

# Engineering Excellence

Convenience translation of the invitation to  
the Annual General Meeting of KAP AG, Fulda

ISIN: DE 0006208408 // WKN: 620840

2023

**kap**

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**Dear Sir or Madam**

**We hereby invite our shareholders to the**

**Annual General Meeting**

that will be held

at 3G Tagungshotel, Werner-von-Siemens-Straße 12 - 14, 36041 Fulda

on Friday, July 14, 2023,

at 10:00 hrs (Central European Summer Time – CEST).

## I. AGENDA

### 1. **Presentation of documents to the Annual General Meeting pursuant to section 176 (1) sentence 1 AktG**

Pursuant to section 176 (1) sentence 1 AktG, the Management Board makes the following documents available to the Annual General Meeting:

- the adopted annual financial statements of KAP AG as of December 31, 2022,
- the approved consolidated financial statements as of December 31, 2022,
- the combined management report and group management report for the KAP Group and KAP AG, including the Management Board's explanatory report on the disclosures pursuant to sections 289a and 315a of the German Commercial Code (*Handelsgesetzbuch*; HGB),
- the separate non-financial group report,
- the report by the Supervisory Board of KAP AG, and
- the Management Board's proposal for the appropriation of distributable profit.

All of the above documents will be available on the following website from the date of the convocation of and during the Annual General Meeting:

<https://www.kap.de/en/investor-relations/general-meeting>

The annual financial statements and the consolidated financial statements prepared by the Management Board were approved by the Supervisory Board on April 25, 2023 in accordance with section 172 AktG. The annual financial statements are deemed to have been adopted upon approval by the Supervisory Board. Adoption of the annual financial statements or approval of the consolidated financial statements by the Annual General Meeting pursuant to section 173 (1) AktG is thus not necessary. The other documents mentioned above must also only be made available to the Annual General Meeting and be explained at the Annual General Meeting pursuant to section 176 (1) sentence 2 AktG without a corresponding resolution being required, with the exception of the resolution on the appropriation of distributable profit.

### 2. **Resolution on the appropriation of distributable profit for the 2022 financial year**

The following proposal for the appropriation of profits is submitted to the Annual General Meeting.

The Management Board and the Supervisory Board propose to resolve as follows:

The retained earnings for the 2022 financial year in the amount of € 50,631,181.95, as shown in the adopted annual financial statements as of December 31, 2022, are to be distributed as follows:

Distribution of a dividend in a total amount of € 7,767,563.00, equaling a dividend of € 1.00 per no-par value share entitled to dividends for the past financial year 2022.

Total amount of dividend	=	€ 7,767,563.00
Transfer to other revenue reserves	=	€ 0.00
Profit carried forward	=	€ 42,863,618.95
Retained earnings	=	€ 50,631,181.95

Pursuant to section 58 (4) sentence 2 AktG, the claim for the dividend will fall due on the third business day after the resolution was adopted by the Annual General Meeting. In line with section 58 (4) sentence 3 AktG, no earlier due date can be fixed. The dividend is thus to be paid out on July 19, 2023.

This proposal for the appropriation of profits is based on share capital with dividend rights in an amount of € 20,195,663.80, as determined on April 20, 2023 (date of the preparation of the annual financial statements), which is divided into 7,767,563 no-par value shares.

### **3. Resolution on approval of the actions (*Entlastung*) of the members of the Supervisory Board**

The Management Board and the Supervisory Board propose to resolve as follows:

Formal approval is granted in respect of the actions of the members of the Supervisory Board in office during the 2022 financial year with respect to that period.

### **4. Resolution on approval of the actions of the members of the Management Board**

The Management Board and the Supervisory Board propose to resolve as follows:

Formal approval is granted in respect of the actions of the members of the Management Board in office during the 2022 financial year with respect to that period.

### **5. Resolution on appointment of the auditors for the financial statements and the consolidated financial statements for the 2023 financial year**

The Supervisory Board proposes – based on a corresponding recommendation of the audit committee – to resolve as follows:

Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Hamburg, is to be appointed

- a) as auditor for the financial statements and the consolidated financial statements for the 2023 financial year,
- b) as auditor for any review (*prüferische Durchsicht*) of the condensed financial statements and the interim management report pursuant to sections 115 (5) and 117 no. 2 of the German Securities Trading Act (*Wertpapierhandelsgesetz; WpHG*) for the 2024 financial year in the period until the next annual general meeting, and
- c) as auditor for any review of the condensed financial statements and the interim management report pursuant to section 115 (7) WpHG in respect of additional financial information during the 2023 and 2024 financial years until the next annual general meeting.

The audit committee declared that its recommendation is free from any undue influence by third parties and that no clause stipulating restrictions in choice as specified in Article 16 (6) of Regulation (EU) No 537/2014 of the European Parliament and the Council of April 16, 2014 (EU Audit Regulation) has been imposed on it.

## **6. Resolution on the approval of the remuneration report for 2022**

Pursuant to section 120a (4) AktG, the annual general meeting of a listed company shall resolve annually on the approval of the remuneration report for the previous financial year that has been prepared and audited in accordance with section 162 AktG.

Pursuant to section 162 (3) AktG, the auditor shall audit the remuneration report to determine whether the legally required disclosures pursuant to section 162 (1) and (2) AktG have been made. The note on the audit of the remuneration report is attached to the remuneration report.

The remuneration report for the fiscal year 2022 is provided below and available on the following website:

<https://www.kap.de/en/investor-relations/general-meeting>

The Management Board and the Supervisory Board propose to resolve as follows:

The remuneration report for the fiscal year 2022 is approved.

The remuneration report for the fiscal year 2022 is reproduced below:

### **Remuneration report pursuant to Section 162 AktG for the 2022 financial year**

The remuneration report clearly and comprehensibly presents and explains the remuneration granted and owed individually to the members of KAP AG's Management Board and of its Supervisory Board in the 2022 financial year (1 January 2022 to 31 December 2022). The report complies with the requirements of the German Stock Corporation Act (AktG). Detailed information on the remuneration systems for the members of the Management Board and Supervisory Board of KAP AG is available on the Company's website at [www.kap.de/en/investor-relations/general-meeting/agenda-documents](http://www.kap.de/en/investor-relations/general-meeting/agenda-documents).

Due to rounding differences, it is possible that individual figures in this report do not exactly add up to the reported totals and that the reported percentage figures do not exactly reflect the related absolute figures.

### **Review of the 2022 financial year**

The KAP Group's business developed very favourably in terms of revenue, driven in part by price increases. However, it was not always possible to pass on to customers the full amount of cost increases for energy and materials. This and disruptions to supply chains, particularly on the customer side, had a negative impact on earnings in the financial year. As a result, KAP generated consolidated revenue of €433.5 million, up 25.4% year on year (previous year: €345.6 million). Excluding the contribution to revenue of €48.0 million from the acquisition of Haogenplast, this corresponds to organic revenue growth of around 11.5%. Normalised EBITDA rose slightly by 2.6% to €35.9 million (previous year: €35.0 million). The KAP Group thus reached the full-year forecast for consolidated revenue issued as guidance

in April 2022, which was significantly above the previous year's level. The same applies to the achievement of the normalised EBITDA target, which was expected to be slightly higher than in the previous year. We are satisfied overall with this business performance in line with our forecast for the full year and in view of the notably difficult conditions.

### **How the corporate strategy is reflected in the remuneration of the Management Board**

The remuneration of members of the Management Board is linked to the business strategy and the corporate planning developed on this basis. On the one hand, the remuneration is performance-related to a considerable extent and linked to targets derived from the business strategy or the underlying corporate planning. On the other hand, a significant proportion of the performance-related remuneration is granted in the form of virtual shares. The current business strategy and the current corporate planning aim to generate long-term profitable growth. By granting them virtual shares, the members of the Management Board are to be given the opportunity to participate in successful implementation of the strategy. The remuneration system thus supports the business strategy and the Company's long-term development.

