

# Remuneration report 2019

The compensation of ADVA's management board members consists of fixed and variable components. In addition to a fixed salary, the members of the management board receive two kinds of variable compensation which are assessed based either on short-term aspects or on long-term criteria focusing on the sustainable development of the group. As additional long-term variable compensation, the management board members receive stock options within the scope of ADVA's stock option program. The variable compensation for the members of the management board includes capped components (short-term variable compensation, long-term variable compensation, newly issued options), and provides upper and lower limits for the four targets of the short-term variable compensation.

In 2019, the fixed salaries of all members of the management board remained unchanged. The short-term variable compensation of all four members of the management board was based on the group's pro forma operating income<sup>1</sup> (40%), the group's revenues (20%), and the group's net debt (20%) as well as individual goals agreed with each member of the management board at the beginning of the year (20%). The short-term variable compensation is determined annually as compensation for the current year at the discretion of the supervisory board. Furthermore, a long-term variable compensation focusing on the sustainable development of the group was agreed which will be paid to the members of the management board after three years, provided that a year-by-year increased minimum group pro forma operating income is met for each of the three years. All members of the management board additionally receive a company car or a car allowance. Moreover, ADVA bears the costs of the directors & officers liability insurance for the management board members, taking into account the statutory deductible amount. These benefits are partially taxable by the members of the management board as non-cash benefits. In addition, ADVA grants stock options to members of the management board. These option rights authorize the members of the management board to purchase a set number of shares in the company once a fixed vesting period has elapsed and the goal to increase the share price by at least 20% has been reached.

Total management board compensation payable for 2019 and 2018 was EUR 1,695 thousand and EUR 2,099 thousand, respectively. During both years, there were no long-term service contracts in the sense of IAS 19 for any member of the management board. In 2019 and 2018, no loans were granted to the members of the management board. As of December 31, 2019 and 2018, no receivables outstanding from members of the management board have been reported.

Value of benefits granted for the reporting period

(in thousands of EUR)	Brian Protiva				Christoph Glingener				Ulrich Dopfer				Scott St. John			
	Chief executive officer				Chief technology officer and chief operations officer				Chief financial officer				Chief marketing and sales officer			
	2019	2018	2019 (Min)	2019 (Max)	2019	2018	2019 (Min)	2019 (Max)	2019	2018	2019 (Min)	2019 (Max)	2019	2018	2019 (Min)	2019 (Max)
Fixed compensation	253	253	253	253	253	253	253	253	253	253	253	253	253	253	253	253
Fringe benefits	9	11	9	9	14	14	14	14	15	20	15	15	15	20	15	15
<b>Total</b>	<b>262</b>	<b>264</b>	<b>262</b>	<b>262</b>	<b>267</b>	<b>267</b>	<b>267</b>	<b>267</b>	<b>268</b>	<b>273</b>	<b>268</b>	<b>268</b>	<b>268</b>	<b>273</b>	<b>268</b>	<b>268</b>
Short-term variable compensation (1 year)	206	221	-	536	146	150	-	380	131	142	-	340	147	142	-	360
Multi-year variable compensation: Long-term variable compensation (3 years)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stock option plans (7 years)	-	157	-	5,700	-	-	-	5,500	-	-	-	5,133	-	210	-	5,000
<b>Total</b>	<b>468</b>	<b>642</b>	<b>262</b>	<b>6,498</b>	<b>413</b>	<b>417</b>	<b>267</b>	<b>6,147</b>	<b>399</b>	<b>415</b>	<b>268</b>	<b>5,741</b>	<b>415</b>	<b>625</b>	<b>268</b>	<b>5,628</b>

Actual contribution for the reporting period

(in thousands of EUR)	Brian Protiva				Christoph Glingener				Ulrich Dopfer				Scott St. John			
	Chief executive officer				Chief technology officer and chief operations officer				Chief financial officer				Chief marketing and sales officer			
	2019	2018	2019 (Min)	2019 (Max)	2019	2018	2019 (Min)	2019 (Max)	2019	2018	2019 (Min)	2019 (Max)	2019	2018	2019 (Min)	2019 (Max)
Fixed compensation	253	253	253	253	253	253	253	253	253	253	253	253	253	253	253	253
Fringe benefits	9	11	9	9	14	14	14	14	15	20	15	15	15	20	15	15
<b>Total</b>	<b>262</b>	<b>264</b>	<b>262</b>	<b>262</b>	<b>267</b>	<b>267</b>	<b>267</b>	<b>267</b>	<b>268</b>	<b>273</b>	<b>268</b>	<b>268</b>	<b>268</b>	<b>273</b>	<b>268</b>	<b>268</b>
Short-term variable compensation (1 year)	206	221	206	206	146	150	146	146	131	142	131	131	147	142	147	147
Multi-year variable compensation: Long-term variable compensation (3 years)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stock option plans (7 years)	59	-	59	59	59	-	59	59	-	9	-	-	-	-	-	-
<b>Total</b>	<b>527</b>	<b>485</b>	<b>527</b>	<b>527</b>	<b>472</b>	<b>417</b>	<b>472</b>	<b>472</b>	<b>399</b>	<b>424</b>	<b>399</b>	<b>399</b>	<b>415</b>	<b>415</b>	<b>415</b>	<b>415</b>

The compensation of the members of ADVA's supervisory board, beyond the reimbursement of out of pocket expenses, only consists of fixed compensation paid out quarterly.

The total compensation payable to the members of ADVA's supervisory board for 2019 and 2018 amounted to EUR 235 thousand, each.

Furthermore, ADVA bears the cost of the directors and officers liability insurance for all members of the supervisory board. During 2019, no loans or advance payments were granted to members of the supervisory board.

Detailed information on the compensation structure of the individual members of the management and supervisory boards can be found in note (41) to the consolidated financial statements.