

## Remuneration Report for Financial Year 2019

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

### Management Board remuneration

The remuneration system for *aap*'s Management Board members is primarily aimed at creating incentives for successful and sustainable development of the Company. In this context, Management Board members are to participate in a long-term and sustainable increase in the Company's value. In this context, particularly good performance is rewarded in the context of target achievement, while target failures lead to reduced remuneration.

All valid Management Board contracts largely comply with the recommendations of the German Corporate Governance Code. In accordance with the German Act on the Appropriateness of Management Board Remuneration (VorstAG; § 87 (1) AktG), the remuneration structure has been aligned to sustainable corporate development.

The contracts of Chief Management Officer (CEO) Rubino Di Girolamo and Chief Financial Officer (CFO) Marek Hahn valid in fiscal 2019 have a term until December 31, 2020.

The former Chief Management Officer (CEO) of *aap*, Bruke Seyoum Alemu, left office prematurely on April 30, 2019. His employment contract was terminated by concluding a termination agreement on the same date. To ensure a smooth and efficient handover of business to the new CEO, Mr. Alemu will continue to be available to the Company in an advisory capacity until December 31, 2020, by virtue of a contract concluded with effect from May 1, 2019. Under the termination agreement concluded, Mr. Alemu is entitled to a severance payment of around EUR 0.5 million, half of which was or is due for payment in each of the fiscal years 2019 and 2020. The settlement amount took into account both the fixed and variable salary components outstanding at the time the contract was concluded and all fringe benefits agreed under the employment contract. An exception in this context was the payment by the Company of an annual fixed amount into a reinsured provident fund to build up a company pension plan (defined contribution plan without minimum benefit), which was made for the last time in January 2020 for the year 2020. In deviation from the above arrangement, *aap* also assumed payment of the insurance premiums for the accident insurance of the former CEO until December 31, 2019. With regard to the stock options already issued to Mr. Alemu prior to his departure, it was also agreed that he could retain these and, insofar as permissible under the respective option conditions, continue to exercise them.

The following regulations apply to the remuneration of the Management Board:

The total remuneration consists of a fixed and a performance-related variable component. In addition, there is a special bonus. The performance-related variable component corresponds to a maximum of 33% of total remuneration excluding the special bonus. The fixed components ensure a basic level of remuneration which allows individual Management Board members to perform their duties in the best interests of the Company and in accordance with the duties of a prudent businessman, without

becoming dependent on merely short-term performance targets. In contrast, variable components, which depend among other things on the economic performance of the Company, ensure that the behavioral incentives have a long-term effect.

The variable remuneration relates to the achievement of both qualitative and quantitative targets. It is limited by a maximum value and also takes account of future corporate development through a three-year monitoring period. The qualitative targets are set in advance by the Supervisory Board on the basis of the management agenda as part of the approval of the annual budget and are included in the variable remuneration component at a rate of 10%.

The quantitative targets are included at 90 %. The benchmarks for the quantitative variable salary component are the sales and EBITDA parameters defined for the 2019 calendar year, each weighted at 50%. In the previous year, in addition to the sales and EBITDA parameters with a weighting of 25% each, variable remuneration was agreed for the start of the clinical human trial for silver coating technology, 50% of which was included in the quantitative bonus.

The qualitative bonus is paid out in full one week after the Annual General Meeting of the following year if targets are met, while only 50% of the quantitative bonus is paid out at the same time. Half of the remaining 50% of the quantitative bonus is paid out after the Annual General Meeting of the second and third years following the bonus year.

If the quantitative targets for the year following the bonus year and/or the second year following the bonus year are undershot by more than 30%, the quantitative bonus retention due at that time will be forfeited. This would result in a potential reduction in the 2019 bonus based on a budget shortfall in 2020 and 2021. The forfeiture only applies in full if the shortfall extends to both quantitative sub-targets.

At the beginning or end of a contract during a fiscal year, the bonus is granted pro rata temporis, assuming 100% target achievement.