### **Performance in the 2022 financial year**

2022 was a challenging year for the KAP Group. A year full of change and uncertainties, but also a year of further strategic development. In fact, the KAP Group was able to bring many issues to a successful close in 2022. These include:

- Successful completion of the acquisition and integration of Haogenplast, Israel, to strengthen vinyl expertise in the flexible films segment
- Early refinancing of the syndicated loan
- Adoption and publication of the 2025 ESG Strategy
- Joining the UN Global Compact
- Streamlining of organisational structures in the precision components and surface technologies segments
- Preparation for a review of the segment portfolio

In line with the principle enshrined in the remuneration system that outstanding performance should be rewarded appropriately and that failed targets should lead to a noticeable reduction in remuneration ("pay for performance"), the performance of the 2022 financial year is reflected in the Management Board's variable remuneration. Consequently, the remuneration of the members of the Management Board is also aligned with the interests of the shareholders and other stakeholders of KAP AG.

## **1. REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD**

### **1.1 OVERVIEW OF THE REMUNERATION SYSTEM**

The current remuneration system for members of KAP AG's Management Board came into effect in the 2022 financial year and was approved at the Annual General Meeting on 31 August 2022.

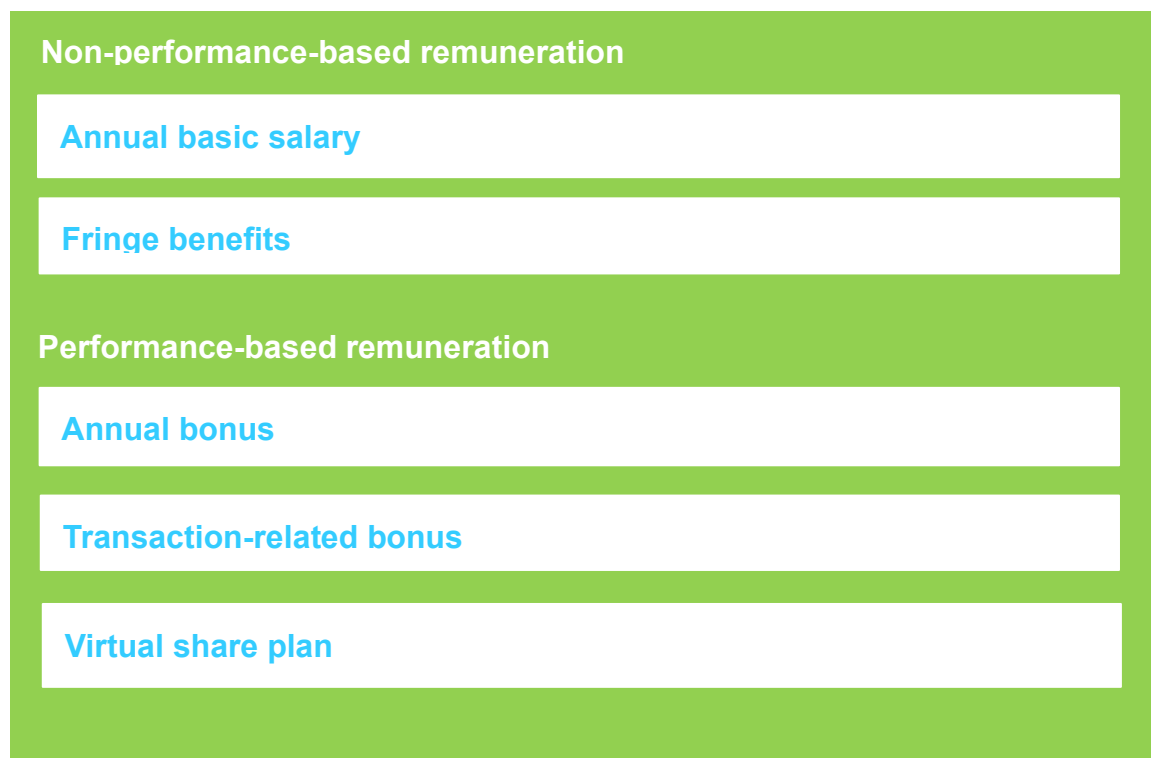
There are no employment contracts between KAP AG and the current members of the Management Board. Rather, the two current members of the Management Board are at the same time managing directors of CSP Diamant Administration GmbH (CSP). They each have a managing director service agreement in place with CSP, and KAP AG is party to these agreements, together with the respective member of the Management Board and CSP. The remuneration to be paid by CSP under the managing director service agreement at the same time constitutes the Management Board remuneration and is subsequently invoiced to KAP AG by CSP. The remuneration system applies irrespective of whether the Management Board remuneration is paid by CSP or any other third party or directly by KAP AG. In the reporting year, the members of the Management Board received the following remuneration in full from CSP.

The Supervisory Board reviews the remuneration of the members of the Management Board and the corresponding remuneration system at least once a year at its meeting to discuss the financial statements. In this context, it reviews in particular the reasonableness of the total remuneration granted to the individual members of the Management Board. If necessary, the Supervisory Board adjusts the remuneration system and submits the adjusted system to the next Annual General Meeting for approval.

#### **(a) Components of the Management Board's remuneration**

The Management Board's remuneration comprises non-performance-related and performance-related components. The non-performance-related remuneration includes the annual basic salary and fringe benefits. The performance-related remuneration comprises a short-term variable remuneration component, the annual bonus and a potential transaction-related bonus, and a long-term variable remuneration component, namely the virtual share plan.

The following overview provides a summary of the basic components of the remuneration system for members of the Management Board.



#### **(b) Non-performance-related remuneration**



### **(i) Annual basic salary**

Members of the Management Board receive an annual basic salary that is paid out in twelve equal monthly instalments.

### **(ii) Fringe benefits**

The annual basic salary is complemented by the following contractually guaranteed fringe benefits:

Members of the Management Board are entitled to a company car that may also be used for private purposes. They may instead opt to receive a monthly lump-sum payment of €1,000.00 (gross).

Where members of the Management Board receive their remuneration under a managing director service agreement with CSP or a third party, their employee contribution to social security will be reimbursed if it is payable on the grounds of their employment as managing director of CSP or a third party and would not be payable if they were only a member of the Management Board of KAP AG and only had a management board member service agreement with KAP AG. Such reimbursement is made on a net basis, i.e. income tax payable on such reimbursement is also reimbursed.

Accident insurance is taken out for members of the Management Board and also covers accidents that occur outside of their contractual activities. The insurance contributions are assumed on behalf of the members of the Management Board.

The value of all fringe benefits granted in a single financial year cannot exceed 20% of the annual basic salary for that financial year.

### **(iii) Pension commitments**

No old-age pension commitments have been made.

## **(c) Performance-related remuneration**

### **(i) Annual bonus**

The annual bonus is a short-term, performance-related remuneration component for a single year which is granted annually.

#### **Annual bonus**

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$$\text{Target bonus} \times \frac{\text{Total degree of target achievement}}{\text{(max. 200\%)}} = \text{Payout amount (cash or, if applicable, up to 50\% in shares)}$$

#### **Structure**

The annual bonus is granted in the form of a target amount defined in the service agreement (target bonus), which is paid out at 100% if target achievement for all targets for the respective financial year in total, taking their respective weighting into account, (total target achievement level) is 100%. As a rule, the targets are defined on an annual basis at the latest one month after the annual financial statements for the previous year have been approved and after being discussed with the member of the Management Board. Targets may be defined at a later point in the financial year if a member is appointed to the Management Board during the course of a financial year or for other justified reasons.

After the close of the respective financial year, the extent to which the member of the Management Board has achieved the targets agreed for that financial year is reviewed and the resulting bonus amount is calculated. The bonus thus determined is payable one month after the annual financial statements for the respective financial year have been approved.

