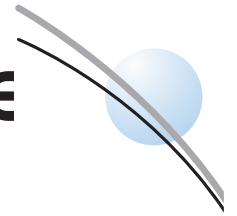


Dermapharm Holding SE



REMUNERATION REPORT 2021

INTRODUCTION

The Board of Management and the Supervisory Board of Dermapharm Holding SE have prepared this Remuneration Report in accordance with their statutory obligation to do so as set out in § 162 of the German Stock Corporation Act (Aktiengesetz, "AktG"). In preparing this Report, Dermapharm Holding SE (together with its consolidated subsidiaries "Dermapharm" or the "Group") has taken effort to ensure that the Report is clear, transparent and complete.

Dermapharm believes that transparency and comprehensibility of the remuneration system, as well as of the individual remuneration paid to the members of the Board of Management and the Supervisory Board, are essential to good corporate governance.

Due to rounding, it is possible that individual figures presented in this Report will not entirely match the reported totals and that percentages will not reflect the absolute values to which they refer.

MAIN FEATURES OF THE REMUNERATION SYSTEM, SIGNIFICANCE FOR THE GROUP'S BUSINESS STRATEGY AND LONG-TERM DEVELOPMENT

The objective of the remuneration system is to compensate the members of the Board of Management appropriately in light of their duties and responsibilities, taking into account the performance of each individual member and the success of the Group as a whole. Accordingly, the remuneration system comprises both fixed and variable remuneration components.

The objective behind the Group's corporate strategy is to achieve profitable growth and sustainable long-term appreciation in enterprise value. This ambition flows into the structure of the remuneration system for Dermapharm Holding SE's Board of Management. Therefore, the Group's earnings before interest, taxes, depreciation and amortisation (consolidated EBITDA) serves as the target parameter for variable remuneration and a key earnings indicator that is used in planning and measuring the Group's profitable growth. This indicator is also used as a measure of the achievement of both single-year and multiple-year targets. However, the remuneration system for Board of Management members is also designed to permit the use of different target parameters in future. If aggregated, these parameters, in turn, can be used to steer profitable growth as well as to achieve a sustainable, long-term appreciation of enterprise value.

At present, the Supervisory Board does not believe that it is necessary to link variable remuneration to share price performance or non-financial target parameters in order to achieve the objectives set out in the Group's overarching corporate strategy. However, the Supervisory Board is well aware of the significance of not only environmentally sustainable management but also corporate social responsibility; nonetheless, in its view, the achievement of such targets need not be enshrined in the remuneration system for the Board of Management.

The remuneration system for members of the Board of Management is straightforward, clear and comprehensible, and moreover satisfies the requirements set out in the AktG. To the extent it deviates from the recommendations of the German Corporate Governance Code ("GCGC"), this is presented and explained in the Declaration of Conformity in accordance with the statutory requirements.

BOARD OF MANAGEMENT REMUNERATION

The remuneration system for the Board of Management presented in further detail below was approved by the Supervisory Board in March 2021 and adopted by the Annual General Meeting on 23 June 2021 with an 80.30 % majority.

Remuneration components

Annual bonus	Performance-based component
Fringe benefits	Non-performance-based component
Basic salary	Non-performance-based component

Overview of the individual remuneration components

Remuneration comprises fixed and variable components. The fixed components consist of the fixed annual remuneration and fringe benefits. The variable remuneration consists of a rolling bonus that is granted each financial year and determined using a multiple-year basis of calculation.

Furthermore, the Supervisory Board may grant non-recurring bonus payments in individual instances of special achievement.

Fixed remuneration components

Fixed annual remuneration

The fixed annual remuneration is compensation paid to respective members of the Board of Management in cash for the financial year, the amount of which being based in particular on their duties and responsibilities. The fixed annual remuneration is paid out in twelve monthly instalments at the end of each month.

If a member of the Board of Management joins or departs the Board in the course of the year, the fixed salary is paid out on a pro rata temporis basis. In the event of illness or in other instances where a member of the Board of Management is prevented from fulfilling their duties, they may continue to receive remuneration for a period to be determined by the Supervisory Board, albeit not beyond termination of their service agreement.