The special bonus was agreed for very special, extraordinary predefined transactions. Depending on the transaction, it is calculated as a fixed percentage of a certain assessment basis. No such bonus transaction occurred in the reporting year. Under certain conditions, in the event of individual bonus-relevant transactions, follow-up protection was agreed which governs entitlement to the special bonus if the transaction is completed within 18 months of the Management Board member leaving the company. This special bonus involves variable remuneration components which, contrary to the recommendations of Section 4.2.3 Paragraph 2 Sentence 3 and Sentence 6 of the German Corporate Governance Code in the version dated February 7, 2017, have neither maximum limits in terms of amount nor a multi-year assessment basis. The Supervisory Board is of the opinion that the relevant remuneration elements, which only include the payment of special remuneration in the event of certain extraordinary events, incentivize the Management Board in the best interests of the Company. The synchronization of the interests of shareholders and Management Board members intended by this would be undermined by a cap on the amount. A multi-year assessment basis is structurally ruled out for the remuneration to be granted only in cases of certain special events. In connection with this special bonus there is also a special right of termination in certain cases. Under this, the Management Board members are entitled to terminate their employment contracts with fourteen days' notice to the end of the month for the first time after the expiry of twelve months following the completion of the relevant transaction.

The Supervisory Board is authorized to eliminate extraordinary business developments that have resulted in one-time additional revenues not attributable to an increase in operating business when determining the assessment basis for the quantitative targets.

In addition, the Company pays a fixed annual amount for the Chief Financial Officer (CFO), Marek Hahn, into a reinsured provident fund to build up a company pension plan (defined contribution plan without minimum benefit). Such payments were also made to a reinsured provident fund to build up a company pension for the former Chief Management Officer (CEO), Bruke Seyoum Alemu, whose term of office ended prematurely on April 30, 2019. Mr. Hahn and Mr. Alemu receive an irrevocable subscription right to the insurance benefit even before they become legally vested. Furthermore, under the remuneration system, Mr. Hahn is entitled to a company car for unrestricted use, accident insurance, and an allowance amounting to half of the private health and long-term care insurance premiums up to a maximum of the employer's maximum rate if statutory health and long-term care insurance is mandatory. Mr. Alemu was also entitled to these benefits. Mr. Alemu additionally received half of the respective highest contribution rate to the statutory pension insurance on a monthly basis. The Chief Management Officer (CEO), Rubino Di Girolamo, is entitled to reimbursement of his weekly travel expenses between his place of residence and the Company's place of business.

The members of the Management Board are included in the coverage provided by a directors' and officers' liability insurance policy (D&O insurance) taken out by the company, subject to a deductible. The former Chief Management Officer (CEO), Bruke Seyoum Alemu, whose term of office ended prematurely on April 30, 2019, was also included in the D&O insurance.

In the event of a change of control at the Company, the members of the Management Board have a special right of termination, which they may exercise at the end of the second month following the change of control (not including the month in which the change of control occurs) by giving 14 days' notice to the end of the month. A change of control entitling the holder to exercise the special right of termination exists in three cases: A current shareholder or a third party acquires at least 50% of the voting rights and thus exceeds the mandatory offer threshold under the WpÜG, the Company concludes an intercompany agreement as a dependent company or is merged with another company.

The remuneration of the Management Board in fiscal year 2019 amounted to:

|  | Remuneration components |                   |                                 | Total 2019 | Total 2018 |
|--|-------------------------|-------------------|---------------------------------|------------|------------|
|  | not performance-related | performance-based | with long-term incentive effect |            |            |
|  | TEUR                    | TEUR              | TEUR                            | TEUR       | TEUR       |
| Bruke Seyoum Alemu, CEO (until April 30, 2019) | 130                     | -27               | 31                              | 134        | 357        |
| Rubino Di Girolamo, CEO (as of 01.05.2019)     | 110                     | 3                 | 0                               | 113        | 0          |
| Marek Hahn, CFO                                | 231                     | -4                | 21                              | 248        | 254        |
|  | 471                     | -28               | 52                              | 495        | 611        |

The performance-related remuneration components include reversals of provisions recognized in previous years for long-term qualitative bonus components (reference to remuneration tables). For the former Chief Management Officer (CEO) Bruke Seyoum Alemu, these performance-related remuneration components were settled in accordance with the termination agreement.

