 33.0	35.5	38.0	33.20	54.0%

This target is 100% achieved if a stocktaking procedure has been performed on sustainability promotion measures in the overall portfolio of q.beyond (Group) in the 2021 financial year and, on this basis, at least two new or additional portfolio elements enabling q.beyond (group) to promote sustainability have been jointly defined and tested with customers.

The Supervisory Board determined that ESG Target 1 was 100% achieved. In the 2021 financial year, the company implemented a regular procedure to determine employees' willingness to recommend q.beyond AG as an employer using a method that is comparably systematic to that used to determine customer loyalty. This regular procedure was introduced in the middle of the 2021 financial year and has since become established with monthly measurement of the employee net promoter score (NPS). The employee NPS has since been referred to as an indicator of the success of measures taken by the Management Board to increase employee satisfaction.

The Supervisory Board also established 100% target achievement for ESG Target 2, which involved introducing at least two new or additional digital sustainability solutions into q.beyond's portfolio and testing these in customer applications. The Supervisory Board based its assessment on the new portfolio elements of "Weak point scans and penetration tests" and "Permanent cybersecurity monitoring", both of which had already been successfully deployed at the first customers.

Cyber-criminality damages the German economy to the tune of € 223 billion a year. The number of cases of extortion has multiplied several times over, as have the resultant system outages and interruptions to operations. One in ten companies sees its business survival threatened by cyberattacks such as ransomware. q.beyond's cybersecurity concept enables organisations to benefit from permanent all-round security for all sensitive areas. With its weak point scans and penetration tests, q.beyond provides companies with a comprehensive cybersecurity analysis. This is a very efficient way of identifying and closing any security gaps. The insights gained from the analyses form the basis for deriving and subsequently implementing necessary measures.

As well as reviewing existing systems and processes, q.beyond offers continuous support in safeguarding security aspects in the form of cyclical monitoring (permanent cybersecurity monitoring). In the "vulnerability management" operating model, customers gain insights into weak points in their modern IT environments, including their local, remote, cloud, container and virtual infrastructures. They are provided with a clear overview of how these weak points may impact on their business risks and of those points which attackers tend to target. These also include IT interfaces with suppliers, for example.

Taking due account of the target achievement determined for the two ESG targets, having exercised its due discretion the Supervisory Board is of the opinion that the preliminary criteria-based modifier should amount to 1.0. As the two agreed ESG targets were each 100% achieved, and thus neither underachieved nor overachieved, the Supervisory Board does not see any reason to set the criteria-based modifier applicable to achievement of these targets at either lower than or higher than 1.0.

When determining the criteria-based modifier, the Supervisory Board nevertheless has the option of accounting for any extraordinary developments arising in the 2021 financial year. The Supervisory Board concluded that the restrictions on business activities at q.beyond AG resulting from the coronavirus pandemic are to be viewed as an extraordinary development of this kind. The higher numbers of people working from home and greater volume of mobile work may have boosted demand for q.beyond's digitalisation services; on the other hand, due to the economic uncertainties caused by the pandemic business customers were noticeably reserved in commissioning services. The Supervisory Board believes that, based on great personal input, the Management Board member Jürgen Hermann played a key role in convincing customers to implement important forward-looking digitalisation projects as planned and to continue their existing successful cooperation with q.beyond.

The Supervisory Board therefore deems it justified to account for these exceptional sales activities performed by the Management Board during the pandemic with a slight mark-up of 0.1 in the criteria-based modifier, not least as the financial performance criteria set for the short-term variable remuneration of the Management Board at the beginning of the 2021 financial year did not explicitly account for any restrictions due to the coronavirus pandemic.

Having exercised due discretion, the Supervisory Board therefore set the criteria-based modifier intended to assess the degree of target achievement for the two ESG targets and the impact of extraordinary developments at 1.1.

Total STI target achievement in 2021 financial year

The target amount of STI for the 2021 financial year amounts to € 120,000 (gross) based on 100% target achievement (TA). The amount to be calculated and paid after the end of the financial year depends on achievement of the financial performance criteria and the criteria-based modifier to be determined by the Supervisory Board (factor 0.8 to 1.2). Total TA may not exceed a maximum of 150%.