Fringe benefits

In addition to their fixed annual remuneration, members of the Board of Management also receive fringe benefits in the form of in-kind and other financial benefits.

As a standard benefit, the members of the Board of Management are each provided with a company car, which may also be used privately, as well as subsidised health and nursing care insurance. In addition, the Company has taken out a directors & officers (D&O) liability insurance policy on behalf of the members of the Board of Management.

The Supervisory Board may opt to grant further in-kind benefits, or reimburse the corresponding costs. Furthermore, new members of the Board of Management may be granted compensation for remuneration/pension claims which they had to forego due to their having joined to the Company. In addition, relocation costs may also be reimbursed, as well as – for a transitional period to be defined by the Supervisory Board – other additional costs incurred as a result of their having joined the Company or their relocation to a different Group location (for instance, costs and ancillary expenses incurred for travel home and maintaining a second household).

Variable compensation (bonus)

Target parameters

At present, the bonus is based solely on Dermapharm Group's earnings before interest, taxes, depreciation and amortisation (consolidated EBITDA) as the target parameter. This figure is a key earnings indicator for the Group, which is used to present the Group's operational performance – including in international comparisons.

The Company routinely reports on the development of this target parameter in its regular financial reporting. This is the core metric for steering profitable growth as well as sustainable long-term appreciation in enterprise value, thereby serving the achievement of the Group's overarching strategic objectives.

However, the remuneration system does not dictate the current target parameters. Rather, if it so chooses, the Supervisory Board may in future define other (e.g., non-financial) target parameters and/or use other target parameters in lieu of consolidated EBITDA. Any target parameters used, however, must feature in the Company's regular reporting on the development of financial indicators at least once annually. Target parameters may also be selected for individual business lines. In the event that target parameters are modified or replaced, the Supervisory Board will ensure that the respective target parameters will, in their aggregate, continue to represent key metrics for steering profitable growth as well as achieving sustainable, long-term appreciation in enterprise value. Moreover, non-financial targets may also be used in the future. Nevertheless, at least one target parameter must continue to be based on a relevant earnings indicator.

Assessment period

Any bonus granted for a specific financial year is subject to a three-year assessment period. This period comprises the financial year in relation to which the bonus is granted ("baseline year") and the two financial years following the baseline year ("year 2" and "year 3").

Targets

Within the first four months of each baseline year, the Supervisory Board defines targets with respect to consolidated EBITDA or the relevant target parameters for the baseline year as well as for years 2 and 3. These targets are defined on the basis of the relevant planning figures in accordance with the annual budget for the baseline year, as approved by the Supervisory Board, and the multi-year plan for years 2 and 3, as applicable in the baseline year. However, the Supervisory Board may also make suitable adjustments to the planning figures for the purposes of defining the targets, specifically in order to reflect current developments occurring between the date on which the underlying annual budget was approved and the date on which the targets were defined.

Individual components

The bonus comprises a year-1 component, the amount of which is determined on the basis of target achievement for the respective baseline year; a year-2 component, the amount of which is determined on the basis of target achievement for the respective year 2; and a year-3 component, the amount of which is determined on the basis of target achievement for the respective year 3.

Target amount and calculation of payout amount

An individual target amount for the bonus, to be paid out upon 100 % target achievement and allocated across the three individual components, is defined in each Board of Management member's service agreement. If multiple target parameters are defined, the target amount is additionally allocated to the relevant target parameters within each individual component. The combined portion of the target amounts allocated to the year-2 and year-3 components must be greater than the portion of the target amount allocated to the year-1 component.

The service agreement furthermore sets out a target achievement curve to serve as the basis for calculating the payout amounts of the relevant individual components depending on the target achievement rate and the individual target amount. The Supervisory Board also defines (i) a minimum target achievement rate, below which no payout is made, and (ii) a maximum target achievement rate, above which

the payout amount may no longer increase. Thus, the payout amount for the bonus and its respective individual components are capped at a maximum percentage in relation to the associated target amount. This cap is currently set at 150 % for all relevant target amounts. However, the Supervisory Board may also set a different cap.