Both financial and non-financial targets are defined. The financial targets are attributed a total weighting of up to 75% and the non-financial targets a weighting of at least 25%. Target achievement can range between 0% and 200% in each case. In this context, a target achievement corridor is defined for each target in addition to the target value representing 100% target achievement. The lower value in the corridor is defined as the value below which the target achievement level is 0% and the upper value is the value as of which the target achievement level is 200% (cap). The interim values are calculated by way of linear interpolation. The total target achievement level is calculated in line with the correspondingly weighted target achievement levels for the individual targets.

The performance criteria used for the financial targets are normalised group EBITDA, which is adjusted to account for special items, and the consolidated cash flows from operating activities. The target values that represent 100% target achievement are derived from the annual planning for the relevant financial year which in turn is derived from long-term planning, which itself is based on the business strategy. The values from the consolidated financial statements for the relevant financial year are taken as a basis in order to determine the target achievement level.

Qualitative targets which constitute specific steps towards implementing the business strategy and are derived from the business plans are defined as non-financial targets. These concern structural measures or significant projects which serve to align the KAP Group's structures with the planned growth or to drive the growth as planned, including in particular measures and projects for implementing the strategic improvement initiatives. For individual non-financial targets, the Supervisory Board defines milestones (degree of implementation at particular points over time), taking the corporate planning into account. The level of target achievement is determined on the basis of these milestones, which are translated into numeric values for this purpose.

The specific weighting of the individual targets is determined at the latest when the targets are defined.

### **Share-based payment option**

An agreement may be reached to the effect that, where possible, up to 50% of the gross payout amount for the annual bonus is paid in the form of KAP shares (share portion). The member of the Management Board can dispose of the granted KAP shares with immediate effect. The number of KAP shares to be granted in this context is determined by dividing the corresponding portion of the gross payout amount by the unweighted average of closing prices for KAP shares in Xetra trading (or an equivalent successor system) on the Frankfurt Stock Exchange over the past 20 trading days prior to adoption of the annual financial statements for the respective financial year. Insofar as taxes or social security contributions are required to be withheld on the share portion, the number of shares granted is reduced by the amount required to be withheld. Should it prove impossible to grant KAP shares despite reasonable efforts, the due date is postponed by one month. If the share portion then still cannot be granted in the form of KAP shares, the (full) share portion can also be paid out in cash. The further details relating to the structure of the share portion and supplementary provisions are set out in the service agreement and any other agreements concluded with the member of the Management Board.

### **Supporting the business strategy and the Company's long-term development**

The performance criteria selected for the financial targets are key performance indicators for the Company. They represent important indicators of how successfully the business strategy has been implemented. The non-financial targets represent important steps towards implementing the business

strategy and thus directly support the business strategy and the Company's long-term development.

In being granted KAP shares, members of the Management Board can participate in the successful implementation of a business strategy designed to generate long-term profitable growth. Here, too, the intention is that they thus support the business strategy and the Company's long-term development.

### **(ii) Transaction-related bonus**

The transaction-related bonus is a short-term performance-related remuneration component.

Transaction-related bonus

$$\begin{array}{lcl} \text{Annual basic} & + & \text{Annual bonus in case of 100\%} \\ \text{salary} & & \text{target achievement level} \end{array} = \text{Payment amount (max. 200\%)}$$

### **Structure**

The target amount in case of a target achievement level of 100% for the transaction-related bonus is intended to be 100% of the sum of the annual basic salary and the annual bonus (in case of a target achievement level of 100%), and the maximum amount of this special bonus is to be capped at 200% of this sum.

The transaction-related bonus is intended to enable the Company and major shareholders to agree with the members of the Management Board on the payment of a volume-based and performance-related special bonus in the event of the execution of one or several extraordinary transactions. Upon completion of such a transaction, it is established to what extent the member of the Management Board has reached the targets set for the relevant transaction and what the resulting actual bonus amount is.

### **(iii) Virtual share plan**

The virtual share plan is a long-term performance-related remuneration component spanning several years, which is granted on an annual basis and under which a certain number of virtual shares is allocated after the end of a financial year depending on whether certain targets for that financial year were achieved.

## Virtual share plan

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Target allotment amount <b>x</b>	Total degree of target achievement (max. 200%)	=	Actual allotment amount
Actual allotment amount <b>x</b>	Initial value	=	Number of virtual shares
Number of virtual shares <b>x</b>	Final value	=	Payout amount (max. 4x target allotment amount)

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### Allocating virtual shares

The virtual share plan is granted in the form of a target allocation amount specified in the service agreement (target allocation amount) which is converted 100% into virtual shares if the total target achievement level for the respective financial year is 100%. The targets and their weighting, as well as determination of the total target achievement level, including the cap, correspond to those for the annual bonus.

After the close of the respective financial year, the extent to which the member of the Management Board has achieved the targets agreed for that financial year is reviewed and the resulting actual allocation amount calculated. The number of virtual shares is determined by dividing the actual allocation amount by an average price of the KAP share prior to allocation (initial value). The initial value is the unweighted average of the closing prices of the KAP share in Xetra trading (or an equivalent successor system) on the Frankfurt Stock Exchange over the entire financial year in question or, where the agreement commenced during the course of the year, in the period from the commencement date of the agreement to the end of the respective financial year. It may be agreed that the initial value is to be replaced by another average price or another calculation, provided the relevant period is at least one month.

The virtual shares are allocated once the annual financial statements for the relevant financial year have been approved.

### Structure of virtual shares

The virtual shares have a term of four full years. Their term begins upon allocation of the virtual shares, and at the latest one month after the annual financial statements for the respective financial year were approved. It may be agreed that the term is to begin with retroactive effect, specifically either at the end of the day on which the annual financial statements for the respective year were approved or from the beginning of the financial year following the respective financial year for which the virtual shares were allocated.

After the four-year term has expired, the member of the Management Board receives payment of an amount per virtual share for the relevant virtual shares, with the amount calculated as follows: The payout amount is equal to the unweighted average of the closing prices for the KAP share in Xetra trading (or an equivalent successor system) on the Frankfurt Stock Exchange over the last 30 trading days of the four-year term plus an amount taking into account the dividends paid by KAP AG on KAP shares over the term and other payments, as well as any subscription rights granted (final value). In respect of the value of the additional amount, the member of the Management Board is placed in a position as if:

- the dividends or other payments on a KAP share, in each case on their due date,
- the subscription rights had been disposed of in each case on the first trading day in Xetra trading (or an equivalent successor system) on the Frankfurt Stock Exchange after being granted and, on the same day, the proceeds of such disposal had been invested on the same day in KAP shares or fractions thereof at the closing price of the KAP share in Xetra trading (or an equivalent successor system) on the Frankfurt Stock Exchange and these shares in turn had been disposed of at their final value (with the relevant term only beginning upon the respective investment being made).

In the event of a capital increase from company funds, a reverse stock split, a stock split, a capital reduction with the number of shares being reduced or any other corporate action or structural measure and in the event of a dividend payment or distribution with an effect similar to any of the above measures, an adjustment is performed in order to ensure that such measure does not lead to a dilution or increase in profits for the member of the Management Board.

The payout amount for all virtual shares granted for a financial year must not exceed four times the target allocation amount (cap), however. Moreover, a possibility for limiting the payout amount resulting from the virtual shares in case of exceptional developments may be agreed.

Payments on the basis of the virtual share plan are made within 30 calendar days after the end of the term of the relevant virtual shares.

The further details relating to the structure of the virtual shares and supplementary provisions are set out in the service agreement and any other agreements concluded with the member of the Management Board.

### **Supporting the business strategy and the Company's long-term development**

The number of virtual shares depends on the degree to which financial and non-financial targets are achieved. In this context, the performance criteria selected for the financial targets are key performance indicators for the Company as a whole. They represent important indicators of how successfully the business strategy has been implemented. The non-financial targets represent important steps towards implementing the business strategy and thus directly support the business strategy and the Company's long-term development.