The total TA and payment amount determined for the Management Board member Jürgen Hermann for the 2021 financial year are presented in Table 5. The STI remuneration will be paid to the Management Board member at the end of May 2022.

Table 5: Total target achievement and payment amount

TA revenues (weighted at 40%)	TA EBITDA (weighted at 30%)	TA free cash flow (weighted at 30%)	Total TA	Criteria-based modifier	Total TA	Payment amount (€)
20.64%	19.44%	16.20%	56.28%	1.1	61.91%	€ 74,290

Long-term incentive (LTI)

Basic features of LTI

The LTI is designed as a performance share plan and, as well as relative total shareholder return (relative TSR), also takes ESG targets into account. With a performance period of four years, the LTI is geared towards q.beyond's long-term and successful performance and, through its share price orientation, incentivises the continuous increase in the company value targeted in the growth strategy.

The additional consideration of relative share performance compared to companies in a select peer group further aligns the interests of the Management Board and shareholders. Moreover, the ESG targets create a focus on the company's sustainable performance.

The components of the performance share plan are presented in the chart on page 15. The weighting of the relative TSR and ESG target factors within the possible corridors is newly determined by the Supervisory Board at the beginning of each financial year. The target and threshold values remain valid throughout the four-year term of the tranche.

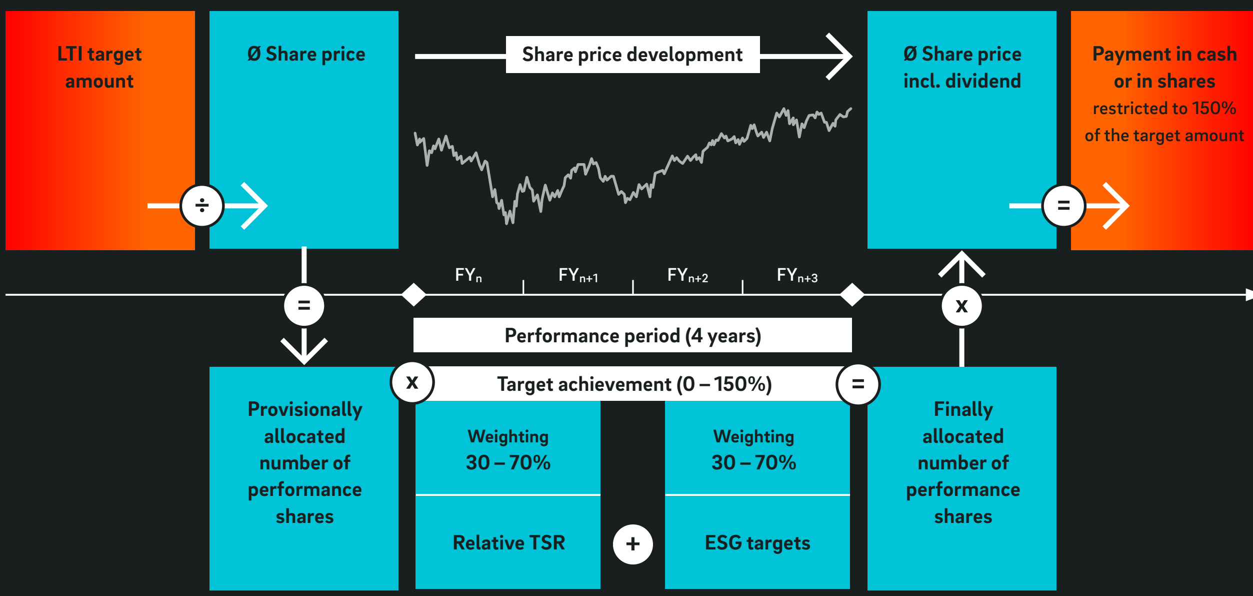
At the beginning of each tranche, a specific number of virtual shares is initially allocated to the Management Board member on a provisional basis. The number of virtual shares is determined by dividing the LTI target amount specified by the Supervisory Board by q.beyond's average share price, calculated as the arithmetic mean of the closing prices of q.beyond's share over the last 60 stock exchange trading days prior to the start of the financial year. This figure is then rounded up or down to the nearest whole number.