Target achievement (in % of the associated EBITDA target)	Payout amount (in % of the associated target amount)
< 95 %	0 %
≥ 95 % und ≤ 97.5 %	50 %
≥ 97.5 % und ≤ 102.5 %	100 %
≥ 102.5 %	150 %

The percentage of target achieved for each individual component is determined based on the Company's audited and adopted consolidated financial statements for the relevant financial year. In the event of non-budgeted developments, particularly in the case of acquisitions, divestments, reallocations in the accounting system and other similar non-recurring measures, the actual figures generated for the relevant target parameter of consolidated EBITDA in the respective year may, for the purposes of measuring the percentage of target achieved, be adjusted for the impacts of such developments at the Supervisory Board's reasonable discretion.

Payout

The payout amount for the year-1 component is calculated after the close of the respective baseline year, and the corresponding amount is then paid out. Accordingly, the payout amount is calculated and the year-2 component is paid out after the close of year 2 and the year-3 component is paid out after the close of year 3.

Furthermore, the Supervisory Board may approve the payment of advances on the year-1 component of the bonus – including during the respective baseline year.

If a member of the Board of Management joins or departs the Company in the course of a given financial year, the bonus granted for that financial year will be paid out for all individual components solely on a pro rata temporis basis. In the case of absences during periods for which the service agreement stipulates no claim to continued payment of remuneration, the variable remuneration granted for the relevant financial year will be reduced for all individual components on a pro rata temporis basis.

Upon termination of the service agreement, the Supervisory Board has the right to settle, by way of advance payment, individual components of the respective bonus for which the targets relate to financial years beginning only after the service agreement is terminated, or not yet ended as of the termination date for the service agreement. Advance payments are based on the respective target amount, which the Supervisory Board may reduce by an amount stipulated in the service agreement.

Claw-back of variable remuneration components

The service agreements do not currently contain any provisions on the withholding or claw-back of variable remuneration components beyond the statutory requirements ("malus" or claw-back provisions). The Supervisory Board is of the opinion that the statutory provisions, in particular the statutory provisions according to which members of the Board of Management are required to compensate the Company for damages in the event of breaches of duty and to surrender benefits received without entitlement, are sufficient and that additional intervention in remuneration is therefore not necessary for the time being. However, when the remuneration system undergoes regular reviews, this issue will be re-examined at the appropriate time. The Supervisory Board reserves the right to establish provisions on the withholding or claw-back of variable remuneration components in service agreements in future.

Other remuneration components

The remuneration system allows for the Supervisory Board to grant, at its due discretion, additional, non-recurring bonus payments to reward special achievements or performance; however, the service agreements of the members of the Board of Management stipulate no contractual claim to the granting of such bonuses.

Target total and maximum remuneration

The Supervisory Board defines a specific target total remuneration for each individual member of the Board of Management according to their duties and responsibilities. The target total remuneration relates in each case to one full financial year and comprises the sum of all remuneration components of relevance to the total remuneration, which – regardless of their payout date – are granted for the relevant financial year. In-kind fringe benefits are stated at the values relevant for wage tax purposes. The D&O policy taken out by the Company on behalf of the members of the Board of Management is not included separately, as this is not a remuneration component in the strictest sense of the term. The target amount for variable remuneration is based on 100 % target achievement.

The relative share of fixed annual remuneration in target total remuneration is generally between 35 % and 65 %; the relative share of fringe benefits amounts to up to 7 % and the relative share of variable compensation (bonus) is between 35 % and 65 %. In the event of fringe benefits granted once or for a limited period, the above relative shares for the individual remuneration components in the target total remuneration may also deviate for individual financial years.

The total remuneration granted for the financial year, comprising fixed salary including fringe benefits and variable remuneration components, is capped at a maximum of EUR 2 million for each member of the Board of Management, regardless of whether the amount is paid out in the relevant financial year or at some other time. The maximum remuneration includes the respective maximum possible fixed ("non-performance-based") and variable remuneration components. In-kind fringe benefits are stated at the values relevant for wage tax purposes.

Legal agreements pertaining to remuneration

Terms, requirements for terminating legal agreements pertaining to remuneration

The service agreements of the members of the Board of Management are entered into for the duration of the respective member's appointment. First-time appointments have a maximum term of three years; appointments may be renewed for up to five years thereafter.

