

## Remuneration Report for Financial Year 2017

The remuneration report provides an overview of the principles of the remuneration system for the members of the Management Board and describes the structure and amount of individual members' remuneration. Furthermore, the principles of the remuneration system for members of the Supervisory Board are explained.

### Management Board Remuneration

The remuneration system for the members of the *aap* Management Board is primarily aimed at providing incentives to successfully and sustainably develop the Company. In this way, the members of the Management Board shall participate in the Company's long-term and sustainable increase in value. This system rewards particularly good performance within the context of achieving targets, while failure to do so leads to reduced remuneration.

All valid Management Board contracts comply predominantly with the recommendations of the German Corporate Governance Code. The remuneration structure was oriented towards sustainable company development in accordance with the German Act on the Appropriateness of Management Board Remuneration (VorstAG; Article 87 para. 1 AktG (German Stock Corporation Act)).

The contracts of Chief Executive Officer (CEO) Bruke Seyoum Alemu and Chief Financial Officer (CFO) Marek Hahn (CFO) valid in financial year 2017 ran until December 31, 2017. Both Management Board employment contracts were extended early by a Supervisory Board resolution in financial year 2017 by a further three years until December 31, 2020. The new version applies from January 1, 2018.

The following rules apply to Management Board remuneration until December 31, 2017:

The total remuneration consists of a fixed component and a performance-related variable component. The performance-related variable component corresponds to a maximum of 33% of total remuneration, excluding the newly agreed special bonus (see below). The fixed component ensures a basic remuneration that enables the individual Management Board member to perform his duties in the best interests of the Company and to fulfill his obligations with the due care and diligence of a prudent businessman without becoming dependent on attaining only short-term performance targets. The variable component, in contrast, which depends inter alia on the Company's economic result, ensures a long-term effect of the behavior incentives.

The variable remuneration relates to the attainment of both qualitative and quantitative targets. It is limited to a maximum amount and takes future corporate development into account by means of a three-year monitoring period. The qualitative targets laid down in the Management Agenda are set by the Supervisory Board in advance while approving the annual budget and account for 10% of the variable remuneration component.

The quantitative targets account for 90%. The reference values for the quantitative variable salary component are the sales and EBITDA parameters determined for the calendar year 2017, with a weighting of 50% each. In the previous year the determined parameters were sales and cash flow with a weighting of 50% each.

The qualitative bonus is paid in full on target attainment one week after the following year's Annual General Meeting, whereas only 50% of the quantitative bonus is paid out at that time. The remaining 50% of the quantitative bonus is paid in equal parts after the Annual General Meeting in the second and third year after the bonus year.

If the results for the year after the bonus year and / or the second year after the bonus year are more than 30% below the quantitative target, the quantitative part of the bonus that has been withheld will be forfeited. The bonus for 2017 could therefore be reduced if the targets are not met in 2018 and 2019. The bonus is only forfeited in full if both quantitative targets are not met.

If the contract begins or ends during a financial year, the bonus is paid pro rata on the assumption that the target has been achieved in full.

The Supervisory Board is entitled to eliminate extraordinary business developments that have led to one-time additional earnings that are not the result of an increase in operating business in establishing the assessment basis for the quantitative targets.

Furthermore, the Company pays a fixed annual amount into a reinsured provident fund to build up a company pension scheme (contribution-based benefit without minimum performance) for every Management Board member. The members of the Management Board already receive an irrevocable subscription right to insurance benefits before reaching the statutory non-forfeiture period. In accordance with the remuneration system, the members of the Management Board are entitled to a company car for unlimited use, to accident insurance and to an allowance amounting to half the private health and nursing care insurance premiums up to the employer's maximum rate if there is a statutory health and nursing care insurance obligation. In addition, Mr. Alemu receives half of the relevant maximum contribution rate for statutory pension insurance each month.