The number of virtual shares finally granted at the end of the four-year performance period varies with the performance determined. It is also possible for all of the provisionally granted virtual performance shares to be forfeited. The final number is determined at the end of the performance period based on the two performance criteria of relative total shareholder return (TSR) and ESG targets. These two performance criteria are additively linked. The weighting of the two performance criteria is determined by the Supervisory Board prior to the beginning of each tranche; here, each criterion must be weighted at between 30% and 70% and the two weightings must add up to 100%.

The final number of performance shares achieved at the end of the performance period is multiplied by the arithmetic mean of the closing prices of q.beyond's share over the last 60 stock exchange trading days prior to the end of the performance period. This amount is increased to account for the dividends accrued for q.beyond shares over the term and then paid.

The resulting pay-out is limited to 150% of the LTI target amount. The payment is generally made in cash. The Supervisory Board nevertheless reserves the right to settle the amount by drawing on the alternative of transferring q.beyond shares.

LTI performance share plan



Performance criterion of relative TSR

Total shareholder return (TSR) is calculated on the basis of the share price performance plus notionally reinvested gross dividends. In determining the relative TSR, the TSR of q.beyond's share during the four-year performance period is compared with the TSR of companies in a select peer group.

The peer group consists of the following 14 companies: adesso SE, All for One Group SE, Allgeier SE, Bechtle AG, Cancom SE, CENIT AG, Datagroup SE, GFT Technologies SE, KPS AG, PSI Software AG, S+T System Integration & Technologie Distribution AG, secunet Security Networks AG, SNP Schneider-Neureither & Partner SE and Softing AG. The calculation of the relative TSR only accounts for those peer-group companies that were listed throughout the performance period. Companies that were not consistently listed, or not listed at the end of the performance period are excluded from the calculation of the relative TSR. The peer group comprises at least 10 companies.

The relative TSR is calculated for q.beyond AG and the companies in the select peer group over the four-year assessment period and determined on the basis of data from a recognised provider (e.g. Bloomberg, Thomson Reuters). For the opening and closing figures, reference is made to the average share price, calculated as the arithmetic mean of the closing prices of the respective share (with all available decimal places) over the last 60 stock exchange trading days prior to the start and prior to the end of the assessment period. On this basis, the TSR performance of all companies, including q.beyond AG, is ranked. Target achievement is determined by q.beyond's positioning, measured in terms of percentile rank, on the target achievement curve presented below. For intermediate values, the percentile is rounded up or down to two decimal places.

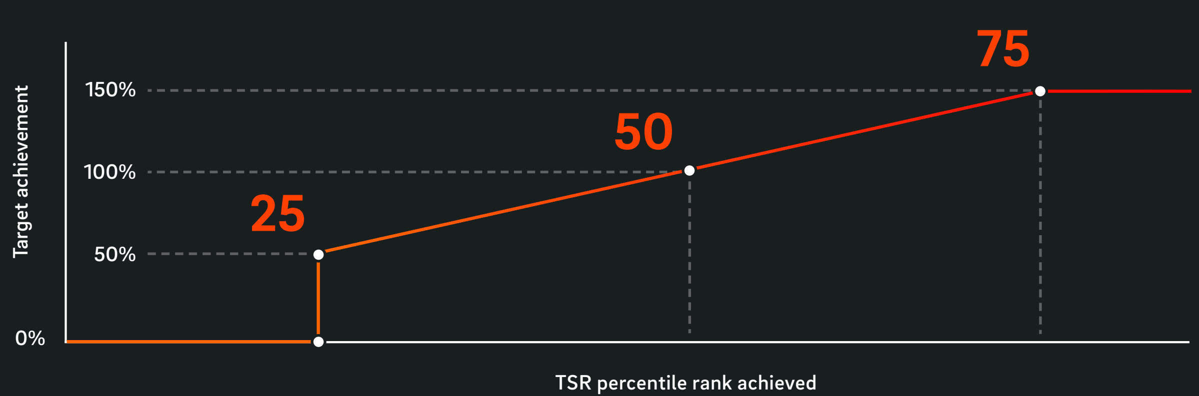
Performance criterion of ESG targets

The ESG targets are derived from q.beyond's sustainability management, which currently comprises the two dimensions of resilience and adaptability. The Supervisory Board selects specific ESG targets for the respective tranche before the start of the performance period and determines the weighting of the individual ESG targets.