Given the fixed terms of the appointments, the service agreements generally contain no provision regarding termination. However, in the event that a member of the Board of Management becomes permanently disabled during the term of their service agreement, it may be stipulated that the agreement be automatically terminated at the end of the quarter in which the permanent disability is established.

Furthermore, the respective service agreement may be terminated prior to the end of their term solely by mutual agreement by virtue of rescission agreement or termination for cause. The Company may terminate service agreements for cause, in particular in the event the Supervisory Board rescinds the appointment of a member of the Board of Management for cause pursuant to § 84 (3) AktG. In such cases, termination is subject to the statutory notice periods pursuant to § 622 of the German Civil Code (Bürgerliches Gesetzbuch, "BGB") unless cause for immediate termination of the service agreement by the company is already deemed to exist pursuant to § 626 BGB.

Granting of severance compensation

The service agreements of members of the Board of Management provide that a member receives a severance payment if the Company terminates the service agreement for cause upon the dismissal of the member of the Board of Management in accordance with § 84 (3) AktG, unless cause for immediate termination of the service agreement by the Company is already deemed to exist pursuant to § 626 BGB. The severance payment to be stipulated for this purpose in the service agreement may correspond to a maximum of two years' remuneration, not to exceed the remuneration for the remaining term of the service agreement; however, the Supervisory Board may also stipulate a lower severance payment and make lump-sum payments and/or reductions in the calculation.

For other cases, the service agreements do not provide for severance compensation agreed in advance.

The right of the Company to agree severance payments also in the event of early termination of service on the Board of Management by mutual consent remains unaffected.

For the purpose of determining the maximum remuneration, severance payments are to be allocated (pro rata temporis, if applicable) to the financial year for which they are granted, regardless of whether they are paid out or received in the financial year in question or at some other time.

Non-compete clause

The service agreements of members of the Board of Management include a non-compete clause for the term of the agreement.

In addition, a post-contractual non-compete clause may be agreed with members of the Board of Management for a period of up to two years. The compensation to be granted for this may not exceed 75 % of the most recent annual remuneration, whereby individual lump-sum remuneration components may also be set and variable compensation components may be set at their target amount. Any severance payment to be made to the member of the Board of Management in connection with the termination of their employment agreement shall be offset in full against such compensation.

Process for establishing, implementing and reviewing the remuneration system

The Board of Management remuneration system is established and subject to regular review by the Supervisory Board in accordance with the statutory requirements. Because the Supervisory Board has not formed any committees, this responsibility is assumed by the full Supervisory Board. Specifically, the Supervisory Board also reviews the appropriateness of the remuneration as compares to executive board remuneration within a peer group (horizontal appropriateness). The peer group is defined by the Supervisory Board and includes comparable German and foreign companies which are comparable in terms of sector, size and revenue.

Furthermore, when establishing and implementing the remuneration system, the Supervisory Board also takes into account the remuneration paid to senior management and the rest of staff at the German Group companies (vertical appropriateness) and compares this remuneration to that paid to the members of the Board of Management. For this purpose, the Supervisory Board defines senior management as the group of executives at the first management level below the Board of Management. The Supervisory Board takes into consideration not only the current remuneration ratio but also how this changes over time. The existing remuneration system also serves as the basis for a vertical appropriateness review in accordance with these principles.

If necessary, the Supervisory Board may engage an external remuneration consultant to perform vertical and horizontal appropriateness reviews. The Supervisory Board takes care to ensure that only independent external consultants are engaged.

Any conflict of interest that may arise in connection with establishing, implementing or reviewing the remuneration system is handled by the Supervisory Board in the same manner as other conflicts of interest which may arise with members of the Supervisory Board. The relevant Supervisory Board member must therefore disclose any conflicts of interest and must recuse themselves from voting on resolutions or giving advice. The early disclosure of conflicts of interest ensures that the decisions by the Supervisory Board are not subject to undue influence.

The remuneration system adopted by the Supervisory Board is submitted to the Annual General Meeting for approval.

The Supervisory Board regularly reviews the remuneration system for members of the Board of Management and makes modifications whenever necessary. In the event of material modifications, and every four years at a minimum, the remuneration system is once again submitted to the Annual General Meeting for approval.

