

Remuneration Report

for the financial year from 1 January 2021 to 31 December 2021

Linus Digital Finance AG, Berlin

1. Introduction

The remuneration report for the 2021 financial year, which has been prepared for the first time in the form set out in § 162 of the German Stock Corporation Act (AktG), provides information on the individual remuneration of the current and former members of the Management Board and Supervisory Board of Linus Digital Finance AG, Berlin (hereinafter also referred to as the "Company").

The remuneration report was formally audited by the company's auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, in accordance with § 162 para. 3 AktG. The auditor's report is included at the end of this report in accordance with § 162 para. 3 sentence 4 AktG.

The preparation of the remuneration report in accordance with § 162 AktG is the responsibility of the Management Board and the Supervisory Board. The remuneration report and the auditor's report on the formal audit conducted are available on the Linus Digital Finance AG website at the following URL.

<https://www.linus-finance.com/investor-relations>

In accordance with the requirements of § 87a para. 1 AktG, the Supervisory Board adopted a remuneration system for the Executive Board in May 2022 and will submit it for approval at the Annual Shareholders' Meeting of the Company on 24 June 2022. The remuneration system for the members of the Executive Board proposed by the Supervisory Board as well as the system for the remuneration of the members of the Supervisory Board, which the Executive Board and the Supervisory Board will propose for approval at the Annual Shareholders' Meeting of the Company on 24 June 2022, can be accessed via the following URL.

<https://www.linus-finance.com/investor-relations>

2. Remuneration of the members of the Executive Board

As a result of the change in legal form from a limited liability company to a public limited company in the 2021 financial year, the company still had a temporary remuneration system for the members of the Executive Board in the 2021 financial year. The future remuneration system for the members of the Executive Board has been developed by the Supervisory Board and will reflect the long-term strategic goals of the Company and the responsibilities of the Executive Board members as well as the scope of their duties, considering the level of experience of each member.

2.1. Summary of the business year 2021

On 22 January 2021, the shareholders' meeting of Linus GmbH, which is registered in the Commercial Register of the District Court of Berlin Charlottenburg under HRB 181026 B and has its registered office in Berlin, resolved to change the legal form of the company pursuant to §§ 190 et seq., 226, 238 et seq. of the German Transformation Act (UmwG) into a stock corporation. The conversion was registered in the commercial register of the District Court of Berlin Charlottenburg on 10 February 2021. On 25 January 2021, the Supervisory Board appointed Mr David Neuhoff and Mr Frederic Olbert as members of the Executive Board in its constitutive meeting. Mr David Neuhoff was also appointed Chairman of the Executive Board.

In the 2021 financial year, the remuneration of the members of the Management Board was based on the provisions of the management service agreements concluded with Linus GmbH in their respective valid version and consists of a fixed remuneration and a share-based remuneration:

- **Fixed remuneration:** base salary, one-time payments, and fringe benefits (company car)

- **Share-based payment:** Vesting of shares granted in the Company under the Vesting Share Plan (as described below)

In the reporting year 2021, no variable remuneration components were reclaimed from members of the Executive Board.

2.2. Fixed remuneration

The fixed remuneration components of the Executive Board members in the financial year 2021 consisted of (i) a base salary of EUR 120,000 and pre-agreed one-time payments of EUR 60,000 for the regular member of the Management Board Frederic Olbert and (ii) EUR 200,000 for David Neuhoff, the Chairman of the Management Board of Linus Digital Finance AG. In addition to the base salary, fringe benefits are part of the fixed remuneration of the Management Board. Fringe benefits at the Company consist of the provision of a company car to David Neuhoff. The following table shows the fixed remuneration paid to the individual members of the Management Board.

KEUR	David Neuhoff	Frederic Olbert	Total
Base salary	200	120	320
One-time payments	-	60	60
Fringe benefits	5	-	5
Fixed remuneration	205	180	385

2.3. Share-based remuneration

Vesting Share Plan

The company has - among other things - introduced a programme for the members of the Executive Board for the granting of shares in the company (or shares in the legal predecessor of the company) including a repurchase option of the company, which is significantly linked to the passage of time ("Vesting Share Plan").

Under a shareholders' agreement ("Option Agreement"), the members of the Executive Board (hereinafter referred to as "Beneficiaries") of the Company have agreed with other shareholders (or shareholders of the Company's legal predecessor) that the Company is entitled, under certain conditions, to repurchase shares in the Company that were granted to the members of the Executive Board in the 2018 and 2020 financial years, among others. The Company's repurchase option expires on a linear schedule over the vesting period, namely every 6 months. Shares for which the Company's repurchase option no longer exists are referred to below as vested shares. Shares granted to members of the Executive Board are subject to a vesting period of 5 to 7 years, which commenced between June 2018 and December 2020, in most cases with a 12-month cliff period for initial vesting. As of 31 December 2021, there was no longer a cliff period for any Executive Board member.