For the respective ESG targets, the Supervisory Board also determines the target value before the start of the performance period, as well as lower and upper threshold values and a target achievement curve on which basis the target achievement of the ESG targets is determined. The target achievement from the ESG targets may amount to a maximum total of 150%.

Target achievement amounts to 100% if the respective ESG target corresponds to the target value. If the respective ESG target reaches the upper threshold value, the maximum value of 150% target achievement is reached. Further increases in the respective ESG target above the upper threshold value do not lead to a further increase in target

LTI – target achievement for relative total shareholder return (TSR)



achievement. If the respective ESG target is below the lower threshold value, the minimum value of 0% target achievement is reached. Target achievements between the respectively defined target achievement points (0 %; 100 %; 150 %) are interpolated linearly.

The ESG targets selected for the respective tranche and their achievement are transparently reported ex post in the remuneration report.

Subject to future amendments, the following key performance indicators from the catalogue of criteria have been determined for the ESG targets.

Determination of target achievement and pay-outs from long-term incentive

Target achievement for the LTI tranche incepted for the 2021 financial year will be determined by the Supervisory Board after the end of the four-year performance period. The LTI remuneration for the 2021 to 2024 financial years is then expected to be paid to the Management Board at the end of May 2025.

ESG targets for LTI 2021

Resilience		Adaptability		
Sustainable growth	**Robust core processes**	**Satisfied and innovative employees**	**Consistent customer focus**	**Portfolio that reacts quickly enough to the development of the economy, ecology and society**
	Greenhouse gas emissions in tonnes of CO_2	Willingness of employers to recommend (NPS)	Willingness of customers to recommend (NPS)	Revenue share of digital sustainability solutions in total revenues Percentage of digital sustainability solutions in overall portfolio

Other remuneration-related regulations

Share ownership guidelines

Each full member of the Management Board is obliged to acquire q.beyond shares with a value equivalent to one annual basic remuneration (gross) and to hold these shares for the whole term of his or her appointment to the Management Board and for two years following the expiry of such; a Chair of the Management Board, CEO or sole Management Board member has to acquire and hold shares with a value equivalent to twice his or her annual basic remuneration (gross). This further aligns the interests of the Management Board and shareholders and places the focus even more clearly on q.beyond's long-term and sustainable performance. The annual minimum investment amount from the 2022 financial year stands at 25% of the annual net amount paid for the performance-related components of remuneration (STI and LTI) until the agreed investment volume is reached. Fulfilment of the obligation to acquire and hold shares is based on the purchase price of the shares at the time of acquisition.

As of 31 December 2021, Jürgen Hermann still held 1,000,000 shares in q.beyond AG. His shareholding did not change in the 2021 financial year.

To fulfil the share ownership requirements in his employment contract, he was entitled to count existing shares. He drew on this option by contributing 360,000 shares. In agreement with the Supervisory Board, the imputed value amounts to € 617,620, which corresponds to the actual acquisition costs of the shares. This means that the Management Board member Jürgen Hermann is initially not subject to any obligation to acquire further shares provided that the number of shares he holds does not fall short of 360,000 during his current appointment to the Management Board and for two years subsequently and that his annual basic remuneration is not increased.

Compliance with maximum remuneration of Management Board members

The remuneration of Management Board members is capped in two respects. On the one hand, caps have been set for each of the performance-related components; like in the previous remuneration system, in the current system these amount to 150% of the target amount both for the STI and for the LTI.

On the other hand, pursuant to § 87a (1) Sentence 2 No. 1 AktG, the Supervisory Board has set a maximum level of remuneration which limits the total amount of remuneration granted for a given financial year (comprising annual fixed remuneration, fringe benefits, pension benefits, STI and LTI claims) irrespective of the time of payment.

The maximum remuneration for each member of the Management Board amounts to € 900,000. This maximum limit was complied with in all aspects of the non-performance-related and performance-related remuneration granted and owed in the 2021 financial year.

Post-employment benefits

In the event of premature termination of the Management Board position, payments to the Management Board member (including fringe benefits) may not exceed the value of two years' annual basic remuneration (cap on severance pay) and the value of annual fixed remuneration for the remaining term of the employment contract. In the event of premature termination of the employment contract at the request of the Management Board member or for compelling reason for which the Management Board member is responsible, the Management Board member is not entitled to any payments.

