

**PVA TePla AG**

**AGM 2024 –AGENDA OUTLINE**

# AGM ON 30 AUG 2024

## AGENDA ITEMS

- ▶ 1: Presentation of the approved annual financial statements
- ▶ **2: Resolution on the appropriation of the net profit**
- ▶ 3: Ratification of the actions of the members of the Management Board
- ▶ 4: Ratification of the actions of the members of the Supervisory Board
- ▶ **5: Election of the auditor and group auditor**
- ▶ **6: Election of the auditor for the sustainability report**
- ▶ **7: Election of Supervisory Board members**
- ▶ **8: Approval of the remuneration report for the 2023 financial year prepared and audited in accordance with Section 162 AktG**
- ▶ **9: Approval of the compensation system for the Management Board members**
- ▶ 10: Approval of the compensation system for the Supervisory Board (and amendment of § 14 of the Articles of Association)
- ▶ 11: Amendment of § 21 of the Articles of Association (General Meeting resolutions)
- ▶ 12: Amendment of § 23 of the Articles of Association (Appropriation of net profit)
- ▶ 13: Approval of a domination and profit transfer agreement

# AGENDA ITEM 2

## APPROPRIATION OF NET PROFIT FOR STRATEGIC INVESTMENTS

Management and Supervisory Board propose to carry forward PVA TePla AG's net retained profits.

### Rationale:

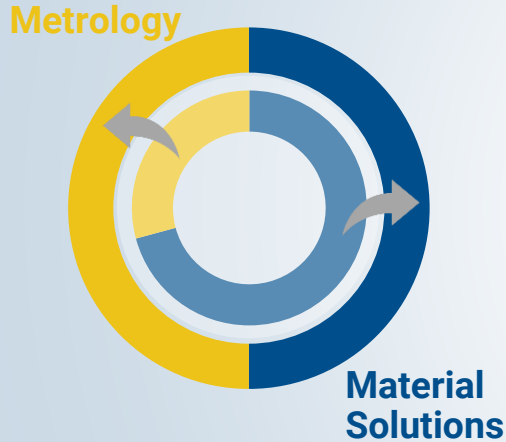
- ▶ Mid-term goal: Doubling revenue by 2028
- ▶ High investments required, with peak in 2024 and 2025
- ▶ Ensuring long-term growth as well as diversification in technology and regions
- ▶ Shareholder engagement through the year reaffirmed belief that this retention of profits is aligned with the strategy
- ▶ Payment of dividend not in best interests of shareholders, and likely to deliver less return than achievement of ambitious revenue & growth targets