As part of the extension of the term of office of the Chief Executive Officer (CEO) Bruke Seyoum Alemu and the Chief Financial Officer (CFO) Marek Hahn by resolution of the Supervisory Board in financial year 2017 and the simultaneous rewording of the employment contracts, with effect from January 1, 2018, a special bonus for specific, extraordinary predefined transactions has been agreed, which was also valid for current employment contracts until December 31, 2017 by way of a supplementary agreement. Depending on the transaction, the special bonus is calculated based on a fixed percentage of a certain calculation basis. No such bonus transaction occurred during the reporting year. Under certain conditions, a follow-up protection was agreed for individual bonus-relevant transactions, which regulates the claim to the special bonus if the transaction is concluded within 18 months after the Management Board has departed. This special bonus consists of variable compensation components, which, contrary to the recommendations of Section 4.2.3 para. 2, sentence 3 and sentence 6 of the German Corporate Governance Code in its version dated February 7, 2017, neither have a capped maximum amount nor a multi-year calculation basis. The Supervisory Board is of the opinion that the relevant remuneration elements, which include the payment of a special allowance only in the case of certain extraordinary events, provide an incentive for the Management Board in the best interests of the Company. The hereby intended alignment of the interests of shareholders and Management Board members would be undermined by imposing a ceiling on the amount. A multi-year calculation basis is precluded in the case of compensation to be granted only when particular special events occur. In connection with this special bonus, a special right of termination was agreed for certain cases, which also applies if the conditions had already been met by December 31, 2017. Accordingly, the Management Board members are first entitled to terminate the employment contract after a period

of twelve months after completion of the respective transaction with a period of fourteen days to the end of the month.

Taking into account a deductible, the members of the Management Board are included in the insurance via a pecuniary damage liability insurance policy (D&O insurance) taken out by the company.

In the event of a change of control over the Company, both Management Board members have a special right of termination that they can exercise at the end of the second month after the change of control (but not including the month in which the change of control occurred) to the end of the month with 14 days' notice. There are three cases in which a change of control entitles them to exercise this special right of termination: These are if an existing shareholder or a third party acquires at least 50% of the voting rights and thereby exceeds the mandatory offer threshold laid down in the German Acquisition and Takeover Act (WpÜG), if the Company concludes an affiliation agreement as a dependent company, or if it is merged with another company.

Management Board remuneration in the financial year 2017 was as follows:

	Remuneration components			Total 2017	Total 2016
	Performance- unrelated	Performance- related	With long-term incentivizing effect		
	KEUR	KEUR	KEUR		
Bruke Seyoum Alemu, CEO	321	116	22	459	470
Marek Hahn, CFO	230	82	28	340	331
	551	198	50	799	801

Furthermore, both Management Board members were granted stock options under various stock option programs. Specifically, on December 31, 2017, both Management Board members had stock options from the following stock option programs with the corresponding conditions:

#### 2010 Stock Option Program

On December 31, 2017, Bruke Seyoum Alemu had 150,000 stock options and Marek Hahn 121,000 stock options from the 2010 stock option program. The main conditions of the 2010 stock option program are as follows:

Under the 2010 stock option program, subscription rights were granted to employees and Management Board members of the Company, as well as to employees and members of the management of Company-affiliated enterprises as per Article 15 et seq. AktG. The subscription right was granted by the conclusion of an option contract between the Company and the relevant beneficiary. Each subscription right grants the holder the right to purchase one Company bearer share in return for payment of the exercise price. The exercise price of issued subscription rights is the average closing price (arithmetic mean) of the *aap* share in electronic trading (XETRA or a successor system) on the Frankfurt Stock Exchange over the five trading days that precede the first day of the acquisition period. The minimum exercise price is always the lowest issue price within the meaning of Article 9 para. 1 AktG. The pecuniary advantage that beneficiaries achieve by exercising subscription rights (the difference between the closing price of the *aap* share in XETRA trading or a comparable successor system on the day subscription rights are exercised and the exercise price) must not be more than four times higher than the exercise price set upon issue. The subscription rights from stock options may only be exercised after a waiting period (four years from date of issue) and then up to the

end of the option term (eight years from the date of issue). Subscription rights may only be exercised within a four-week period beginning on the second trading day on the Frankfurt Stock Exchange after the Company's Annual General Meeting and after the day on which the management publishes at the stock exchange for the general public the Company's annual financial report, the half-yearly financial report or the interim reports for the first or third quarter of the financial year. Subscription rights may only be exercised from the stock options if the closing price of the Company shares in XETRA trading (or a comparable successor system) on the Frankfurt Stock Exchange on the last trading day before the exercise date is at least 10% above the exercise price. As part of fulfilling their subscription rights, the Company may grant beneficiaries the choice of treasury shares or a cash settlement instead of new shares using conditional capital.