In the event of temporary inability to work due to illness, accident or other reason for which the Management Board member is not responsible, the company will pay the Management Board member the annual basic remuneration at an unchanged amount for an uninterrupted period of six months, but for no longer than until the end of the term of the employment contract. If the Management Board member dies during the term of the employment contract, his widow and his children, provided that they have not yet reached the age of 25, are entitled as joint creditors to undiminished continued payment of the annual basic remuneration for the remainder of the month in which the Management Board member died and for three subsequent months, but for no longer than until the end of the term of the employment contract irrespective of the death of the Management Board member.

In the event of temporary inability to work or the death of the Management Board member, the performance-related remuneration is paid immediately after the end of the employment contract. In the case of STI, the payment amount corresponds to the annual target amount, reduced as appropriate by 1/12 for each month in which the employment contract no longer applied in the given financial year. For LTI, all conditionally granted performance shares whose performance period has not yet been completed are paid immediately after the end of the employment contract. The payment amount corresponds to the cumulative target amount for all outstanding tranches, with the target amount for the financial year in which the employment relationship ends being reduced by 1/12 for each month in which the employment contract no longer applied in the given financial year.

Retrospective prohibition of competition / change of control

No retrospective prohibition on competition has been agreed in the current Management Board employment contract. Equally, no commitments have been provided to make payments should the employment contract be prematurely terminated by the Management Board member as a result of a change of control.

Malus / clawback

In justified cases, the Supervisory Board has the option of reducing or reclaiming the performance-related remuneration in whole or in part (malus and clawback regulation). This possibility exists in the event of a serious violation of legal or contractual obligations or of key principles governing the company's actions (e.g. in the code of conduct or the compliance guidelines).

In addition, the company is entitled to request repayment by the Management Board member of any performance-related remuneration already paid if, subsequent to such payment, it transpires that the audited and approved consolidated financial statements on which calculation of the payment amount was based were objectively incorrect and therefore require correction in accordance with the relevant accounting regulations and that a lower amount of performance-related remuneration, or no such remuneration, would have been owed based on the corrected consolidated financial statements. This does not require the Management Board member to be responsible for the need to correct the consolidated financial statements.

The possibility of withholding or reclaiming remuneration also applies if the position or employment relationship with the Management Board member has already ended at the time at which the claim to withholding arises or the maturity of the repayment claim has already expired. Repayment of performance-related remuneration is excluded if the remuneration was paid more than two years previously.

Statutory sanction and clawback rights against the Management Board member, in particular the assertion of damages pursuant to § 93 AktG and the right to dismiss the Management Board member for compelling reason or to terminate the employment contract, remain unaffected by these provisions.

Third-party payments

No payments were committed or granted by any third party to the Management Board member in connection with his activity as such in the past financial year.

Individualised disclosure of Management Board remuneration

Remuneration granted and owed to incumbent Management Board in 2021 financial year

Table 6 presents the fixed and variable remuneration components, including their relative shares pursuant to § 162 AktG, which were granted and owed to the incumbent Management Board in the 2021 financial year. The relative shares relate to the remuneration components granted and owed in the respective financial year pursuant to § 162 (1) Sentence 1 AktG.

Table 6 includes all amounts actually paid to the Management Board (remuneration granted) and the remuneration that is legally due but which has not been paid (remuneration owed) for the work performed in the 2021 financial year. The short-term variable remuneration (STI) for the 2021 financial year is viewed as remuneration owed, as the work underlying this remuneration had been fully performed as of the balance sheet date on 31 December 2021, even though the STI will only be paid in May 2022.

The LTI remuneration for the tranche incepted in the 2021 financial year is neither granted nor owed as achievement of the respective targets can only be determined once the four-year assessment period has ended.

Table 6: Remuneration granted and owed to Management Board member Jürgen Hermann* in 2021 financial year

	2021 financial year		2020 financial year	
	€ 000s	%	€ 000s	%
Non-performance related remuneration				
Fixed remuneration	300	74	300	35
Fringe benefits	22	5	20	2
Pension benefits	12	3	12	2
Total fixed remuneration	**334**	**82**	**332**	**39**
One-year variable remuneration				
Short term incentive	74	18	81	9
Multiyear variable remuneration				
Long-term incentive 2018 – 2020	-	-	439	52
Total variable remuneration	**74**	**18**	**520**	**61**
Total remuneration	**408**	**100**	**852**	**100**

* Management Board member since 1 April 2013, sole Management Board member since 1 January 2020.