# STRATEGY 2028

GROWING INTO BALANCED REVENUE STREAMS

**TARGET:**  
DOUBLING SALES TO  
€ 500 MILLION BY 2028

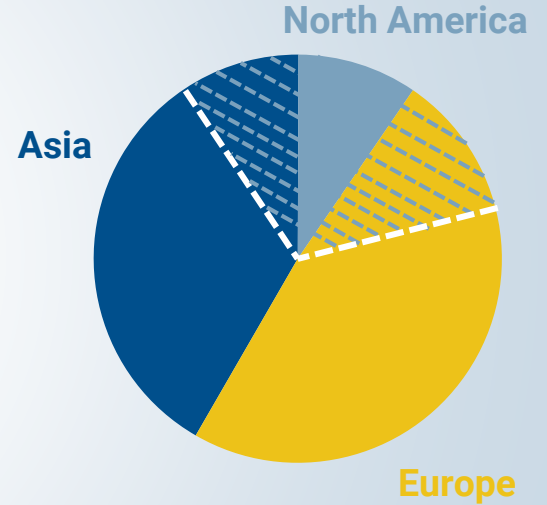
## Technology Split



## Growth Drivers



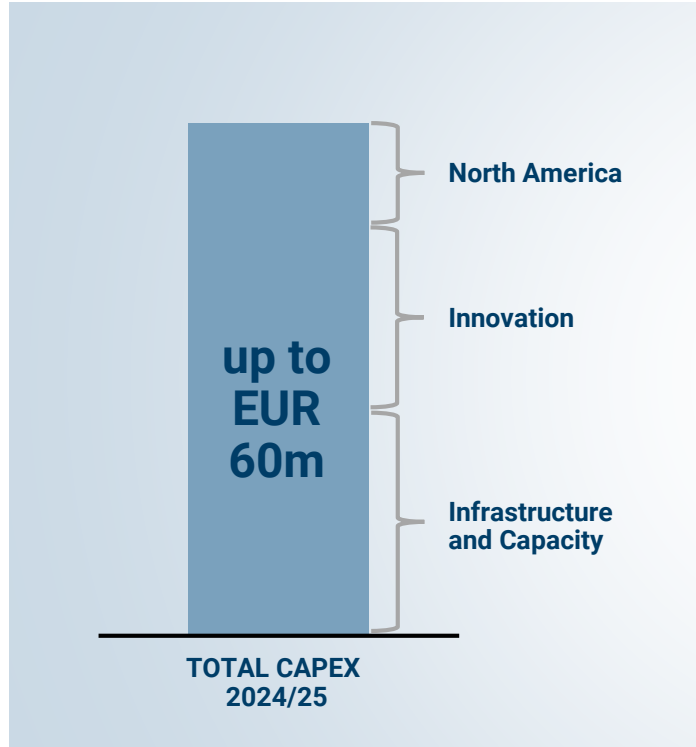
## Regional Split



INVESTING IN INNOVATION AND STRATEGIC ORGANIZATIONAL DEVELOPMENT

# INVESTMENTS: CAPEX PROJECTION

SUPPORTING FUTURE GROWTH WITH INVESTMENT PEAK IN 2024/2025



## KEY INVESTMENT AREAS:

### ▶ North America

- ▶ Showroom/Assembly capacities

### ▶ Innovation

- ▶ Technology Hub
- ▶ Training- & Education Centre

### ▶ Infrastructure and Capacity

- ▶ Production capacity
- ▶ Software & IT

# AGENDA ITEMS 5 + 6

## AUDITOR ELECTIONS (COMPANY, GROUP AND SUSTAINABILITY REPORT)

**Proposed Auditor: PricewaterhouseCoopers GmbH, Frankfurt am Main.**

### **Rationale:**

- ▶ Introduction of the Corporate Sustainability Reporting Directive (CSRD) requires extended audit
- ▶ First audit of the sustainability report in 2024
- ▶ Selection process according to EU Audit Regulation
- ▶ Recommendation of the Audit Committee without undue influence
- ▶ Quality and price of the offer were convincing, everything from a single source

# AGENDA ITEM 7

## ELECTION OF SUPERVISORY BOARD MEMBERS

**Alexander von Witzleben** and **Prof. Dr. Markus H. Thoma** have decided not to stand for re-election as members of the Supervisory Board.

The Supervisory Board has identified **Dieter May** and **Christoph von Seidel** as candidates to be proposed to the Annual General Meeting.

A smooth and efficient transition is ensured by the fact that **Prof. Dr. Gernot Hebestreit** will accompany the transformation process for a maximum of one year. He will contribute and pass on his expertise in the context of the change of auditor and the appointment of a new CFO. He will also support the new chairman of the Audit Committee, which shall be led by **Christoph von Seidel**.

**Rudolf Weichert** is standing for election as a substitute candidate for Prof. Dr. Gernot Hebestreit and will take over once the onboarding process in the audit committee has been finalized.

**Myriam Jahn** will continue her membership in the Supervisory Board and contribute her specific expertise in the areas semiconductors, digitization and automation as well as ESG.

# AGENDA ITEM 7

## ELECTION OF SUPERVISORY BOARD MEMBERS

In future, the Supervisory Board intends to stipulate a membership threshold and a nomination committee is intended to be set up.