#### 2015 Stock Option Program

On December 31, 2017, Bruke Seyoum Alemu had 89,000 stock options and Marek Hahn 61,000 stock options from the 2015 stock option program. The main conditions of the 2015 stock option program are as follows:

Under the 2015 stock option program, subscription rights were granted to members of the Management Board. The subscription right was granted by the conclusion of an option contract between the Company and the relevant beneficiary. Each subscription right grants the holder the right to purchase one Company bearer share in return for payment of the exercise price. The exercise price of issued subscription rights is the average closing price (arithmetic mean) of the *aap* share in electronic trading (XETRA or a successor system) on the Frankfurt Stock Exchange over the five trading days that precede the first day of the acquisition period. The minimum exercise price is always the lowest issue price within the meaning of Article 9 para. 1 AktG. The pecuniary advantage that beneficiaries achieve by exercising subscription rights (the difference between the closing price of the *aap* share in XETRA trading or a comparable successor system on the day subscription rights are exercised and the exercise price) must not be more than four times higher than the exercise price set upon issue. The subscription rights from stock options may only be exercised after a waiting period (four years from date of issue) and then up to the end of the option term (eight years from the date of issue). Subscription rights may only be exercised within a four-week period beginning on the second trading day on the Frankfurt Stock Exchange after the Company's Annual General Meeting and after the day on which the management publishes at the stock exchange for the general public the Company's annual financial report, the half-yearly financial report or the interim reports for the first or third quarter of the financial year. Subscription rights may only be exercised from the stock options if the closing price of the Company shares in XETRA trading (or a comparable successor system) on the Frankfurt Stock Exchange on the last trading day before the exercise date is at least EUR 3.50. As part of fulfilling their subscription rights, the Company may grant beneficiaries the choice of treasury shares or a cash settlement instead of new shares using conditional capital.

#### 2017 Stock Option Program

On December 31, 2017, Bruke Seyoum Alemu had 120,000 stock options and Marek Hahn 80,000 stock options from the 2017 stock option program. The main conditions of the 2017 stock option program are as follows:

Under the 2017 stock option program, subscription rights were granted to employees and Management Board members of the Company, as well as to employees of Company-affiliated enterprises as per Article 15 et seq. AktG. The subscription right was granted by the conclusion of an option contract between the Company and the relevant beneficiary. Each subscription right grants the

holder the right to purchase one Company bearer share in return for payment of the exercise price. The exercise price of issued subscription rights is the average closing price (arithmetic mean) of the *aap* share in electronic trading (XETRA or a successor system) on the Frankfurt Stock Exchange over the five trading days that precede the first day of the acquisition period. The minimum exercise price is always the lowest issue price within the meaning of Article 9 para. 1 AktG. The pecuniary advantage that beneficiaries achieve by exercising subscription rights (the difference between the closing price of the *aap* share in XETRA trading or a comparable successor system on the day subscription rights are exercised and the exercise price) must not be more than four times higher than the exercise price set upon issue. The subscription rights from stock options may only be exercised after a waiting period (four years from date of issue) and then up to the end of the option term (eight years from the date of issue). Subscription rights may only be exercised within a four-week period beginning on the second trading day on the Frankfurt Stock Exchange after the Company's Annual General Meeting and after the day on which the management publishes at the stock exchange for the general public the Company's annual financial report, the half-yearly financial report or the interim reports for the first or third quarter of the financial year. Subscription rights may only be exercised from the stock options if the closing price of the Company shares in XETRA trading (or a comparable successor system) on the Frankfurt Stock Exchange on the last trading day before the exercise date is at least 15% above the exercise price. As part of fulfilling their subscription rights, the Company may grant beneficiaries the choice of treasury shares or a cash settlement instead of new shares using conditional capital.

In the following tables, both the benefits granted to each member of the Management Board for the financial year and the inflows in respectively for the financial year are individually presented according to the recommendations of the German Corporate Governance Code (GCGC).

Total "granted benefits to the Management Board according to GCGC" for financial year 2017 are calculated based on

- the basic remuneration for 2017,
- taxable pecuniary benefits and other ancillary benefits in 2017,
- the qualitative bonus due for payment in 2018 and the 50% share of the quantitative annual bonus for 2017,
- the 25% share of the quantitative annual bonus for 2017 due for payment in 2019,
- the 25% share of the quantitative annual bonus for 2017 due for payment in 2020 and
- the fair value of accrued claims arising from granted stock options (SOP).

Total "granted benefits to the Management Board according to GCGC" for financial year 2016 are calculated based on

- the basic remuneration for 2016,
- taxable pecuniary benefits and other ancillary benefits in 2016,
- the qualitative bonus due for payment in 2017 and the 50% share of the quantitative annual bonus for 2016,
- the 25% share of the quantitative annual bonus for 2016 due for payment in 2018,
- the 25% share of the quantitative annual bonus for 2016 due for payment in 2019,
- the fair value of accrued claims arising from granted stock options (SOP) and
- special compensation granted in accordance with the resolution of March 28, 2017 with the obligation to acquire *aap* shares with a holding period.