In the event of the resignation of a member of the Executive Board, the Company may exercise the repurchase option for all shares not yet vested at the time of resignation against payment of a purchase price per share equal to the price originally paid by the Executive Board member, i.e. EUR 1.00 per share, subject to adjustments for certain subsequent capital measures. If the repurchase option is not exercised, the Executive Board member shall, instead of transferring the shares, make a payment per share based on the domestic volume-weighted average price of the Company's shares during the last three months immediately preceding the expiry of the exercise period of the repurchase option. In addition, some of the shares are subject to a so-called negative liquidation preference, according to which, in the event of the sale of shares, the Executive Board member only receives the proceeds from the sale to the extent that the market capitalisation of the company exceeds EUR 20.0 million or, in individual cases, EUR 13.3 million; the pro rata proceeds per share sold up to this valuation are to be transferred to the Company. The shares were subject to a lock-up period of 180 days, beginning on the day the Company's shares were listed for trading on the regulated market of the Frankfurt Stock Exchange on 19 May 2021. During the lock-up period, the shares granted could not be sold.

The Option Agreement contemplates certain liquidity events in which certain exit proceeds are distributed to the shareholders participating in the liquidity event. For the distribution of the exit proceeds, the Option Agreement contains provisions on liquidation preferences in favour of the Company. In economic terms, these liquidation preferences represent the "exercise price" of the

beneficiaries' shares, as the beneficiaries are obliged to pass on the liquidation preferences to the Company. In the following statements, the amount of the liquidation preference per share is referred to as the "exercise price".

The Option Agreement has a fixed term of 20 years and can only be terminated on important grounds.

The fair value (grant date fair value determined in accordance with IFRS 2) of the shares granted is determined at the date of grant using a Black-Scholes-Merton simulation model and considering the terms and conditions upon which the shares were granted.

2.3.1. Executive Board remuneration within the framework of the Vesting Share Plan

The Vesting Share Plan was introduced prior to the transformation into the legal form of an incorporated company, which is why the granting from this programme basically refers to shares in the former Linus GmbH. The option agreement was concluded with the transformation into the legal form of an incorporated company. The following table shows the shares granted to the members of the Executive Board and the shares corresponding to these shares as of 31 December 2021 depending on the agreed vesting periods (total grant).

	David Neuhoff		Frederic Olbert	
	Business-shares	Shares	Business-shares	Shares
Tranche Vesting as of 1 June 2018 (84 months vesting)	625	121.348	-	-
Tranche Vesting as of 1 December 2020 (60 months vesting)	600	116.324	650	127.977
Total	1.225	237.672	650	127.977

The "Tranche Vesting as of 1 June 2018" provides for a staggered, linear, semi-annual vesting (as of June and 1 December of the respective year) over a vesting period of 84 months and no exercise price (so-called strike) per share. The "Tranche Vesting as of 1 December 2020" provides for a staggered, linear, semi-annual vesting (as of 1 June and 1 December of the respective year) over a vesting period of 60 months as well as a (notional) exercise price (so-called strike) of EUR 3.12 per share.

The following table shows the share-based remuneration from the Vesting Share Plan attributable to the individual Executive Board members in the 2021 financial year. The following information for the business interests and shares relates to the shares vested in the 2021 financial year, which are consequently no longer subject to the company's repurchase option.

	David Neuhoff	Frederic Olbert	Total
Vesting shares in 2021 - units	209	132	341
Vesting stocks in 2021 - units	40.600	25.595	66.195
Fair value at issuance in 2018 or 2020 in KEUR	48	53	101
Total remuneration in KEUR	48	53	101

The stated fair value at grant is a grant date fair value of the share options determined in accordance with generally accepted valuation methods (the "grant date fair value" determined in accordance with IFRS 2).

If the members of the Executive Board had acquired or sold the shares of the Company vested in the 2021 financial year on the market, namely via the Frankfurt Stock Exchange, with (arithmetic) deduction of the exercise price on the respective vesting dates, they would have had to expend the following funds (fair value):

KEUR	David Neuhoff	Frederic Olbert	Total
Vesting Event on 1 June 2021 (closing price of the Company's shares on the Frankfurt Stock Exchange: EUR 38,00)	735	446	1.181

Vesting Event on 1 December 2021 (closing price of the Company's shares in XETRA trading on the Frankfurt Stock Exchange: EUR 33.80)	650	393	1.043
Total remuneration in KEUR	1.385	839	2.224

2.3.2. Remuneration components and relative share of remuneration

The total remuneration, namely the sum of the remuneration components, of the members of the Executive Board as well as the relation of the respective types of remuneration depending on the underlying value for the share-based remuneration is presented below:

KEUR	David Neuhoff	Frederic Olbert	Total
Fixed remuneration	205	180	385
Share-based payment based on the fair value at the time of issue of the units	48	53	101
Total	253	233	486
<i>thereof fixed remuneration</i>	81 %	77 %	79 %
<i>thereof share-based payment</i>	19 %	23 %	21 %