If the Annual General Meeting does not approve the remuneration system as submitted, a reviewed remuneration system is submitted to the next Annual General Meeting at the latest, in accordance with the statutory requirements.

Alignment of existing service agreements with the remuneration system

All service agreements with members of the Board of Management are fully aligned with the remuneration system presented above.

Temporary deviations from the remuneration system

In accordance with § 87a (2) sentence 2 AktG, the Supervisory Board may temporarily deviate from the remuneration system if doing so is necessary in the interests of the long-term well-being of the Company. Any deviation requires a resolution by the Supervisory Board setting out the grounds, nature and manner of the deviation, as well as the intended duration. Deviations may be made for all remuneration components on the basis of such a resolution. However, no deviation is permitted with respect to the defined maximum remuneration.

Remuneration granted and owed in financial year 2021

The tables below present the remuneration granted and owed to the members of the Board of Management in financial years 2021 and 2020 pursuant to § 162 (1) sentence 1 AktG. In accordance with that provision, the tables present all amounts granted to the individual members of the Board of Management during the period under review ("granted remuneration") and all amounts legally due but not yet paid ("owed remuneration").

Pursuant to § 162 (1) sentence 2 no. 1 AktG, the relative share of all fixed and variable remuneration components in total remuneration must also be indicated in addition to the remuneration amounts. The relative shares presented here relate to the remuneration components granted and owed in the respective financial years pursuant to § 162 (1) sentence 1 AktG.

Remuneration granted and owed to current members of the Board of Management in financial year 2021.

	Dr Hans-Georg Feldmeier CEO				Karin Samusch CBDO			
	2020		2021		2020		2021	
	EUR thousand	% of TR	EUR thousand	% of TR	EUR thousand	% of TR	EUR thousand	% of TR
Non-performance-based remuneration								
Fixed remuneration	411	56 %	800	61 %	358	52 %	380	42 %
Fringe benefits	15	2 %	15	1 %	17	2 %	19	2 %
Total	426	58 %	815	62 %	375	55 %	399	44 %
Short-term variable compensation								
2019 year-1 component	40	5 %	–	–	40	6 %	–	–
2020 year-1 component	160	22 %	49	4 %	160	23 %	49	5 %
2021 year-1 component (advance payment)	–	–	160	12 %	–	–	160	18 %
Total	200	27 %	209	16 %	200	29 %	209	23 %
Long-term variable compensation								
2018 year-2 component	110	15 %	–	–	110	16 %	–	–
2018 year-3 component		–	190	14 %	–	–	190	21 %
2019 year-2 component		–	110	8 %	–	–	110	12 %
Total	110	15 %	300	24 %	110	16 %	300	33 %
Miscellaneous								
Special remuneration	0	0 %	0	0 %	0	0 %	0	0 %
Total remuneration (TR)	736	100 %	1,324	100 %	685	100 %	908	100 %
Maximum remuneration			2,000				2,000	

	Dr Jürgen Ott ¹ CMO				Hilde Neumeyer ² CFO/CCO			
	2020		2021		2020		2021	
	EUR thousand	% of TR	EUR thousand	% of TR	EUR thousand	% of TR	EUR thousand	% of TR
Non-performance-based remuneration								
Fixed remuneration	342	65 %	342	58 %	171	67 %	342	64 %
Fringe benefits	17	3 %	17	3 %	6	2 %	13	2 %
Total	359	68 %	359	61 %	177	69 %	355	66 %
Short-term variable compensation								
2019 year-1 component	10	2 %	–	–	–	–	–	–
2020 year-1 component	160	30 %	40	7 %	80	31 %	20	4 %
2021 year-1 component (advance payment)	–	–	160	27 %	–	–	160	30 %
Total	170	32 %	200	34 %	80	31 %	180	34 %
Long-term variable compensation								
2018 year-2 component	–	–	–	–	–	–	–	–
2018 year-3 component	–	–	–	–	–	–	–	–
2019 year-2 component	–	–	27	5 %	–	–	–	–
Total	0	0 %	27	5 %	0	0 %	0	0 %
Miscellaneous								
Special remuneration	–	0 %	–	0 %	–	0 %	–	0 %
Total remuneration (TR)	529	100 %	586	100 %	257	100 %	535	100 %
Maximum remuneration			2,000				2,000	

¹ Dr Jürgen Ott was appointed as member of the Board of Management for the first time with effect from 1 October 2019.