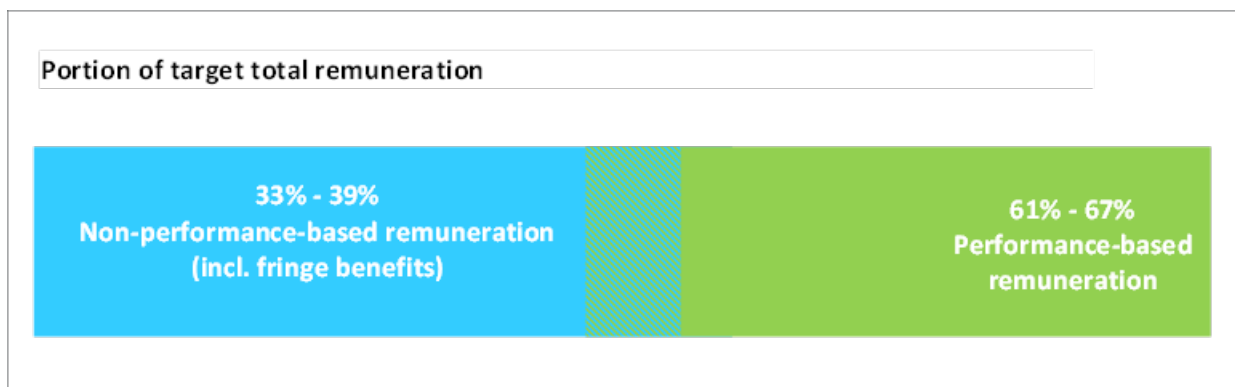
In being allocated virtual shares, members of the Management Board can participate in the successful implementation of the business strategy designed to generate long-term profitable growth. The intention is that they thus support the business strategy and the Company's long-term development.

#### **(d) Structural framework**

The portion of the total remuneration (excluding fringe benefits) represented by the annual basic salary, the annual bonus, the transaction-related bonus and the virtual share plan must fall within the following corridors, with the annual bonus and the transaction-related bonus applied at 100% of the target bonus and the virtual share plan at 100% of the target allocation amount:

Annual basic salary:	33% to 34%
Annual bonus:	9% to 11%
Transaction-related bonus:	43% to 45%
Virtual share plan:	11% to 12%

The maximum volume of fringe benefits is specified as a percentage of the annual basic salary and is thus dependent on the corridors defined above for the annual basic salary.



### (e) Target and maximum remuneration

The target total remuneration is the value paid to a member of the Management Board for a full financial year if target achievement for all performance-related remuneration components is 100%. In this context, the annual bonus is applied at 100% of the target bonus, the transaction-related bonus is applied at 100% of the sum of the annual basic salary and the annual bonus, and the virtual share plan is applied at 100% of the target allocation amount. The remuneration system permits a target total remuneration of up to €1,025,000.00 for the individual members of the Management Board.

The maximum remuneration is the maximum value that may be paid to a member of the Management Board in total for a financial year. The maximum remuneration for the individual members of the Management Board is €2,500,000.00 for the spokesperson and/or the chair of the Management Board and €2,450,000.00 for a regular member of the Management Board.

### (f) Defining the specific remuneration for individual members of the Management Board

The flexibility offered by this remuneration system is only utilised to the extent that is appropriate in view of the respective prevailing circumstances.

First, the specific target total remuneration is defined and then the remuneration structure for the individual member of the Management Board. The calculation is based on the specific target remuneration amounts, or their corridors and remuneration structures existing at the time the relevant amount is defined for the respective members of KAP AG's Management Board in office at this time. Upon definition of this remuneration system, these amounts are as follows (in each case in euros):

<b>Target total remuneration (excl. fringe benefits)</b>	900,000.00—1,025,000.00
thereof:	
1. Annual basic salary	300,000.00—350,000.00
2. Annual bonus (100% target bonus)	100,000.00
3. Transaction-related bonus (100% target bonus)	400,000.00—450,000.00
4. Virtual share plan (100% target allocation amount)	100,000.00—125,000.00

When determining new specific target total remuneration amounts in the future it is possible to deviate from the values or corridors specified in the table above in the context of this remuneration system if this appears necessary in order to take reasonable account of the duties conferred on the member of the Management Board, their experience and past performance, as well as prevailing market conditions. This is conditional upon the remuneration also being reasonable in the context of the Company's current situation and not exceeding the standard remuneration amount without a specific reason. In order to ascertain whether the remuneration may be deemed reasonable within the KAP Group (vertical comparison), the remuneration granted to members of the Management Board is compared with the pay granted to executives and with the aggregate pay granted to executives and non-executive employees, including how these comparisons develop over time. Where an external

remuneration expert is consulted, their independence of the Management Board and the Company must be ensured.

The chair or spokesperson of the Management Board receives higher remuneration than the other members of the Management Board. When defining the remuneration structure, the following principles should be observed: The target allocation amount for the virtual share plan should exceed the target bonus for the annual bonus. The target bonus for the annual bonus should not exceed one-third of the annual basic salary. The target bonus for the transaction-related bonus should not exceed the sum of the target bonus for the annual bonus and the annual basic salary.

#### **(g) Specific contractual provisions**

##### **(i) Penalty and clawback**

Any amounts paid out under the annual bonus, including any share-based portion, and amounts paid out under the transaction-related bonus may be reclaimed and payments from virtual shares allocated in the context of the virtual share plan may be refused if it subsequently emerges that all or part of the payment or allocation was made erroneously because targets were in fact not achieved or not achieved to the extent assumed on the basis of false information when the payout amount or the number of virtual shares to be allocated was calculated. In such case, the member of the Management Board is, in particular, obliged to pay back the net amount by which the payment made under the annual bonus exceeds the payout amount which would have been determined if the actual target values had been taken into account. The scope of this clawback claim is defined in section 818 of the German Civil Code (BGB). The clawback claim becomes time-barred once three years have elapsed since the annual bonus was paid out. The same applies to the transaction-related bonus.

Provisions may be agreed with the members of the Management Board specifying that in the event that the member of the Management Board commits a serious breach of their statutory duties or the Company's internal code of conduct, the variable remuneration paid for the financial year in which such breach was committed may be reclaimed in whole or in part from the member of the Management Board and any payments for this period under allocated virtual shares that have not yet been made may be refused.

Moreover, provisions may be agreed with the members of the Management Board specifying that payments under the annual bonus or the transaction-related bonus may be reclaimed in whole or in part and payments of virtual shares allocated under the virtual share plan may be refused in the event that the target achievement defined by the Supervisory Board for payment or allocation proves not sustainable for subsequent years.

In addition, forfeiture provisions apply in respect of the virtual share plan, including in the event that the service agreement is terminated for good cause within the meaning of section 626 (1) BGB for which the member of the Management Board is responsible and in the event that the member's appointment to the Management Board is revoked for good cause within the meaning of section 84 (4) AktG.

## **1.2 Appropriateness of the remuneration of the members of the management board in the 2022 financial year**

The Supervisory Board carried out the annual review of whether the remuneration of the Management Board is appropriate and customary in the market at its meeting to discuss the financial statements.

The review of the appropriateness of the remuneration of the Management Board for the 2022 financial year has shown that the Management Board's remuneration arising from the target achievement for the 2022 financial year is appropriate.

### 1.3 Actual remuneration for the individual members of the management board for the 2022 financial year

The actual remuneration for the members of the Management Board of KAP AG is described below. This section contains information on the total remuneration of the Management Board, the target setting and target achievement for the variable remuneration, and individualised disclosures on the remuneration of the individual members of the Management Board for the 2022 financial year.

#### (a) Non-performance-related components

##### (i) Annual basic salary

€	2022
Eckehard Forberich	350,000.00
Marten Julius	300,000.00

##### (ii) Fringe benefits

For the 2022 financial year, fringe benefits were provided in the form of company cars and top-ups for social security benefits (see table “Remuneration granted and owed”).