Remuneration granted and owed to former Management Board members in 2021 financial year

No remuneration was either granted or owed to former Management Board members in the 2021 financial year.

Stock options granted to active and former Management Board members

In March 2013, the Management Board of the company introduced the 2021 stock option plan (SOP 2012), which provides for the issue of convertible bonds with a nominal amount of € 0.01 each to employees of the Group, members of the Management Board of q.beyond AG and members of the management at affiliated companies. In March 2014, the Supervisory Board allocated 150,000 convertible bonds from this plan to the Management Board member Jürgen Hermann. These were fully subscribed by him on 25 August 2014 and have since been held by him without amendment. An exercise price of € 2.30 per convertible bond was agreed and the term of the convertible bonds expires on 24 August 2022.

In August 2015, q.beyond AG's Supervisory Board adopted the 2015 stock option plan (SOP 2015), which provides for the issue of convertible bonds with a nominal amount of € 0.01 each to members of the Management Board of q.beyond AG. In August 2015, the Supervisory Board allocated a total of 200,000 convertible bonds from this plan to the former Management Board member Stefan Baustert, who left the company as of 31 December 2019.

Table 7: Convertible bonds held by former Management Board member Stefan Baustert

No. of convertible bonds		Subscribed on	Exercise price	Term expiry
31 Dec. 2021	31 Dec. 2020			
100,000	100,000	25 Aug. 2015	€ 1.71	24 Aug. 2023
75,000	100,000	15 Jan. 2016	€ 1.42	14 Jan.2024

As of 31 December 2021, Stefan Baustert still held 175,000 convertible bonds (see Table 7).

Prior to the expiry of the respective terms, the creditors of convertible bonds from both the SOP 2012 and the SOP 2015 plans are entitled to convert their convertible bonds into no-par registered shares in q.beyond AG in return for payment of the exercise price. Conversion rights may only be exercised if at least one of the following two conditions is met: the share price is either at least 20 percent higher than the conversion price or it has outperformed the TecDAX since the subscription date.

The amount and structure of fixed remuneration for the Supervisory Board account for the responsibilities of the office and the time commitment.

Remuneration of Supervisory Board members

Supervisory Board remuneration system

The Supervisory Board is tasked with advising the Management Board and monitoring its management of the company. Supervisory Board members receive appropriate fixed remuneration, the structure and amount of which take into account the requirements and responsibilities of the office as well as the time commitment. In particular, appropriate account is taken of the greater time commitment required of the Supervisory Board Chair, the Deputy Supervisory Board Chair and the Chairs and members of committees, with the exception of the Nomination Committee. The company reimburses Supervisory Board members for any expenses they incur in discharging their mandates, as well as for any value-added tax attributable to their remuneration.

The granting of exclusively non-performance-related remuneration enables the Supervisory Board to discharge its duties neutrally and objectively in the interests of the company. Furthermore, the company thus complies with the suggestion made by the German Corporate Governance Code. Moreover, the Supervisory Board remuneration system contributes to promoting the company's business strategy and its long-term performance. It also enables the company to attract highly qualified candidates for Supervisory Board positions.

The Supervisory Board remuneration system is governed by § 15a of the Articles of Association and was approved with a 97.92% majority of capital represented at the Annual General Meeting on 12 May 2021.

In accordance with the requirements of stock corporation law, the remuneration of Supervisory Board members is reviewed at least once every four years and a resolution on this remuneration is requested from the Annual General Meeting. The appropriateness of the remuneration was most recently reviewed at the end of 2020 with the support of an independent external remuneration expert. The review concluded that the remuneration system, which has been applied for many years already and is laid down in the Articles of Association, can still be deemed appropriate and can therefore continue to be applied without amendment.

Application of Supervisory Board remuneration system in 2021 financial year

Consistent with the Articles of Association, the members of the Supervisory Board receive fixed annual remuneration of € 35k that is payable after the end of the financial year. The Chair and his or her Deputy receive € 70k and € 50k respectively.