**Criteria for the selection of the new Supervisory Board Members were:**

- Personal suitability, diversity, and professional qualification and experience,
- Specific expertise: Accounting and auditing, risk and compliance management
- Technological competencies: Digitization, engineering and natural sciences
- Other competencies: HR management, CSR, and ESG



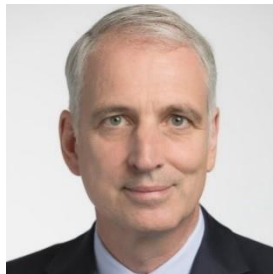
# AGENDA ITEM 7

## BRIEF PROFILES OF THE PROPOSED CANDIDATES



**Dieter May**  
Founder and CEO  
Villa Vallebuia

- ▶ Master's Degree, Electrical Engineering, Microelectronics, University of Erlangen Nuremberg, Germany
- ▶ Former Management positions at Isorg, Marelli, Osram Opto Semiconductors, BMW, Infineon and more
- ▶ Technological expertise in PVA TePla's relevant markets



**Christoph von Seidel**  
Auditor and  
tax consultant

- ▶ Study of Economics, EBS University of Business and Law
- ▶ Former Management positions at EY (Germany and USA)
- ▶ Expert in accounting, auditing, risk- and compliance management, governance, and ESG



**Rudolf Weichert**  
Management Board, INDUS  
Holding AG

- ▶ Business Graduate (Diplom Kaufmann), University of Cologne
- ▶ Former Management positions at: Indus Holding, KPMG
- ▶ Extensive expertise in capital markets, M&A, portfolio management, and accounting

# AGENDA ITEM 9

## COMPENSATION SYSTEM

**Proposal: Approval of a new compensation system for the Management Board which fosters the company growth and corporate strategy.**

### **Rationale:**

- ▶ Align with current market standards, regulatory requirements and recommendations of the German Corporate Governance Code (new declaration of conformity to be published after the AGM)
- ▶ Increased transparency with reduced complexity and a stronger pay-for-performance link
- ▶ Incentive systems to promote long-term corporate goals
- ▶ Ensuring competitiveness and motivation of the leadership team
- ▶ System improved taking into account shareholder feedback following last policy vote
- ▶ New system to be effective as of 1 January 2025
- ▶ It is intended to reflect new system in service agreements with CEO and CFO

# REMUNERATION POLICY

## MANAGEMENT BOARD & SUPERVISORY BOARD

### Adjustments towards objectives:

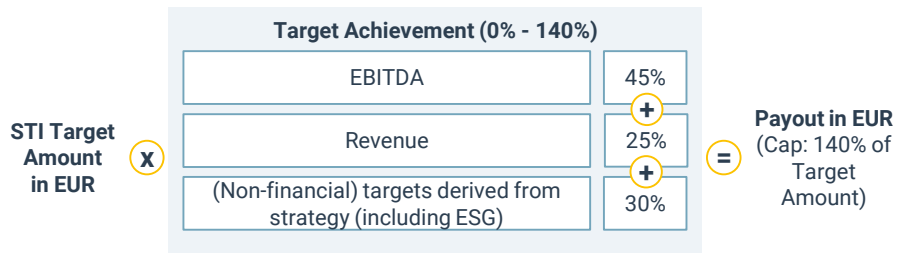
- ▶ Adjustment of the incentive effect of the variable remuneration for the Management Board by establishing new targets and weightings
- ▶ Introduction of a share based long-term remuneration for the Management Board
- ▶ Introduction of a Share Ownership Guideline for the Management and Supervisory Board
- ▶ Introduction of Malus/Clawback Provisions for the Management Board
- ▶ Abolition of the recognition bonus for the Management Board
- ▶ To allow over-performance, the maximum compensation is increased to 1,400,000 € for the CEO and 1,200,000 € for Ordinary Board Members

# REMUNERATION POLICY

## MANAGEMENT BOARD: STI

### Features of the STI

<b>Targets</b>	Financial targets (70%): <ul style="list-style-type: none"><li>○ EBITDA (45%)</li><li>○ Revenue (25%)</li></ul> (Non-financial) targets derived from strategy (including ESG) (30%)
<b>Cap</b>	140% of target amount



### Adjustments

- ▶ The two most important financial performance indicators of PVA TePla are considered: EBITDA and Revenue.
- ▶ Target Settings for EBITDA and Revenue are derived from the capital market guidance.
- ▶ Relevant (non-financial) targets derived from strategy (including ESG) are taken into account, next to the financial targets.
- ▶ The weighting of financial targets was increased to 70% (financial targets) and 30% (non-financial targets).
- ▶ To incentivize overachievement, the cap is increased to 150% of the target amount.