#### (b) Performance-related remuneration — short-term variable remuneration (annual bonus)

The Supervisory Board has defined normalised group EBITDA, which is adjusted to account for special items, and the consolidated cash flows from operating activities, adjusted for special items, as the performance criteria for the financial targets for the 2022 financial year. For both performance indicators, a specific target value was derived from the annual planning, which in turn is derived from the longer-term planning, which in turn is based on the business strategy, and a corresponding performance corridor with upper and lower limits was defined. For the non-financial targets, performance measured by reference to qualitative targets was used as a performance criterion. The criteria for the non-financial targets set for the 2022 financial year include further developing the corporate strategy, implementing the strategy, professionalising management systems, capital market communication and further developing the sustainability strategy, each weighted between 10% and 25%.

In addition, the weighting for each indicator was set at 40% for normalised EBITDA, 35% for consolidated cash flow from operating activities adjusted for special items, and 25% for non-financial targets.

##### (i) Determination of target achievement in 2022

The target set and target achievement determined for the annual bonus applicable for the 2022 financial year is presented in the following table and applies equally to all members of the Management Board:

Target set and target achievement in the short-term variable remuneration (annual bonus)		
KPI	Weighting	Target assessment
Normalised group EBITDA	40%	0%
Consolidated cash flow	35%	83%
Non-financial targets	25%	150%
Weighted average target achievement (total target achievement)		67.0%

##### (ii) Target amounts and level of annual bonus in 2022

Target, minimum and maximum amounts for the annual bonus		
		2022



€	Min.	Target (100%)	Max. (200%)
Eckehard Forberich	0	100,000.00	200,000.00
Marten Julius	0	100,000.00	200,000.00

The following payout amounts result on the basis of a total target achievement of 67.0%:

Annual bonus amount	
	2022
€	
Eckehard Forberich	67,000.00
Marten Julius	67,000.00

### (c) Performance-related remuneration – long-term variable remuneration (virtual share plan)

For the long-term variable remuneration, both the financial targets and the non-financial targets correspond to those for the short-term variable remuneration. Accordingly, the performance criteria used for the financial targets are normalised group EBITDA, which is adjusted to account for special items, and consolidated cash flow from operating activities, adjusted for special items, while for the non-financial targets performance is measured by reference to qualitative targets.

The following applies to the 2022 virtual share plan:

The contractual target amounts and the allocated notional shares are as follows for the individual members of the Management Board:

The target achievements for the performance criteria on which the long-term variable remuneration is based are determined on an annual basis. For the 2022 financial year, the Supervisory Board determined the same target achievements as for the annual bonus.

€	Target amount (based on 100% target achievement)	Maximum amount (200%)	Average degree of target achievement %	Number of notional shares allocated
Eckehard Forberich	125,000.00	250,000.00	67.0	4,434
Marten Julius	100,000.00	200,000.00	67.0	3,547

The relevant price of the KAP share for conversion into virtual shares was €18.89.

For the tranche issued in the 2022 financial year, a total of 7,981 virtual shares were provisionally allocated to the members of the Management Board.

### (d) Penalty and clawback clauses

In the 2022 financial year, the Supervisory Board did not identify any reason to make use of the option — to the extent this was available — to reduce, completely refuse or reclaim variable remuneration components.

## 1.4 Remuneration granted and owed

The following table shows the remuneration granted and owed to each individual member of the Management Board in the 2022 financial year. In accordance with the provisions of section 162 AktG, the amounts fully vested as of the end of the reporting period must be disclosed as remuneration granted and owed. Accordingly, the presentation generally refers to vested shares. The only exception is long-term remuneration, which is reported according to the cash method, i.e. at the payment amount

within the reporting year.

Remuneration is disclosed broken down into fixed and variable remuneration components. The fixed remuneration components comprise the non-performance-related fixed annual basic salaries and fringe benefits. The variable remuneration components are broken down into one-year and multi-year variable remuneration. This remuneration disclosed for the reporting year comprises the fixed remuneration components actually earned and paid out in the reporting year plus the multi-year variable remuneration due and paid out in the financial year and the one-year variable remuneration earned in full in the financial year that will be paid out in the spring of the following year (2023).

Remuneration granted and owed				
	Eckehard Forberich Spokesman of the Management Board		Marten Julius Chief Financial Officer	
	€ thousands	%	€ thousands	%
Annual basic salary	350.0	80.4	300.0	78.9
Fringe benefits	18.1	4.2	13.3	3.5
<b>Total</b>	<b>368.1</b>	<b>84.6</b>	<b>313.3</b>	<b>82.4</b>
One-year variable remuneration (annual bonus)	67.0	15.4	67.0	17.6
Multi-year variable remuneration (virtual share plan)				
2020 virtual share plan	—	—	—	—
2021 virtual share plan	—	—	—	—
2022 virtual share plan	—	—	—	—
<b>Total variable remuneration</b>	<b>67.0</b>	<b>15.4</b>	<b>67.0</b>	<b>17.6</b>
<b>Total remuneration (within the meaning of section 162 AktG)</b>	<b>435.1</b>	<b>100.0</b>	<b>380.3</b>	<b>100.0</b>
Maximum remuneration	2,500.0	—	2,450.0	—

The remuneration of the members of the Management Board in 2022 did not exceed the maximum remuneration of €2,500,000.00 and €2,450,000.00, respectively, as stipulated in the remuneration system.

The maximum remuneration can always only be reviewed retrospectively once payment has been made from the long-term variable remuneration set up for the respective financial year. Accordingly, the final review of compliance with the maximum remuneration for the 2022 financial year will be reported in the remuneration report for 2026 financial year.

## 1.5 Benefits upon termination of management board office

### (a) Benefits in connection with the termination of service on the Management Board

No service on the Management Board was terminated during the reporting period.

### (b) Remuneration granted and owed to former members of the Management Board for the 2022 financial year

No remuneration was granted or owed to former members of the Management Board in the 2022 financial year.

## 2. Remuneration of the Members of the Supervisory Board

### 2.1 Overview of the remuneration system

The remuneration rules for the Supervisory Board applicable for 2022 financial year were confirmed by the Annual General Meeting of KAP AG on 31 August 2022. The remuneration rules are set out in article 13 of KAP AG's Articles of Association.

The Supervisory Board must supervise the way the Company is managed by the Management Board. The remuneration of members of the Supervisory Board should therefore be structured in such a way that it allows the Supervisory Board in particular the independence required for the supervisory task. The remuneration of the members of the Supervisory Board consists exclusively of fixed remuneration components. The level of remuneration paid to individual members of the Supervisory Board depends on the tasks they perform on the Supervisory Board and its committees. The structure of KAP AG's Supervisory Board remuneration thus contrasts with the remuneration of the members of KAP AG's Management Board, which is to a considerable extent performance-related. This strengthens the independence of the Supervisory Board and thus supports the long-term development of KAP AG. Even though Supervisory Board remuneration is not directly linked to the Company's profitability, in this way it also contributes to the successful implementation of the business strategy.

The Supervisory Board reviews the appropriateness of the components, amount and structure of its remuneration on an ad hoc basis. It evaluates the remuneration of the Supervisory Board at other comparable companies and compares it with the remuneration of KAP AG's Supervisory Board, both in terms of the components and the amount and structure of the remuneration. On the basis of this analysis and taking into account the importance and the effort involved in the work of the Supervisory Board and its committees, the Supervisory Board then decides on the need to change its remuneration. Due to the special nature of Supervisory Board remuneration, which is granted for work that is fundamentally different to the work of the employees of KAP AG and the KAP Group, the process of reviewing and setting remuneration does not factor in what is referred to as a vertical comparison against employee remuneration.

Under the rules set out in the Articles of Association, each member of the Supervisory Board receives fixed annual remuneration of €50,000.00. The chair of the Supervisory Board, their deputy and the chairs of the committees receive remuneration for the higher organisational and administrative effort associated with their work and their particular responsibility for the successful and efficient cooperation of the board as a whole. The chair of the Supervisory Board receives 1.5 times the basic remuneration, the deputy chair 1.1 times the basic remuneration. As fixed annual remuneration, the chair of each committee receives €8,000.00 and committee members receive €4,000.00 each in addition to the basic remuneration. The members of the Supervisory Board who have been members of the Supervisory Board for only part of the financial year receive remuneration that is lower in proportion to the time served. The remuneration is payable at the end of each financial year.