Further remuneration in accordance with the termination agreement concluded with the former Chief Management Officer (CEO):

|   | Remuneration components |                   |                                 | Total 2019 | Total 2018 |
|---|-------------------------|-------------------|---------------------------------|------------|------------|
|   | not performance-related | performance-based | with long-term incentive effect |            |            |
|   | TEUR                    | TEUR              | TEUR                            | TEUR       | TEUR       |
| Bruke Seyoum Alemu, CEO<br>(until April 30, 2019) | 483                     | 0                 | 36                              | 519        | 0          |

Furthermore, the former Chief Management Officer (CEO) Bruke Seyoum Alemu, whose term of office ended prematurely on April 30, 2019, and the Chief Financial Officer (CFO) Marek Hahn were granted stock options under various stock option programs. Specifically, as of December 31, 2019, Bruke Seyoum Alemu and Marek Hahn held stock options under the following stock option programs with the corresponding terms and conditions:

#### Stock option program 2015

As of December 31, 2019, former Chief Management Officer (CEO) Bruke Seyoum Alemu, whose term of office ended early on April 30, 2019, had 89,000 stock options and Chief Financial Officer (CFO) Marek Hahn had 61,000 stock options under the 2015 stock option program. The main terms of the 2015 stock option program are as follows:

Subscription rights were issued to members of the Company's Management Board under the 2015 stock option program. The subscription right was granted by concluding an option agreement between the Company and the respective beneficiary. Each subscription right grants the holder the right to subscribe to one no-par value bearer share in the Company in return for payment of the exercise price. The exercise price of the subscription rights issued is the average closing price (arithmetic mean) of the *aap share in* electronic trading (XETRA or successor system) on the Frankfurt Stock Exchange on the five trading days preceding the first day of the purchase period. The minimum exercise price shall in any case be the lowest issue price within the meaning of Section 9 (1) AktG. The pecuniary advantage gained by the beneficiary by exercising the subscription right (difference between the closing auction price of the *aap share in* XETRA trading or a comparable successor system on the day the subscription right is exercised and the exercise price) may not exceed four times the exercise price set at the time of issue. The subscription rights from stock options may be exercised for the first time after expiry of a waiting period (four years from the issue date) and then until the end of the option term (eight years from the issue date). Subscription rights may in each case only be exercised within four weeks beginning on the second trading day on the Frankfurt Stock Exchange following the Company's Annual General Meeting and following the day on which the management has made the annual financial report, the half-yearly financial report or the interim report for the first or third quarter of the Company's financial year available to the public. Subscription rights may only be exercised from the stock options if the closing auction price of the shares of the Company in XETRA trading (or a comparable successor system) on the Frankfurt Stock Exchange on the last trading day prior to the exercise date is at least EUR 3.50. The subscription rights may only be exercised if the closing auction price of the shares of the Company in XETRA trading (or a comparable successor system) on the Frankfurt Stock Exchange is at least EUR 3.50. In fulfillment of the subscription right, the Company may

optionally grant the beneficiary treasury shares or a cash settlement instead of new shares using the conditional capital.

#### Stock option program 2017

As of December 31, 2019, former Chief Management Officer (CEO) Bruke Seyoum Alemu, whose term of office ended early on April 30, 2019, had 120,000 stock options and Chief Financial Officer (CFO) Marek Hahn had 80,000 stock options under the 2017 stock option program. The main terms of the 2017 stock option program are as follows:

Under the 2017 stock option program, subscription rights were issued to employees and members of the Management Board of the Company and to employees of affiliated companies of the Company within the meaning of Sections 15 et seq. AktG. The subscription right was granted by concluding an option agreement between the Company and the respective beneficiary. Each subscription right grants the holder the right to subscribe for one no-par value bearer share in the Company in return for payment of the exercise price. The exercise price of the subscription rights issued is the average closing price (arithmetic mean) of the *aap share in* electronic trading (XETRA or successor system) on the Frankfurt Stock Exchange on the five trading days preceding the first day of the purchase period. The minimum exercise price shall in any case be the lowest issue price within the meaning of Section 9 (1) AktG. The pecuniary advantage gained by the beneficiary by exercising the subscription right (difference between the closing auction price of the *aap share in* XETRA trading or a comparable successor system on the day the subscription right is exercised and the exercise price) may not exceed four times the exercise price set at the time of issue. The subscription rights from stock options may be exercised for the first time after expiry of a waiting period (four years from the issue date) and then until the end of the option term (eight years from the issue date). Subscription rights may in each case only be exercised within four weeks beginning on the second trading day on the Frankfurt Stock Exchange following the Company's Annual General Meeting and following the day on which the management has made the annual financial report, the half-yearly financial report or the interim report for the first or third quarter of the Company's financial year available to the public. Subscription rights may only be exercised from the stock options if the closing auction price of the Company's 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. In fulfillment of the subscription right, the Company may optionally grant the beneficiary treasury shares or a cash settlement instead of new shares using the conditional capital.

