

Remuneration report 2020

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 2020, 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 income¹ (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 of EUR 808 thousand for the management board focusing on the sustainable development of the group during 2020 to 2022 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, 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.

During both years, there were no long-term service contracts in the sense of IAS 19 for any member of the management board. In 2020 and 2019, no loans were granted to the members of the management board. As of December 31, 2020, there was a receivable from one member of the management board in the amount of EUR 6 thousand (previous year: none). There were no receivables from the other members of the management board (December 31, 2019: none).

Total management board compensation payable according to section 314 paragraph 1 no. 6a HGB for 2020 and 2019 was EUR 2,224 thousand and EUR 1,695 thousand, respectively. The following tables show the benefits granted and paid to the members of the management board for the reporting period in accordance with the German Corporate Governance Code in the version dated February 7, 2017.

Value of benefits granted for the reporting period

| | 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 | | | |
| | 2020 | 2019 | 2020 (Min) | 2020 (Max) | 2020 | 2019 | 2020 (Min) | 2020 (Max) | 2020 | 2019 | 2020 (Min) | 2020 (Max) | 2020 | 2019 | 2020 (Min) | 2020 (Max) |
| (in thousands of EUR) | | | | | | | | | | | | | | | | |
| Fixed compensation | 253 | 253 | 253 | 253 | 253 | 253 | 253 | 253 | 253 | 253 | 253 | 253 | 253 | 253 | 253 | 253 |
| Fringe benefits | 7 | 9 | 7 | 7 | 10 | 14 | 10 | 10 | 14 | 15 | 14 | 14 | 14 | 15 | 14 | 14 |
| Total | 260 | 262 | 260 | 260 | 263 | 267 | 263 | 263 | 267 | 268 | 267 | 267 | 267 | 268 | 267 | 267 |
| Short-term variable compensation (1 year) | 335 | 206 | - | 536 | 243 | 146 | - | 380 | 219 | 131 | - | 340 | 232 | 147 | - | 360 |
| Multi-year variable compensation: | | | | | | | | | | | | | | | | |
| Long-term variable compensation 2019 - 2021 | - | 89 | - | - | - | 63 | - | - | - | 57 | - | - | - | 60 | - | - |
| Long-term variable compensation 2020 - 2022 | 89 | - | - | 89 | 63 | - | - | 63 | 57 | - | - | 57 | 60 | - | - | 60 |
| Stock option plans (total duration 7 years) | 69 | - | - | 1,000 | 69 | - | - | 1,000 | - | - | - | - | - | - | - | - |
| Total | 753 | 557 | 260 | 1,886 | 638 | 476 | 263 | 1,706 | 543 | 456 | 267 | 664 | 559 | 475 | 267 | 687 |

Actual contribution for the reporting period

| | 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 | | | |
| | 2020 | 2019 | 2020 (Min) | 2020 (Max) | 2020 | 2019 | 2020 (Min) | 2020 (Max) | 2020 | 2019 | 2020 (Min) | 2020 (Max) | 2020 | 2019 | 2020 (Min) | 2020 (Max) |
| (in thousands of EUR) | | | | | | | | | | | | | | | | |
| Fixed compensation | 253 | 253 | 253 | 253 | 253 | 253 | 253 | 253 | 253 | 253 | 253 | 253 | 253 | 253 | 253 | 253 |
| Fringe benefits | 7 | 9 | 7 | 7 | 10 | 14 | 10 | 10 | 14 | 15 | 14 | 14 | 14 | 15 | 14 | 14 |
| Total | 260 | 262 | 260 | 260 | 263 | 267 | 263 | 263 | 267 | 268 | 267 | 267 | 267 | 268 | 267 | 267 |
| Short-term variable compensation (1 year) | 335 | 206 | 335 | 335 | 243 | 146 | 243 | 243 | 219 | 131 | 219 | 219 | 232 | 147 | 232 | 232 |
| Multi-year variable compensation: | | | | | | | | | | | | | | | | |
| Long-term variable compensation (plan 2019 and 2020) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Stock option plans (total duration 7 years) | 213 | 59 | 213 | 213 | 366 | 59 | 366 | 366 | 108 | - | 108 | 108 | - | - | - | - |
| Total | 808 | 527 | 808 | 808 | 872 | 472 | 872 | 872 | 594 | 399 | 594 | 594 | 499 | 415 | 499 | 499 |

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 2020 and 2019 amounted to EUR 235 thousand, each.

During 2020, 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 (40) to the consolidated financial statements.