² Hilde Neumeyer was appointed as member of the Board of Management for the first time with effect from 1 July 2020.

The relative share of fixed annual remuneration in total remuneration in 2021 was between 35 % and 65 % for all members of the Board of Management, while the relative share of fringe benefits in 2021 was between 2 % and 3 %, and thus below 7 %. The relative share of variable compensation (bonus) ranged between 35 % and 65 %, with the exception of Ms Neumeyer's bonus (34 %). Ms Neumeyer was appointed as a member of the Board of Management for the first time with effect from 1 July 2020 and therefore received only a pro-rated share of the 2020 year-1 component. The total remuneration for each member of the Board of Management was below the maximum remuneration in financial year 2021. A maximum remuneration was approved for the first time by the Annual General Meeting on 23 June 2021; prior to this, no maximum had been set.

The variable remuneration granted and owed in financial year 2021 was based solely on the achievement of the adjusted target consolidated EBITDA. The variable remuneration granted and owed in financial year 2021 was based on the following target achievement rates and payouts:

	Target achievement	Payout
Year-3 component – 2018	108.4 %	100 % ¹
Year-2 component – 2019	99.2 %	100 %
Year-1 component – 2020	101.8 %	100 %
Year-1 component – 2021	116.4 %	— ²

¹ Payout amount set at 100 % by Supervisory Board, taking into account adjustments for non-budgeted developments.

² Target achievement for 2021 to be determined subsequently.

The target achievement rates and payout amounts are identical for all members of the Board of Management.

The service agreements for members of the Board of Management do not currently contain any provisions on the withholding or claw-back of variable remuneration components beyond the statutory requirements*. During the period under review, no variable remuneration components were clawed back.

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration system for the Supervisory Board presented below was approved by the Annual General Meeting on 23 June 2021 with an 83.47 % majority.

³ The Supervisory Board is of the opinion that the statutory provisions, in particular the statutory provisions according to which members of the Board of Management are required to compensate the Company for damages in the event of breaches of duty and to surrender benefits received without entitlement, are sufficient and that additional intervention in remuneration is therefore not necessary for the time being.

Fundamentals of the remuneration system for members of the supervisory board

The remuneration of the Supervisory Board of Dermapharm Holding SE is set out in Article 15 of the Articles of Association (Remuneration). Article 15 of the Articles of Association reads as follows:

1. The members of the Supervisory Board receive a fixed amount of remuneration for each full financial year of their Supervisory Board membership, amounting to EUR 80,000.00 beginning in financial year 2021 for each Supervisory Board member.
2. If a Supervisory Board member's term of office is less than a full financial year, or if a financial year is shorter than a calendar year, the above remuneration under paragraph 1 will be prorated by reference to the duration of Supervisory Board membership. It is payable quarterly following the expiry of the relevant calendar quarter.
3. The members of the Supervisory Board also receive reimbursement for their expenses. They also receive a refund of the value added tax payable in respect of their remuneration and expenses.
4. The Company must take out a directors and officers (D&O) liability insurance policy on behalf of the members of the Supervisory Board at appropriate, prevailing market rates; this policy must cover the statutory liability in connection with the work of the Supervisory Board.

The following remuneration system is based on the provisions of §§ 113 (3) sentence 3, 87a (1) sentence 2 AktG:

In line with prevailing market practice at listed companies in Germany, the remuneration paid to Supervisory Board members is structured exclusively as fixed remuneration. It does not include any performance-based components. The Board of Management and the Supervisory Board are of the opinion that an exclusively fixed remuneration of the Supervisory Board members is best suited to strengthen the independence of the Supervisory Board and to take into account the advisory and monitoring function of the Supervisory Board, which must be carried out independently of the Company's performance.

The amount and structure of Supervisory Board remuneration ensure that the Company is able to attract qualified candidates for membership of the Company's Supervisory Board; in this way, Supervisory Board remuneration makes a sustainable contribution to promoting the business strategy and the long-term development of the Company.