The following tables show individually for each member of the Management Board, on the one hand, the benefits granted for the financial year and, on the other hand, the inflows in or for the financial year in accordance with the recommendations of the German Corporate Governance Code (GCGC).

The total of "benefits granted to the Management Board in accordance with the GCGC" for the financial year 2019 is calculated as follows

- of the 2019 base remuneration including the obligations under the termination agreement to the former Chief Management Officer (CEO) Bruke Seyoum Alemu,
- the taxable non-cash benefits and other fringe benefits in 2019,
- the qualitative annual bonus for 2019 to be paid in 2020,
- The reduction of the 25% portion of the 2017 and 2018 bonus due in 2020 based on the 2019 budget shortfall,
- the fair value of the vested rights from stock options granted (SOP).

The total of "benefits granted to the Management Board in accordance with the GCGC" for the 2018 financial year is calculated as follows

- of the basic remuneration 2018,
- the taxable non-cash benefits and other fringe benefits in 2018,
- the qualitative annual bonus for 2018 to be paid in 2019,
- the reduction of the 25% portion of the 2016 and 2017 bonus due in 2019 based on the 2018 budget shortfall,
- the fair value of the vested rights from stock options granted (SOP).

| Allowances granted to the Management Board in accordance with the GCGC (in EUR thousand) | Bruke Seyoum Alemu (until 30.04.2019) |            |            |            | Rubino Di Girolamo (as of 01.05.2019) |            |            |            | Marek Hahn |            |            |            |
|--|---------------------------------------|------------|------------|------------|---------------------------------------|------------|------------|------------|------------|------------|------------|------------|
|  | CEO                                   |            |            |            | CEO                                   |            |            |            | CFO        |            |            |            |
| for the financial year   | 2018                                  | 2019       | 2019 (Min) | 2019 (Max) | 2018                                  | 2019       | 2019 (Min) | 2019 (Max) | 2018       | 2019       | 2019 (Min) | 2019 (Max) |
| Fixed remuneration   | 270                                   | 548        | 548        | 548        | -                                     | 108        | 108        | 108        | 190        | 190        | 190        | 190        |
| Ancillary services   | 51                                    | 65         | 65         | 65         | -                                     | 2          | 2          | 2          | 40         | 41         | 41         | 41         |
| <b>Total</b>   | <b>321</b>                            | <b>613</b> | <b>613</b> | <b>613</b> | <b>-</b>                              | <b>110</b> | <b>110</b> | <b>110</b> | <b>230</b> | <b>231</b> | <b>231</b> | <b>231</b> |
| <i>One-year variable remuneration (due in the following year)</i>                        | 9                                     | 0          | 0          | 5          | -                                     | 3          | 0          | 5          | 6          | 5          | 0          | 10         |
| <i>Multi-year variable remuneration</i>  |                                       |            |            |            |                                       |            |            |            |            |            |            |            |
| Deferred bonus (due 2019)  | 0                                     | -          | -          | -          | -                                     | -          | -          | -          | 0          | -          | -          | -          |
| Deferred bonus 2016 (due 2019)   | -4                                    | -          | -          | -          | -                                     | -          | -          | -          | -3         | -          | -          | -          |
| Deferred bonus 2017 (due 2019)   | -7                                    | -          | -          | -          | -                                     | -          | -          | -          | -5         | -          | -          | -          |
| Deferred bonus (due 2020)  | 0                                     | 0          | 0          | 20         | -                                     | 0          | 0          | 24         | 0          | 0          | 0          | 43         |
| Deferred bonus 2017 (due 2020)   | -                                     | -27        | -          | -          | -                                     | -          | -          | -          | -          | -9         | -          | -          |
| Deferred bonus (due 2021)  | 0                                     | 0          | 0          | 10         | -                                     | 0          | 0          | 12         | 0          | 0          | 0          | 21         |
| Deferred bonus (due 2022)  | -                                     | 0          | 0          | 10         | -                                     | 0          | 0          | 12         | -          | 0          | 0          | 21         |
| <i>SOP 2015 and SOP 2017</i>   | 37                                    | 67         | 67         | 67         | -                                     | -          | -          | -          | 25         | 21         | 21         | 21         |
| <i>Special payment for share acquisition with holding period</i>                         | -                                     | -          | -          | -          | -                                     | -          | -          | -          | -          | -          | -          | -          |
| <b>Total</b>   | <b>357</b>                            | <b>653</b> | <b>680</b> | <b>725</b> | <b>-</b>                              | <b>113</b> | <b>110</b> | <b>164</b> | <b>254</b> | <b>248</b> | <b>252</b> | <b>347</b> |
| Utility expenses   | -                                     | -          | -          | -          | -                                     | -          | -          | -          | -          | -          | -          | -          |
| <b>Total remuneration</b>  | <b>357</b>                            | <b>653</b> | <b>680</b> | <b>725</b> | <b>-</b>                              | <b>113</b> | <b>110</b> | <b>164</b> | <b>254</b> | <b>248</b> | <b>252</b> | <b>347</b> |