Pursuant to section 113 (3) AktG, as amended by the Act Implementing the Second Shareholders' Rights Directive (ARUG II), the Annual General Meeting of listed companies must pass a resolution on the remuneration of the members of the Supervisory Board at least every four years. Accordingly, the Annual General Meeting on 31 August 2022 adopted a resolution on the remuneration of the members of the Supervisory Board in accordance with section 113 (3) AktG.

## **2.2 Individualised disclosure of the remuneration of the members of the Supervisory Board**



The following table presents the remuneration granted and owed to each individual member of the Supervisory Board in the 2022 financial year. The figures shown pertain to the remuneration components for the 2022 financial year that will be paid out in the following year (2023). Accordingly, the presentation refers to vested shares.

Remuneration granted and owed to the members of the Supervisory Board
<b>Basic remuneration</b>

	€ thousands	%
Christian Schmitz 1 (since 7 July 2017, Chairman)	0	—
Christoph Schoeller (since 23 December 2020, Deputy Chairman since 31 August 2022)	53	100
Dr Markus Adams (since 31 August 2022)	16.6	33
Roy Bachmann (since 7 July 2017)	50	100
Joachim Coers (from 3 July 2019 to 31 August 2022)	38.5	67
Viktor Rehart 1 (since 13 October 2021)	0	—
Uwe Stahmer (since 7 July 2017, Deputy Chairman until 31 August 2022)	69.3	100
1 The members of the Supervisory Board have waived their Supervisory Board remuneration.		

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

In accordance with section 162 (1) sentence 2 AktG, the following overview shows the development of the remuneration granted and owed to the individual members of the Management Board and Supervisory Board in the respective financial year. This is compared with the development of selected key earnings figures for the Company and the Group in the comparative period (from 2020, gradually increasing in subsequent years until a five-year period is reached). Furthermore, a comparison is presented of the change in average employee remuneration in full-time equivalents. The average values of the employees are determined from the remuneration components paid out in the financial year. Since KAP AG itself does not have any employees, the workforce of Mehler AG, a wholly owned subsidiary of KAP AG, is used for the comparison. The employees of Mehler AG all work for KAP AG. The number of employees does not include the Management Board itself or trainees.

<b>Remuneration granted/owed to the Management Board and Supervisory Board in relation to the development of the remaining workforce and the Company's earnings development</b>					
€ thousands	2020	Change (%)	2021	Change (%)	2022
<b>Remuneration of members of governing bodies</b>					
<b>Current Management Board members</b>					
Eckehard Forberich	376.3 <sup>1</sup>	37.6	517.8	—18.0	435.1
Marten Julius	99.5 <sup>2</sup>	> 100	462.6	—17.8	380.3
<b>Current Supervisory Board members</b>					
Christian Schmitz (Chairman)	0	0	0	0	0
Christoph Schoeller	2.0 <sup>4</sup>	> 100	25	112.0	53.0
Dr Markus Adams (since 31 August 2022)	0	0	0	0	16.6
Roy Bachmann	25.0	0	25.0	100.0	50.0
Joachim Coers (until 31 August 2022)	37.5	0	37.5	2.7	38.5
Viktor Rehart	0	0	0	0	0
Uwe Stahmer	20.9 <sup>3</sup>	79.4	37.5	84.8	69.3
<b>Average remuneration of employees<sup>a</sup></b>					
Employees of Mehler AG	48.3	8.7	52.5	10.1	57.8
<b>Development of the Company's earnings<sup>b</sup></b>					
Group revenue	338.7	2.0	345.6	25.4	433.5
Normalised group EBITDA	32.5	7.7	35.0	2.6	35.9
Net profit/loss for the year of KAP AG	—0.9	> 100	59.5	> —100	—2.7
1 Pro rata remuneration, as service commenced on 1 March 2020.					
2 Pro rata remuneration, as service commenced on 1 October 2020.					
3 Pro rata remuneration, as member of the Supervisory Board from 1 March 2020.					
4 Pro rata remuneration, as member of the Supervisory Board from 23 December 2020.					
a  The relative changes in average cash remuneration may be influenced by different factors and may vary across the Management Board and the workforce as well as over time. These include, for example, changes in the composition of the workforce, different adjustments for collectively bargained and non-pay-scale salaries, the integration and spin-off of business units, and HR policy measures.					
b  Initially disclosed key earnings figures for the respective financial year are used, rather than any values restated in the subsequent year.					

#### 4. Miscellaneous

The Company maintains directors' and officers' liability insurance for members of governing bodies. The insurance covers the personal liability risk in the event that the group of persons is held liable for pecuniary loss in connection with their work.

In particular, the members of the Supervisory Board are also included in directors' and officers' liability insurance for members of governing bodies and other executives of the Company and its subsidiaries (D&O insurance) in the interest of the Company. The premiums are paid by the Company. The Company reimburses the members of the Supervisory Board for their expenses and for the value-added tax payable on their remuneration to the extent that they are entitled to invoice the Company separately for the value-added tax and exercise this right.

As of 31 December 2022, no advance payments or loans had been made to the Supervisory Board. Furthermore, with the exception of Roy Bachmann, the members of the Supervisory Board did not receive any remuneration for services provided personally, in particular consulting and referral services, in 2022.

For the Management Board

For the Supervisory Board

Eckehard Forberich

Christian Schmitz

Spokesman of the Management Board  
of KAP AG

Chairman of the Supervisory Board  
of KAP AG

Marten Julius-Meyer zu Starten

CFO of KAP AG

## **5. Independent auditor's report on the audit of the remuneration report pursuant to section 162 (3) of the German Stock -Corporation Act (AktG)**

To KAP AG, Fulda

### **Audit opinion**

We have formally audited the remuneration report of KAP AG, Fulda, for the financial year from 1 January to 31 December 2022, to determine whether the disclosures pursuant to section 162 (1) and (2) AktG have been made in the remuneration report. In accordance with section 162 (3) AktG, we have not audited the content of the remuneration report.

In our opinion, the information required by section 162 (1) and (2) AktG has been disclosed 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 (3) AktG and IDW Auditing Standard: The Audit of the Remuneration Report in Accordance with Section 162 (3) AktG (IDW EPS 870 (2/2023)). Our responsibility under that provision and this standard is further described in the "Responsibility of the auditor" section of our report.

As an audit firm, we have complied with the requirements of the IDW Quality Assurance Standard: Requirements for Quality Assurance in the Auditing Practice (IDW QS 1). We have complied with the professional duties pursuant to the German Act Regulating the Profession of German Public Auditors ["Wirtschaftsprüferordnung"] and the Professional Charter for German Public Auditors and German Sworn Auditors ["Berufssatzung für Wirtschaftsprüfer / vereidigte Buchprüfer"] including the independence requirements.

### **Responsibility of the management board and supervisory board**

The Management Board and the Supervisory Board are responsible for the preparation of the remuneration report, including the related disclosures, which complies with the requirements of

section 162 AktG. In addition, they are responsible for such internal control as they have determined necessary to enable the preparation of a remuneration report, including related disclosures, that is free from material misstatement, whether due to fraud (i.e. manipulation of financial reporting and misappropriation) or error.

### **Responsibility of the auditor**

Our objective is to obtain reasonable assurance about whether the disclosures required by section 162 (1) and (2) AktG in the remuneration report have been made in all material respects and to express an opinion thereon in an auditor's report.

We planned and performed our audit to determine the formal completeness of the remuneration report by comparing the disclosures made in the remuneration report with the disclosures required by section 162 (1) and (2) AktG. In accordance with section 162 (3) AktG, we have not audited the accuracy of the content of the disclosures, the completeness of the content of the individual disclosures or the fair presentation of the re-muneration report.