# REMUNERATION POLICY

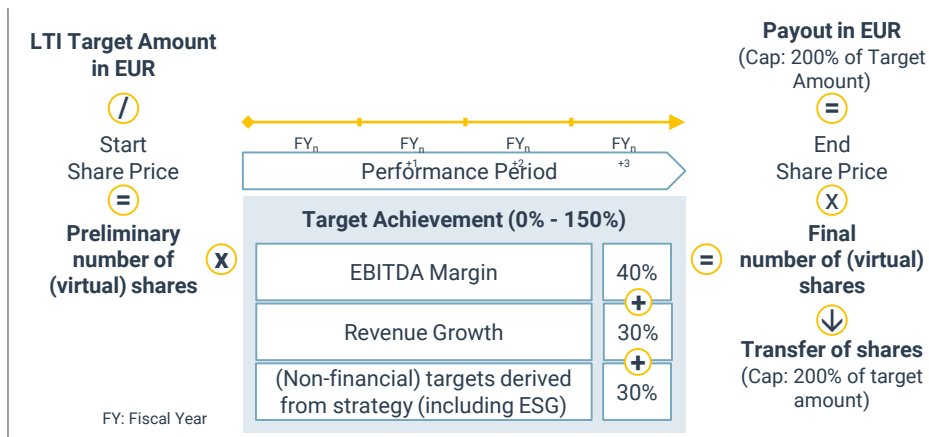
## MANAGEMENT BOARD: LTI

### Features of the LTI

<b>Plan Type</b>	Performance Share Plan
<b>Payout</b>	In cash or in shares
<b>Targets</b>	Financial targets (70%): <ul style="list-style-type: none"> <li>○ EBITDA margin (40%)</li> <li>○ Revenue growth (30%)</li> </ul> (Non-financial) targets derived from strategy (including ESG) (30%)
<b>Cap</b>	Cap Unit: 150 % Cap Payout: 200 % of the target amount

### Adjustments

- ▶ A performance share plan with annual tranches is introduced to incentivize the share price growth of PVA TePla.
- ▶ Two financial targets (EBITDA margin and Revenue growth) as well as non-financial targets derived from strategy (including ESG) determine the final number of performance shares. The same weighting of financial and non-financial targets as in the STI is used for consistency and to reduce complexity.
- ▶ The Supervisory Board will ensure that different (non-financial) targets are considered for STI and LTI.



# REMUNERATION POLICY

## SUPERVISORY BOARD

### Supervisory Board Fees

Role	Fee (2021)	Fee (2025)
Chair	70,000	100,000
Vice-Chair	40,000	60,000
Member	25,000	40,000
Committee Chair	10,000	20,000
Committee Member	5,000	10,000

### Other Features

- ▶ **Self-Commitment for Shareholding:** 20% of the gross annual fixed remuneration per member shall be invested in PVA TePLa AG shares.
- ▶ **Committee Remuneration Limited:** The committee remuneration is limited to two committee memberships.
- ▶ We plan to introduce a **Personnel & Nomination Committee** which will not only prepare decisions on Management Board remuneration but also serve as the body to develop the Supervisory Board composition and competencies.

### Rationale

- ▶ The number of tasks, the workload and the time required for Supervisory Board activities have increased significantly due to constantly increasing regulatory requirements.
- ▶ Remain competitive within its industry and able to attract and retain members with a broad range of expertise and skills as well as international experience.
- ▶ Supervisory Board members have committed themselves to buy shares of the company, which will anchor an equity culture and provide an additional alignment with the interests of the shareholders of PVA TePLa.

# AGENDA ITEMS 10, 11 & 12

## AMENDMENT OF ARTICLES, SECTIONS 14, 21 & 23

### Proposal: Articles of Association Amendments:

- ▶ Changes to align with regulatory requirements and to remove provisions with no scope of application
- ▶ Item 10: Amend article 14 to reflect changes in Supervisory Board remuneration set out in new remuneration system
- ▶ Item 11: Amend Article 21 in line with Stock Corporation Act rules on the majority requirement for Supervisory Board member dismissals
- ▶ Item 12: Amend Article 23 to remove redundant wording around retained profits allocated to the Supervisory Board