

Remuneration Report for Financial Year 2020

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 members of the Management Board of *aap*, which is valid until December 31, 2020, is primarily aimed at creating incentives for the 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 value of the Company. In this context, particularly good performance in the context of target achievement is rewarded, while target failures lead to reduced remuneration.

All Management Board contracts valid as of December 31, 2020 largely comply with the recommendations of the German Corporate Governance Code as amended on February 7, 2017. In accordance with the German Act on the Appropriateness of Management Board Remuneration (VorstAG; Section 87 (1) of the German Stock Corporation Act (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 the 2020 financial year had a term until December 31, 2020. Both Management Board employment contracts were extended in the 2020 financial year by one year until December 31, 2021 by resolution of the Supervisory Board. The new version will apply from January 1, 2021. In addition, as part of the same resolution, the Supervisory Board appointed Ms. Agnieszka Mierzejewska to the Management Board of *aap* as Chief Operating Officer (COO) with effect from January 1, 2021. As a result, the Company's Management Board will henceforth consist of three members.

The former Chief Management Officer (CEO) of *aap*, Bruke Seyoum Alemu, left office prematurely on April 30, 2019. His employment contract was terminated by the conclusion of a termination agreement on the same date. Under the termination agreement concluded, Mr. Alemu is entitled to a severance payment of approximately EUR 0.5 million, half of which was due for payment in each of the fiscal years 2019 and 2020. The severance payment took into account both the fixed and variable salary components outstanding at the time the agreement 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 in January 2020 for the last time 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 rules on Management Board remuneration apply in accordance with the remuneration system valid until December 31, 2020:

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 revenue and EBITDA parameters defined for the 2020 calendar year, each weighted at 50%. In the previous year, the sales and EBITDA parameters were also included in the quantitative bonus with a weighting of 50% each.

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 2020 bonus on the basis of a budget shortfall in 2021 and 2022. The forfeiture only applies in full if the shortfall extends to both quantitative 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 the 2020 financial year was:

	Remuneration components			Total 2020	Total 2019
	not performance-related	performance-based	with long-term incentive effect		
	TEUR	TEUR	TEUR		
Rubino Di Girolamo, CEO (as of 01.05.2019)	166	39	0	205	113
Marek Hahn, CFO	223	40	16	279	248
Bruke Seyoum Alemu, CEO* (until April 30, 2019)	0	0	0	0	134
	389	79	16	484	495

The expense for the severance payment under the termination agreement concluded with the former Chief Management Officer (CEO) Bruke Seyoum Alemu was already accrued in fiscal 2019. In fiscal 2020, only half of the severance payment was paid.

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

	Remuneration components			Total 2020	Total 2019
	not performance-related	performance-based	with long-term incentive effect		
	TEUR	TEUR	TEUR		
Bruke Seyoum Alemu, CEO* (until April 30, 2019)	0	0	0	0	519

The expense for the severance payment under the termination agreement concluded with the former Chief Management Officer (CEO) Bruke Seyoum Alemu was already accrued in fiscal 2019. In fiscal 2020, only half of the severance payment was paid.

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, 2020, Bruke Seyoum Alemu and Marek Hahn held stock options under the following stock option programs with the corresponding conditions:

Stock option program 2015

As of December 31, 2019, the former Chief Management Officer (CEO) Bruke Seyoum Alemu, whose term of office ended prematurely on April 30, 2019, held 8,900 stock options and the Chief Financial Officer (CFO) Marek Hahn held 6,100 stock options from the 2015 stock option program. The year-on-year change in the number of stock options held results exclusively from the adjustment of Conditional Capital 2015/I resolved by the Annual General Meeting on August 7, 2020, to the ordinary capital reduction implemented in fiscal 2020 by combining no-par value shares at a ratio of 10 to 1.

The main terms and conditions 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 35.00. 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, the former Chief Management Officer (CEO) Bruke Seyoum Alemu, whose term of office ended prematurely on April 30, 2019, held 12,000 stock options and the Chief Financial Officer (CFO) Marek Hahn held 8,000 stock options from the 2017 stock option program. The year-on-year change in the number of stock options held results exclusively from the adjustment of the Conditional Capital 2017 resolved by the Annual General Meeting on August 7, 2020 to the ordinary capital reduction implemented in the 2020 financial year by combining no-par value shares at a ratio of 10 to 1.

The main terms and conditions 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.

Supervisory Board remuneration

In accordance with the remuneration system valid until December 31, 2020, the members of the Supervisory Board receive, in addition to reimbursement of their expenses, annual fixed remuneration in the amount 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.