### **Treatment of any misrepresentations**

In connection with our audit, we have a responsibility to read the remuneration report in the light of knowledge obtained in the audit of the financial statements, and to remain alert for indications as to whether the remuneration report contains any misrepresentations as to the accuracy of the content of the disclosures, the completeness of the content of the individual disclosures, or the fair presentation of the remuneration report.

If, based on the work we have performed, we conclude that such misrepresentation exists, we are required to report that fact. We have nothing to report in this connection.

Frankfurt am Main, 12 April 2023

Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

## **7. Resolution on the authorization of the Management Board to provide for the convocation of virtual general meetings and on a corresponding amendment of section 15 of the Articles of Association (attendance and voting right)**

With the German Act on the introduction of virtual general meetings of stock corporations and the amendment of provisions governing cooperatives, insolvencies and restructurings (*Gesetz zur Einführung virtueller Hauptversammlungen von Aktiengesellschaften und Änderung genossenschafts- sowie insolvenz- und restrukturierungsrechtlicher Vorschriften*) (Federal Law Gazette I No. 27 2022, p. 1166 et seqq.), the virtual general meeting has been permanently established in the AktG. According to section 118a (1) sentence 1 AktG, the articles of association may provide or authorize the management board to provide that the annual general meeting be held as a virtual meeting, i.e. without the shareholders' or their proxies' physical presence at the place of the general meeting. Such an authorization of the Management Board is to be resolved on. With respect to future Annual General Meetings, it shall be decided separately, on the basis of the circumstances of the individual case, whether to make use of such authorization and hold an Annual General Meeting as a virtual general meeting. The Management Board will make its decisions taking into account the interests of the Company and its shareholders, and in particular the protection of shareholders' rights as well as aspects of health protection for all stakeholders, effort and costs as well as sustainability considerations.

The Management Board and the Supervisory Board propose to amend section 15 of the Articles of Association (attendance and voting right) by the following new subsection 5:

"(5) The Management Board is authorized to provide that the Annual General Meeting be held without physical presence of the shareholders or their proxies at the place of the Annual General Meeting (virtual general meeting – authorization 2023). The authorization shall be valid for virtual general meetings held within a period of five years after entry of this provision in the commercial register of the Company."

**8. Resolution on creating the possibility for members of the Supervisory Board to attend the Annual General Meeting by means of video and audio transmission and on a corresponding amendment of section 14a of the Articles of Association (video and audio transmission)**

As a general rule, the Supervisory Board members shall attend Annual General Meetings in person. According to section 118 (3) sentence AktG, however, the articles of association may provide for certain cases in which the members of the supervisory board may attend the annual general meeting by means of video and audio transmission. This option is to be made use of to facilitate attendance in situations where Supervisory Board members are unable to or would have to make considerable efforts to attend in person.

The Management Board and the Supervisory Board propose to amend and restate section 14a (2) (video and audio transmission) of the Articles of Association as follows:

"(2) The members of the Management Board and the Supervisory Board should attend Annual General Meetings in person. Upon consultation with the chairperson of the Supervisory Board, members of the Supervisory Board shall be allowed to attend an Annual General Meeting by means of video and audio transmission in cases where, due to legal restrictions, a stay abroad, an inevitable stay at a different place in Germany or unreasonable travel time, their physical presence at the place of the general meeting would not be possible or would only be possible with considerable efforts or if the general meeting is held as a virtual general meeting without physical presence of the shareholders or their proxies at the place of the Annual General Meeting."

## **II. ADDITIONAL INFORMATION ON THE CONVOCATION**

**1. Total number of shares and voting rights**

As of the date of the notice convening the Annual General Meeting, the Company's share capital amounts to € 20,195,663.80 and is divided into 7,767,563 no-par value bearer shares, each representing a pro-rata amount of the share capital of € 2.60 and granting in principle one vote. Accordingly, the total number of voting rights as of the date of the notice convening the Annual General Meeting is thus 7,767,563 (information in accordance with section 49 (1) sentence 1 no. 1 WpHG). As of the date of the convening notice, the Company does not hold any treasury shares.

**2. Requirements for exercising shareholders' rights and, in particular, voting rights; relevance of the record date**

Pursuant to section 15 (1) of the Company's Articles of Association, only shareholders who have registered in text form (section 126b German Civil Code (*Bürgerliches Gesetzbuch*; BGB)) either in German or in English and have proven their entitlement to exercise voting rights by submitting



evidence of their shareholding in text form (section 126b BGB) in German or English that was issued by the final intermediary (*Letztintermediär*) in accordance with the requirements of section 67c (3) AktG (duly registered shareholders) are entitled to attend the Annual General Meeting and to exercise shareholders' rights including, in particular, voting rights. The evidence must relate to Friday, June 23, 2023, 00:00 hrs (CEST) (record date). The registration and the evidence of the shareholding must be received by the Company no later than by Friday, July 7, 2023, 24:00 hrs (CEST), at the following address:

KAP AG  
c/o Computershare Operations Center  
80249 Munich  
Email: [anmeldestelle@computershare.de](mailto:anmeldestelle@computershare.de)

In relations with the Company, a person is deemed to be a shareholder for the purpose of attending the Annual General Meeting or exercising voting rights only if evidence of their shareholding has been furnished in due form and time. In this context, the right to attend and the number of voting rights are calculated exclusively according to a shareholder's shareholding on the record date. The record date is not associated with any block on the ability to sell the shareholding. Even in the event of a full or partial sale of the shareholding after the record date, only the shareholder's shareholding on the record date is relevant for the right to attend and the number of voting rights in relations with the Company, i.e. share sales after the record date have no impact on the right to attend and the number of voting rights. The same applies to the acquisition of shares and additional shares after the record date. Persons who do not yet own any shares on the record date and only become shareholders thereafter, are only entitled to vote on account of the shares held by them if and to the extent that they have had themselves authorized as proxy or to exercise such rights by the person who is eligible on the record date.

Upon submission of the proof of shareholding, the shareholders or their proxies will receive an admission ticket to the Annual General Meeting. Contrary to the registration and the proof of shareholding, the admission ticket is not a prerequisite for attendance, but merely serves to simplify the access control procedure for the General Meeting.

### **3. Procedure for voting by authorizing and instructing the company-appointed proxies**

The Company offers shareholders that are duly registered pursuant to section 2 (Requirements for exercising shareholders' rights and, in particular, voting rights; relevance of the record date) the option of authorizing and instructing with respect to their exercise of the voting rights the company-appointed proxies already before the Annual General Meeting.

The proxy authorization and instruction form sent with the admission ticket is available to the shareholders for this purpose prior to the Annual General Meeting. In addition, the proxy authorization and instruction form can also be downloaded from the Company's website at

<https://www.kap.de/en/investor-relations/general-meeting>

Before the Annual General Meeting, authorization and instructions can be granted or issued, respectively, to the company-appointed proxies as well as amended or revoked under the following address

KAP AG  
c/o Computershare Operations Center  
80249 Munich  
email: [anmeldestelle@computershare.de](mailto:anmeldestelle@computershare.de)

until July 13, 2023 24:00 hrs (CEST) at the latest.

Authorization and instructions to the company-appointed proxies must be issued in text form (section 126b BGB).

If authorization is granted to the company-appointed proxies, they will only exercise the corresponding voting right if express instructions have been issued. Instructions may only be issued with regard to the resolution proposals made by the management and announced by the Company prior to the Annual General Meeting and with regard to resolutions proposed by shareholders that were announced by the Company prior to the Annual General Meeting on the basis of a request by a minority of shareholders pursuant to section 122 (2) AktG or as a counter-motion pursuant to section 126 (1) AktG or proposals by shareholders for elections pursuant to section 127 AktG. The company-appointed proxies will not accept any instructions to speak or ask questions, to file motions or to raise objections to resolutions of the Annual General Meeting.