KEUR	David Neuhoff	Frederic Olbert	Total
Fixed remuneration	205	180	385
Share-based payment based on market acquisition at vesting date (after deduction of strike price)	1.385	839	2.224
Total	1.590	1.019	2.609
<i>thereof fixed remuneration</i>	13 %	18 %	15 %
<i>thereof share-based payment</i>	87 %	82 %	85 %

2.3.3. Promoting the long-term development of the Company and applying the performance criteria

The remuneration of the Executive Board members is intended to promote the company's business strategy and its implementation. The remuneration of the Executive Board is particularly geared towards the long-term increase in the value of the company and is based on the company's history. The Vesting Share Plan was launched in 2018, when the company was still operating in the legal form of a limited liability company. In terms of both system and amount, the Vesting Share Plan was in line with the market standard for growth companies and followed the approach that outstanding performance should be rewarded with appropriate remuneration. By participating in the long-term increase in the company's value, the Executive Board is encouraged to act in an entrepreneurial manner. The company's repurchase option is linked solely to the passage of time, not to the application of performance criteria. The performance reference of the Vesting Share Plan results from the dependence on the share price development. The long-term variable remuneration therefore makes up a significant portion of the total remuneration and clearly exceeds the short-term variable remuneration. To align the actions of the Executive Board with the long-term, positive development of the company and the interests of the company's shareholders, the variable remuneration components were granted in the form of shares. The economic performance target is the development of the share price of Linus Digital Finance AG.

2.4. Changes to the remuneration system effective 2022

In accordance with the requirements of § 87a para. 1 AktG, the Supervisory Board passed a new remuneration system for the Executive Board in May 2022 and will submit it for approval to the annual shareholders' meeting of the Company on 24 June 2022.

The remuneration system for the Executive Board members proposed by the Supervisory Board can be found at the following URL.

<https://www.linus-finance.com/investor-relations>

The future remuneration system for the Executive Board is geared towards sustainable and long-term corporate development and is based on the economic situation and prospects of the company as well as the personal performance of the individual Executive Board member.

In the event of significant changes to the remuneration system or at least every four years, the remuneration system shall be submitted to the annual shareholders' meeting of Linus Digital Finance AG for approval.

2.5. Remuneration of the members of the Supervisory Board

The remuneration of the members of the Supervisory Board follows the recommendation of DCGK G.18 and consists only of fixed remuneration components. These remuneration components include a fixed remuneration per business year, as well as additional remuneration for committee activities or the chairmanship of the Supervisory Board (plus the legally owed VAT, if applicable). The remuneration is based on a resolution of the general meeting of Linus Digital Finance AG on 16 April 2021 and amounts to EUR 20,000 as fixed remuneration for membership of the Supervisory Board for each financial year. The chairperson receives an additional KEUR 5, the deputy chairperson receives an additional KEUR 2.5. Members of the audit committee receive an additional KEUR 1, the chairperson of the audit committee receives an additional KEUR 2.5. Remuneration for committee activities is only due if the committee has met at least once in the financial year.

For each financial year, the payment of the Supervisory Board remuneration is made in January of the respective following year. Members who have only belonged to the Supervisory Board for part of the financial year generally receive pro rata remuneration. Due to the membership in the Supervisory Board as of 25 January 2021, the remuneration for all members of the Supervisory Board in the 2021 financial year was granted for the full 2021 financial year (12 months). In the 2021 financial year, the members of the Supervisory Board were granted remuneration totalling KEUR 92. Of this, KEUR 80 was for work on the Supervisory Board (fixed remuneration), KEUR 4.5 for work on committees (additional remuneration) and KEUR 6.5 for chairmanship remuneration on the Supervisory Board and Audit Committee (additional remuneration). The following table shows the amounts attributable to the individual members of the Supervisory Board.

<i>KEUR</i>	Verena Mohaupt	Christian Vollmann	Jennifer Brenke	Kristian Schmidt-Garve
Fixed remuneration	20	20	20	20
Additional remuneration Chair	5	2,5	-	-
Additional remuneration Committee activity	1	1	-	2,5
Total remuneration	26	23,5	20	22,5

The Executive Board and the Supervisory Board of the Company will propose to the Annual General Meeting on 24 June 2022 that the remuneration of the members of the Supervisory Board be newly regulated and now set in the Articles of Association of the Company for reasons of transparency. The change is intended to make the system of remuneration of the Supervisory Board more transparent and to bring it into line with the requirements of national and international standards. In addition, the amount of the remuneration is to be adjusted to a peer group of about 30 publicly listed companies of similar size and industry selected by the company.

3. Comparative presentation of the earnings trend and the annual change in remuneration

A vertical comparison pursuant to § 162 para. 1 sentence 2 no. 2 AktG is currently not yet possible due to the transformation into a stock corporation in the 2021 financial year and the stock exchange listing in May 2021. The vertical comparison will be presented from the 2022 financial year onwards.