The total of the "Inflows to the Management Board in accordance with the GCGC" for the financial year 2019 is calculated as follows

- of the 2019 base remuneration including half of the severance payment due to the former Chief Management Officer (CEO) Bruke Seyoum Alemu,
- the taxable non-cash benefits and other fringe benefits in 2019 and
- the qualitative annual bonus for 2018 paid out in 2019.

The total of the "Inflows to the Management Board in accordance with the GCGC" for the 2018 financial year is calculated as follows

- of the basic remuneration 2018,
- the taxable non-cash benefits and other fringe benefits in 2018 and
- the qualitative annual bonus for 2018 and 50% of the quantitative annual bonus for 2016 and 2017 paid in 2018 based on the Supervisory Board resolution of March 27, 2018.

| Inflows to the Management Board in accordance with the DCGK (in EUR thousand) | Bruke Seyoum Alemu<br>(until 30.04.2019) |            | Rubino Di Girolamo<br>(as of 01.05.2019) |          | Marek Hahn |            |
|---|--|------------|--|----------|------------|------------|
|   | CEO                                      |            | CEO                                      |          | CFO        |            |
| in the business year  | 2019                                     | 2018       | 2019                                     | 2018     | 2019       | 2018       |
| Fixed remuneration  | 319                                      | 270        | 108                                      | -        | 190        | 190        |
| Ancillary services  | 40                                       | 51         | 2  | -        | 41         | 40         |
| <b>Total</b>  | <b>359</b>                               | <b>321</b> | <b>110</b>                               | <b>-</b> | <b>231</b> | <b>230</b> |
| <i>One-year variable remuneration (qualitative bonus 2018/2017)</i>           | 9  | 9          | 0  | -        | 6          | 7          |
| <i>Multi-year variable remuneration</i>                                       |  |            |  |          |            |            |
| Deferred bonus 2016 (due 2019/2018)   | 11                                       | 15         | 0  | -        | 8          | 11         |
| Deferred bonus 2017 (due 2019/2018)   | 20                                       | 54         | 0  | -        | 14         | 38         |
| <i>Special payment for share acquisition with holding period</i>              | -  | -          | -  | -        | -          | -          |
| <b>Total</b>  | <b>400</b>                               | <b>400</b> | <b>110</b>                               | <b>-</b> | <b>259</b> | <b>286</b> |
| Utility expenses  | -  | -          | -  | -        | -          | -          |
| <b>Total remuneration</b>   | <b>400</b>                               | <b>400</b> | <b>110</b>                               | <b>-</b> | <b>259</b> | <b>286</b> |



### Supervisory Board remuneration

In addition to reimbursement of their expenses, the members of the Supervisory Board receive an annual fixed remuneration of EUR 30,000.00. In addition to their expenses, the Company reimburses each member of the Supervisory Board for the value-added tax payable on their remuneration and expenses, as well as any social security contributions. In addition, each member of the Supervisory Board receives the share of the insurance premium for a pecuniary loss liability insurance policy taken out by the Company for the benefit of the members of the Management Board and the Supervisory Board.