If the proxies receive several authorizations and instructions for one and the same shareholding or if the company-appointed proxies receive these via different means of communication, the most recent formally valid authorization and corresponding instructions will be deemed binding. If declarations that differ from each other are received via different means of communication and the one that was most recently received cannot be identified, these declarations are taken into account in the following order: 1. by email and 2. by post in paper form. In the case of formally invalid authorizations and instructions, the proxies will not act as proxy for the votes at the Annual General Meeting.

#### 4. Procedure for voting via an authorized third party

Shareholders may also have their voting rights exercised by a proxy, e.g. by an intermediary, a shareholders' association, a voting rights advisor or another person offering their services to shareholders to exercise voting rights at general meetings on a commercial basis ("**commercial agent**") after corresponding authorization has been granted. In the event that a shareholder is represented, the shareholder must still be duly registered and the evidence of the shareholding must be provided on time (see section 2 above).

The granting and revocation of an authorization and the evidence to the Company that such authorization has been granted must be in text form (section 126b BGB) if neither an intermediary nor, under section 135 (8) AktG, a shareholders' association, a voting rights advisor or a commercial agent is authorized to exercise the voting right.

If an intermediary, shareholders' association, voting rights advisor or commercial agent is authorized to exercise the voting right, the text form requirement does not apply; however, a verifiable record of the authorization issued must be kept by the proxy. Shareholders wishing to authorize an intermediary, shareholders' association, voting rights advisor or commercial agent are requested to agree on the form of the authorization with the person to be authorized. These persons may also exercise the voting right, in compliance with the specified deadlines, by sub-proxy. Reference is made to the procedure pursuant to section 135(1) sentence 5 AktG.

If a shareholder authorizes more than one person, the Company may reject one or more of the proxies under section 134 (3) sentence 2 AktG.

Shareholders wishing to authorize a proxy are requested to use the form for granting authorization which is provided by the Company for this purpose. A proxy form will be sent to the shareholders together with the admission ticket after successful registration. In addition, a form for granting authorization can be downloaded from the website of the Company at

<https://www.kap.de/en/investor-relations/general-meeting>

Where the granting and/or revocation of an authorization and the evidence of an authorization having been granted is declared or provided vis-à-vis the Company, such declaration or evidence must be received by the Company in text form (section 126b BGB) in German or English no later than by Thursday, July 13, 2023, 24:00 hrs (CEST), by post or email at either of the following addresses, if neither an intermediary, a shareholders' association, a voting rights advisor or a commercial agent has been authorized:

KAP AG  
c/o Computershare Operations Center  
80249 Munich  
Email: [anmeldestelle@computershare.de](mailto:anmeldestelle@computershare.de)

Intermediaries, shareholders' associations, voting rights advisors or commercial agents who represent a majority of shareholders are recommended to contact the Company at the aforementioned address in advance of the Annual General Meeting with regard to the exercise of voting rights.

Additional information on authorizing third parties will be distributed with the admission ticket that is sent to the duly registered shareholders. Corresponding information and a more detailed description of the authorization of third parties are also available on the Internet at

<https://www.kap.de/en/investor-relations/general-meeting>

## **5. Information on shareholders' rights pursuant to sections 122 (2), 126 (1), 127 and 131 (1) AktG**

### **a. Requests for additional agenda items pursuant to section 122 (2) AktG**

Pursuant to section 122 (2) AktG, one or several shareholders whose shares in aggregate are at least equivalent to one twentieth of the share capital or to a pro-rata amount of € 500,000.00 may request that additional items be added to the agenda and made public. Each new item must be accompanied by the reasons for this or a resolution proposal. The request must be made in writing to the Company's Management Board and must be received by the Company on Tuesday, June 13, 2023, 24.00 hrs (CEST), at the latest (receipt by the Company). The request can in any event be sent to the following address:

KAP AG  
– The Management Board –  
Edelzeller Straße 44  
36043 Fulda

Pursuant to section 122 (2) sentence 1, (1) sentence 3 AktG, persons submitting a request must prove that they held the shares for at least 90 days prior to the date on which the request is received and that they will hold the shares until the Management Board decides on the request; section 121 (7) AktG must be applied *mutatis mutandis*. Certain third-party shareholding periods will be taken into account pursuant to section 70 AktG.

The date of receipt of the request shall not be included in the count. Rescheduling from a Sunday, Saturday or public holiday to a preceding or subsequent business day is not possible. Sections 187 to 193 BGB are not to be applied *mutatis mutandis*.

Any additions to the agenda that must be announced and were not announced with the convening notice will be announced in the German Federal Gazette (*Bundesanzeiger*) immediately after receipt of the request by the Company and will be forwarded for publication to media which can be expected to disseminate the information throughout the European Union. They will also be announced on the Company's website at

<https://www.kap.de/en/investor-relations/general-meeting>

and communicated to the shareholders pursuant to section 125 (1) sentence 3 AktG.

- b. Countermotions and nominations by shareholders pursuant to section 126 (1) AktG and section 127 AktG

Countermotions within the meaning of section 126 AktG and nominations within the meaning of section 127 AktG, including the name of the shareholder, the reasons (which, however, are at least not required for nominations) and any comments by the management, will be made available at

<https://www.kap.de/en/investor-relations/general-meeting>

provided they are received by the Company no later than by Thursday, June 29, 2023, 24:00 hrs (CEST), at the following address:

KAP AG  
Investor Relations  
Edelzeller Straße 44  
36043 Fulda  
or alternatively by email: [investorrelations@kap.de](mailto:investorrelations@kap.de)

and all other conditions requiring the Company to make such information available under section 126 AktG or section 127 AktG have been met.

- c. Shareholders' right to request information under section 131 AktG

Pursuant to section 131(1) AktG, the Management Board shall provide all shareholders with information on the Company's affairs, including the Company's legal and business relations with any affiliated enterprise as well as the situation of the corporate group and the companies included in the consolidated financial statements upon a corresponding request made by a shareholder in the Annual General Meeting, to the extent that such information is necessary for a proper evaluation of an agenda item and unless the Management Board has a right to refuse information pursuant to section 131(3) sentence 1 AktG.

- d. Additional explanations

Additional explanations on shareholders' rights, in particular information relating to additional requirements above and beyond compliance with the relevant deadlines, is available on the Company's website at

<https://www.kap.de/en/investor-relations/general-meeting>

**6. Documents relating to the Annual General Meeting, website offering information pursuant to section 124a AktG**

The content of the convening notice, together with an explanation of why no resolution is to be passed in respect of agenda item 1, the documents to be made available to the Annual General Meeting, the total number of shares and voting rights existing at the time the convening notice was issued, a form for granting proxy and issuing instructions, as necessary, and any requests for additional agenda items within the meaning of section 122 (2) AktG are available on the website

<https://www.kap.de/en/investor-relations/general-meeting>

The convening notice with the full agenda and the resolution proposals by the Management Board and the Supervisory Board were announced in the German Federal Gazette on Friday, June 2, 2023 and were additionally forwarded for publication to media which can be expected to disseminate the information throughout the European Union.

The voting results will be published after the Annual General Meeting on the aforementioned website together with information regarding the issuance of a confirmation of the vote count pursuant to section 129 (5) AktG, which may be requested by voting shareholders within one month from the date of the Annual General Meeting.

**7. Data protection information**

We collect personal data relating to the shareholders and/or their proxies in the context of their registration for the Annual General Meeting or their exercise of further meeting-related rights. We do this in order to enable shareholders to exercise their rights in the context of the Annual General Meeting. Further information on the handling of personal data and rights under the General Data Protection Regulation (GDPR) can be found online on the website for the Annual General Meeting

<https://www.kap.de/en/investor-relations/general-meeting>

Fulda, May 2023

KAP AG

The Management Board

[www.kap.de](http://www.kap.de)

**KAP AG**  
Edelzeller Straße 44  
36043 Fulda  
Germany