The remuneration system for Supervisory Board members is approved by the Annual General Meeting on the basis of proposals by the Board of Management and Supervisory Board. The remuneration system is subject to regular review, at least once every four years, by the Board of Management and the Supervisory Board to determine whether the amount and structure are still in line with the market and appropriate in light of the responsibilities of the Supervisory Board and the position of the Company. In the opinion of the Board of Management and the Supervisory Board, the increase in fixed annual remuneration proposed to the Annual General Meeting on 23 June 2021 takes appropriate account of the increased legal requirements for Supervisory Board activities.

The remuneration and employment conditions of the employees were and are of no relevance to the structure of the Supervisory Board's remuneration system. This is because Supervisory Board remuneration is granted for an activity which is fundamentally different to the activity of employees, given its advisory and supervisory function.

Any conflicts of interest in the review of the remuneration system are counteracted by the statutory allocation of competences, according to which the authority to decide on Supervisory Board remuneration lies with the Annual General Meeting. The Board of Management and Supervisory Board propose a corresponding resolution to the Annual General Meeting. A system of mutual control is thus already inherent in the statutory requirements.

Remuneration granted and owed in financial year 2021

The remuneration granted and owed¹ to the Supervisory Board in financial year 2021 breaks down as follows:

	Wilhelm Beier				Dr Erwin Kern				Lothar Lanz			
	Chairman of the Supervisory Board				Member of the Supervisory Board				Member of the Supervisory Board			
	2020		2021		2020		2021		2020		2021	
	EUR thousand	% of TR	EUR thousand	% of TR	EUR thousand	% of TR	EUR thousand	% of TR	EUR thousand	% of TR	EUR thousand	% of TR
Fixed remuneration	70	100 %	80	100 %	70	100 %	80	100 %	70	100 %	80	100 %
Variable remuneration	0	0 %	0	0 %	0	0 %	0	0 %	0	0 %	0	0 %
Total remuneration (TR)	70	100 %	80	100 %	70	100 %	80	100 %	70	100 %	80	100 %

¹ For a definition of remuneration granted and owed, see "Board of Management remuneration – Remuneration granted and owed in financial year 2021"

The Supervisory Board receives a 100 % fixed remuneration. Pursuant to the resolution by the Annual General Meeting on 23 June 2021, each member of the Supervisory Board receives a fixed amount of remuneration for each full financial year of their Supervisory Board membership amounting to EUR 80 thousand beginning in financial year 2021 (previous year: EUR 70 thousand). Remuneration of EUR 20 thousand is paid out per quarter in 2021 (previous year: EUR 17.5 thousand).

COMPARISON OF REMUNERATION AND EARNINGS TRENDS

In accordance with § 162 (1) sentence 2 no. 2 AktG, this section presents the development of Dermapharm's earnings, the annual change in the remuneration of the members of the Board of Management and Supervisory Board and the annual change in the average remuneration of employees on a full-time equivalent basis. In the first year of application, Dermapharm shows only the change compared to the previous year and builds up successively to a five-year comparison.

The development of the Group's earnings is presented using its earnings before interest, taxes, depreciation and amortisation (consolidated EBITDA) as a key financial performance indicator. For the members of the Board of Management and the Supervisory Board, the remuneration granted and owed in the respective financial year is presented in accordance with § 162 (1) sentence 1 AktG. The earnings trend for the individual company Dermapharm Holding SE does not form the basis for the remuneration of the Board of Management; it is merely presented in the table.

The average remuneration of employees on a full-time equivalent (FTE) basis is presented on the basis of the companies Dermapharm AG with a working time of 39 hours per week, mibe GmbH Arzneimittel with a working time of 40 hours per week, Trommsdorff GmbH & Co. KG with a working time of approximately 38² hours per week and Anton Hübner GmbH & Co. KG with a working time of 39.75 hours per week including interns, student trainees and apprentices. Converted to full-time equivalent positions, the four companies employed 798 people as at 31 December 2021 (previous year: 880).

² Working hours/week: 37.5 per CBA, 40 non-CBA, 39 sales force.

Average employee remuneration includes personnel expenses in accordance with IFRSs for wages and salaries, fringe benefits, employer contributions to social security, and any variable remuneration components attributable to the financial year.