Benefits granted to the Management Board as per the GCGC (in KEUR)	Bruke Seyoum Alemu				Marek Hahn			
	CEO				CFO			
for financial year	2016	2017	2017 (Min)	2017 (Max)	2016	2017	2017 (Min)	2017 (Max)
Fixed remuneration	270	270	270	270	190	190	190	190
Ancillary services	51	51	51	51	37	40	40	40
<b>Total</b>	<b>321</b>	<b>321</b>	<b>321</b>	<b>321</b>	<b>227</b>	<b>230</b>	<b>230</b>	<b>230</b>
<i>One-year variable remuneration (due in the following year)</i>	14	9	0	14	10	6	0	10
<i>Multi-annual variable remuneration</i>								
Deferred bonus (due in 2017)	30	-	-	-	21	-	-	-
Deferred bonus (due in 2018)	14	54	0	61	10	38	0	43
Deferred bonus (due in 2019)	14	27	0	30	10	19	0	21
Deferred bonus (due in 2020)	-	26	0	30	-	19	0	21
<i>SOP 2015 and SOP 2017</i>	14	22	22	22	9	28	28	28
<i>Special payment for share acquisition with holding period</i>	63	-	-	-	44	-	-	-
<b>Total</b>	<b>470</b>	<b>459</b>	<b>343</b>	<b>478</b>	<b>331</b>	<b>340</b>	<b>258</b>	<b>353</b>
Pension-related expenses	-	-	-	-	-	-	-	-
<b>Total remuneration</b>	<b>470</b>	<b>459</b>	<b>343</b>	<b>478</b>	<b>331</b>	<b>340</b>	<b>258</b>	<b>353</b>

Total “inflows to the Management Board according to GCGC” for financial year 2017 are calculated based on

- the basic remuneration for 2017,
- taxable pecuniary benefits and other ancillary benefits in 2017 and
- the qualitative bonus and the 50% share of the quantitative annual bonus for 2016 paid in 2017 based on the Supervisory Board decision of March 28, 2017

Total “inflows to the Management Board according to GCGC” for financial year 2016 are calculated based on

- the basic remuneration for 2016,
- taxable pecuniary benefits and other ancillary benefits in 2016, and
- the qualitative and quantitative annual bonus for 2015 paid in 2016 based on the Supervisory Board decision of July 8, 2016.

Inflows to the Management Board (in KEUR)	Bruke Seyoum Alemu		Marek Hahn	
	CEO		CFO	
in financial year	2017	2016	2017	2016
Fixed remuneration	270	270	190	190
Ancillary services	51	71	40	37
<b>Total</b>	<b>321</b>	<b>341</b>	<b>230</b>	<b>227</b>
<i>One-year variable remuneration</i>	14	14	10	10
<i>Multi-annual variable remuneration</i>				
Deferred bonus 2015 (due in 2016)	-	10	-	7
Deferred bonus 2015 (due in 2017/2018)	-	10	-	7
Deferred bonus 2016 (due in 2017)	30	-	21	-
<i>Special payment for share acquisition with holding period</i>	63	-	44	-
<b>Total</b>	<b>428</b>	<b>375</b>	<b>305</b>	<b>251</b>
Pension-related expenses	-	-	-	-
<b>Total remuneration</b>	<b>428</b>	<b>375</b>	<b>305</b>	<b>251</b>

### Supervisory Board Remuneration

To this point, Supervisory Board members received, in addition to reimbursement of their expenses, a fixed remuneration of EUR 5,000 per Supervisory Board meeting, with no remuneration paid for meetings held by conference call. With the resolution of the Annual General Meeting on June 16, 2017, the remuneration of the Supervisory Board was reassessed in accordance with Section 16 of the Articles of Association. The new remuneration regulations replaced the previous remuneration of the Supervisory Board with effect from the financial year 2017. Accordingly, Supervisory Board members received a fixed annual fee of EUR 30,000.00 in the financial year 2017 (and will receive said fee in the future) in addition to the reimbursement of expenses. The Company reimburses any Supervisory Board member for expenses as well as for the due value-added tax for its remuneration and the expenses as well as for any possible social contributions. Moreover, each Supervisory Board member will receive the share of the insurance premiums mathematically applicable to that Supervisory Board member for a financial loss liability insurance policy taken out by the Company for the benefit of the members of the Management Board and Supervisory Board.