In addition to remuneration for their duties on the Supervisory Board, each Supervisory Board member receives separate remuneration of € 5k for their activities in any Supervisory Board committee (except the Nomination Committee). Committee chairs receive € 10k. Supervisory Board members who sit on several committees nevertheless receive a maximum total of € 25k. Supervisory Board members sitting on the Supervisory Board or a committee for only part of a given financial year receive prorated remuneration. The Supervisory Board or committee member receives only 50% of the envisaged remuneration if he or she has not attended at least 75% of the meetings.

In the 2021 financial year, the Supervisory Board remuneration system was applied in all of the aspects governed in § 15a of the Articles of Association. Supervisory Board members did not receive any further remuneration or benefits in the year under report for services provided on a personal basis, and in particular for any advisory or intermediary services. Furthermore, the Supervisory Board members were not granted any loans or advance payments, neither did the company assume any liabilities on their behalf.

Individualised disclosure of Supervisory Board remuneration

Remuneration granted and owed to Supervisory Board members in 2021 financial year

Table 8 presents the remuneration, including the respective relative share pursuant to § 162 AktG, which was granted and owed to the present members of the Supervisory Board in the 2021 financial year. Pursuant to § 15a of the Articles of Association, Supervisory Board remuneration is payable in full after the end of the financial year. The table below presents the remuneration attributable to the individual Supervisory Board members. This involves the fixed remuneration owed for activity on the Supervisory Board and its committees in the 2021 financial year. No remuneration was either granted or owed to former Supervisory Board members in the 2021 financial year.

Table 8: Remuneration granted and owed to Supervisory Board members in 2021 financial year

	Fixed remuneration		Remuneration for committee activities		Total remuneration
	€ 000s	%	€ 000s	%	
Dr. Bernd Schlobohm, Chair	70	74	25	26	95
Dr. Frank Zurlino, Deputy Chair	50	83	10	17	60
Gerd Eickers	35	88	5	12	40
Ina Schlie	35	78	10	22	45
Matthias Galler*	35	100	-	-	35
Martina Altheim*	35	88	5	12	40
Total	**260**		**55**		**315**

* Employee representatives.

Stock options granted to Supervisory Board members

In March 2013, q.beyond AG's Management Board introduced the 2012 stock option plan (SOP 2012), which provides for the issue of convertible bonds with a nominal amount of € 0.01 each to employees. Participants in the SOP 2021 plan are entitled to subscribe their convertible bonds in return for payment of the nominal amount and to convert each convertible bond into a no-par registered share in return for payment of the exercise price. The exercise price of the convertible bond corresponds to the stock market price of the share on the issue date. The convertible bonds have a term of eight years.

The following Supervisory Board members held convertible bonds in the 2021 financial year:

Table 9: Convertible bonds held by Supervisory Board members

	No. of convertible bonds		Subscribed on	Exercise price	Term expiry
	31 Dec. 2021	31 Dec. 2020			
Matthias Galler	-	2,700	25 Mar. 2013	€ 2.59	24 Mar. 2021
Martina Altheim	-	1,900	14 May 2013	€ 2.68	13 May 2021

Comparison of development in remuneration and company earnings

Pursuant to § 162 (1) Sentence 2 AktG, the following comparison presents the annual change in remuneration granted and owed to current and former Management and Supervisory Board members, the development in earnings at q.beyond AG and the annual change in average remuneration paid to employees on a full-time equivalent basis compared with the previous financial year.

The earnings performance is presented by reference to annual net income at q.beyond AG.

The presentation of average remuneration paid to employees is based on the workforce at q.beyond AG excluding trainees; this comprised an average total of 762 employees (FTE) in the financial year under report. Average remuneration comprises personnel expenses for wages and salaries, fringe benefits, employer contributions to social security and components of short-term variable remuneration attributable to the financial year under report.