Comparison of remuneration and earnings trends for the members of the Board of Management and the Supervisory Board

	2020 (EUR thousand)	2021 (EUR thousand)	Change in %
Dr Hans-Georg Feldmeier	736	1,324	80 %
Karin Samusch	685	908	32 %
Dr Jürgen Ott	529	586	11 %
Hilde Neumeyer ¹	257	535	108 %
Wilhelm Beier	70	80	14 %
Dr Erwin Kern	70	80	14 %
Lothar Lanz	70	80	14 %
Avg. remuneration / FTE	68	71	4 %
Consolidated EBITDA (adjusted)	200,651	351,071	75 %
EBITDA of Dermapharm Holding SE (individual company)	(1,331)	(248)	81 %

¹ Hilde Neumeyer was appointed as member of the Board of Management for the first time with effect from 1 July 2020.

Wilhelm Beier
Chairman of the Supervisory Board

Dr Hans-Georg Feldmeier
Chief Executive Officer

Hilde Neumeyer
Chief Financial Officer
Chief Compliance Officer

Dr Jürgen Ott
Chief Marketing Officer

Karin Samusch
Chief Business
Development Officer

REPORT OF THE INDEPENDENT AUDITOR ON THE AUDIT OF THE REMUNERATION REPORT PURSUANT TO SECTION 162 PARAGRAPH 3 AKTG

To the Dermapharm Holding SE, Grünwald

Opinion

We have formally audited the remuneration report of Dermapharm Holding SE, Grünwald, for the financial year from 1 January 2021 to 31 December 2021 to determine whether the disclosures pursuant to section 162 paragraph 1 and 2 German Stock Corporations Act [Aktiengesetz - AktG] have been made in the remuneration report. In accordance with section 162 paragraph 3 AktG, we have not audited the content of the remuneration report.

In our opinion, the disclosures required by section 162 paragraph 1 and 2 AktG have been made in all material respects in the accompanying remuneration report. Our opinion does not cover the content of the remuneration report.

Basis for the Opinion

We conducted our audit of the remuneration report in accordance with section 162 paragraph 3 AktG and IDW [Institut der Wirtschaftsprüfer e.V.: Institute of Public Auditors in Germany] Auditing Standard "The formal audit of the remuneration report in accordance with section 162 paragraph 3 AktG" (IDW AuS 870). Our responsibility under this provision and this standard is further described in the "Auditor's Responsibilities" section of our auditor's report. As an audit firm, we have applied the IDW Standard on Quality Assurance "Requirements for Quality Assurance applicable to German Auditing Practices" (IDW QS 1). We have complied with the professional responsibilities according to the Public Accountant Act [Wirtschaftsprüferordnung] and the German Professional Charter for Public Auditors/Sworn Auditors [Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer] including independence requirements.

Responsibility of the Management Board and the Supervisory Board

The management board and the supervisory board are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of section 162 AktG. They are responsible for such internal control as they determine is 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 objective is to obtain reasonable assurance about whether the disclosures required by section 162 paragraph 1 and 2 AktG are made in all material respects in the remuneration report and to express an opinion thereon in a report.

We planned and performed our audit so as to determine – by comparing the disclosures made in the remuneration report with the disclosures required by section 162 paragraph 1 and 2 AktG – the formal completeness of the remuneration report. In accordance with section 162 paragraph 3 AktG, we have not audited the accuracy of the disclosures, the completeness of the content of the individual disclosures, or the appropriate presentation of the remuneration report.

Consideration of Misleading Disclosures

In connection with our audit, our responsibility is to read the remuneration report, taking into account the knowledge obtained in the audit of the financial statements, and, in doing so, to remain alert for indications that the remuneration report contains misleading disclosures in relation to accuracy of the content of the disclosures, the completeness of the content of the individual disclosures, or the appropriate presentation of the remuneration report.

If, based on the work we have performed, we conclude that there are such misleading disclosures, we are required to report that fact. We have nothing to report in this regard.

Munich, 11 April 2022

Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Thomas Senger	Anja Zweck
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Dermapharm Holding SE

Lil-Dagover-Ring 7
82031 Grünwald
Germany

Telephone: +49 (89) 6 41 86 – 0

E-Mail: ir@dermapharm.com
<https://ir.dermapharm.de>