Table 10: Comparison of development in remuneration and company earnings for Management Board members

	Remuneration granted and owed in 2021	Remuneration granted and owed in 2020	Change in 2021 compared with 2020	
	€ 000s	€ 000s	€ 000s	%
Active members of Management Board				
Jürgen Hermann	408	852	-444	-52
Employees				
Average remuneration of employees at q.beyond AG	90	86	4	5
Earnings performance				
Annual net income at q.beyond AG	18,608	-23,703	+42,311	-

Table 11: Comparison of development in remuneration and company earnings for Supervisory Board members

	Remuneration granted and owed in 2021	Remuneration granted and owed in 2020	Change in 2021 compared with 2020	
	€ 000s	€ 000s	€ 000s	%
Supervisory Board members				
Dr. Bernd Schlobohm (since 5/2013)	95	95	-	-
Dr. Frank Zurlino (since 5/2013)	60	60	-	-
Gerd Eickers (since 5/2004)	40	40	-	-
Ina Schlie (since 5/2012)	45	45	-	-
Matthias Galler (since 4/2018)	35	35	-	-
Martina Altheim (since 7/2019)	40	40	-	-
Employees				
Average remuneration of employees at q.beyond AG	90	86	4	5
Earnings performance				
Annual net income at q.beyond AG	18,608	-23,703	+42,311	-

Other provisions

The company maintains a directors' and officers' loss liability insurance policy for members of its governing bodies and specific senior managers. This policy is concluded and extended each year. This insurance policy provides cover for the risk of personal liability in the event of the group of persons thereby covered being held liable for financial losses arising due to the performance of their activities. The policy concluded for the 2021 financial year includes a deductible for the Management Board that complies with the requirements of the German Stock Corporation Act (AktG).

Report of independent auditor on formal audit of remuneration report

To q.beyond AG, Cologne

We have audited the remuneration report of q.beyond AG, Cologne, for the financial year from 1 January 2021 to 31 December 2021, including the related disclosures, which was prepared to comply with § 162 of the German Stock Corporation Act (AktG).

Responsibilities of the Executive Directors and the Supervisory Board

The Executive Directors and the Supervisory Board of q.beyond AG are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of § 162 AktG. The Executive Directors and the Supervisory Board are also responsible for internal controls they consider to be necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in accordance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany [IDW]). Those standards require that we comply with professional requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts including the related disclosures stated in the remuneration report. The procedures selected depend on the auditor's judgment. This includes the assessment of the risks of material misstatement of the remuneration report including the related disclosures, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of the remuneration report including the related disclosures. The objective of this is to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonable of accounting estimates made by the Executive Directors and the Supervisory Board, as well as evaluating the overall presentation of the remuneration report including the related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit opinion

In our opinion, based on the findings of our audit, the remuneration report for the financial year from 1 January to 31 December 2021, including the related disclosures, complies in all material respects with the accounting provisions of § 162 AktG.

Reference to other matter – formal audit of the remuneration report

The audit of the content of the remuneration report described in this auditor's report includes the formal audit of the remuneration report required by § 162 (3) AktG, including the issuance of a report on this audit. As we express an unqualified audit opinion on the content of the remuneration report, this audit opinion also confirms that the information required by § 162 (1) and (2) AktG has been disclosed in all material respects in the remuneration report.

Limitation of liability

We issue this auditor's report on the basis of the engagement agreed with q.beyond AG. The audit has been performed for the purposes of the company and the auditor's report is solely intended to inform the company as to the results of the audit and may not be used for purposes other than those intended. This auditor's report is not intended for any third parties to base any (financial) decisions thereon.

This engagement is subject, also in respect of third parties, to the Special Engagement Terms for Audits and Audit-related Services of Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft dated 1 June 2019 and the General Engagement Terms for German Public Auditors and Public Audit Firms in the version dated 1 January 2017 (**www.mazars.de/Home/Services/Audit-Assurance/Auftragsbedingungen**). We additionally refer to the liability provisions and the exclusion of liability towards third parties set out in Paragraph 9 of that document. We assume no responsibility, liability or any other obligation towards third parties unless we have concluded a written agreement to contrary effect with the third party or such exclusion of liability is ineffective.

We explicitly point out that, unless legally obliged to do so, we will not update this auditor's opinion to account for events or circumstances arising subsequent to its issue. Any persons acknowledging the findings of our activities as summarised in the above auditor's opinion must decide at their own responsibility as to whether and in what form these are useful and suitable for their purposes and, based on their own further investigations, extend, verify or update this information.

Cologne, 22 March 2022

Mazars GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Marcus Borchert	Martin Schulz-Danso
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

For further information: www.qbeyond.de/en