

## Minutes

### **2021 Annual General Meeting of Shareholders ("AGM") of Kendrion N.V. (the "Company") held on 12 April 2021 at 2.00pm at the Kendrion head office in Amsterdam**

#### **1. Opening and notifications**

The Chairman, Mr Henk ten Hove (Chairman of the Supervisory Board), opened the AGM, which was held fully virtual from the Kendrion head office in Amsterdam. Due to the impact of the COVID-19 pandemic and the related health recommendations, shareholders were invited to follow the meeting virtually using Zoom.

The Chairman introduced the Executive Board, Mr Van Beurden (CEO) and Mr Hemmen (CFO), the other members of the Supervisory Board, Mrs Van der Meijs, Mrs Mestrom, Mr Doll and the proposed new Supervisory Board member Mr Frits van Hout. The CEO, CFO and Mr Van Hout were present in the room with the Chairman. The other Supervisory Board members participated in the meeting via Zoom.

In view of the annual audit procedures carried out by Deloitte Accountants, Mr Beemer of Deloitte Accountants participated in the meeting via Zoom.

The notice, convening the AGM, was given in accordance with article 45 of the Articles of Association. This meant that valid resolutions could be adopted. The notice convening the general meeting of shareholders was published on the website of Kendrion on 1 March 2021. As of this date, the agenda and the explanatory notes to the agenda were available for inspection and could be obtained free of charge at Kendrion's head office and also via the website. The 2020 annual integrated report was published on the website on 19 February 2021. The record day was 15 March 2020.

As previously communicated to the shareholders, it was not possible to exercise voting rights during the virtual meeting. Therefore, shareholders had been instructed to exercise their voting rights prior to the meeting by granting a proxy to the company's secretary or via the e-voting tool on the website of ABN AMRO. This voting procedure was described in detail in the convocation notice and the explanatory notes to the agenda.

Mrs Hélène Verhoeven was designated to prepare the minutes of this meeting. Audio recordings of the meeting were made for reporting purposes.

In this meeting 10,359,057 shares were represented, jointly representing 70.12% of the voting capital. 10,359,057 votes were cast prior to the meeting via e-voting.

The Chairman explained that shareholders had been invited to submit their questions about the items on the agenda prior to the meeting. The deadline for the submission of these questions expired on 9 April 2021. All questions received were answered prior to the meeting and published on the website. Questions could also be asked during the meeting via Zoom.

#### **2.a Report by the Executive Board on the financial year 2020**

Prior to the presentations Mr Van Beurden emphasised that certain statements contained in the presentation and in the remarks during the meeting, constitute forward-looking statements. As these statements rely on a number of assumptions concerning future events and are subject to uncertainties

and other factors, of which many are outside the Company's control, actual results can differ materially from such statements.

Mr Van Beurden first gave an overview of the organisation. Kendrion has global presence with manufacturing and sales locations in Asia, Europe and the United States. Kendrion has over 2,400 employees and in 2020 Kendrion's revenue was almost EUR 400 million. Since the acquisition of INTORQ the split between the automotive and the industrial parts of the company is roughly 50/50. This used to be two thirds automotive and one third industrial, which means that the group is more balanced now.

Mr Van Beurden explained that the Automotive business of Kendrion focuses on actuators specifically for the new mobility as it is electrified or hybrid or autonomous driving. Industrial Brakes ("IB") strengthened by INTORQ has a full-line provision of electromagnetic brakes, both permanent magnet brakes but also spring-applied brakes. Industrial Actuators and Controls ("IAC") has actuators for a great variety of different applications including industrial automation, locking units and fluid control systems.

Kendrion has a simple and flat organization structure, which amplifies Kendrion's culture, its global and unified approach to growth opportunities and the right balance between central and local decision making. It has clear accountability for Kendrion's business groups with a manager for brakes, one for Kendrion's cash engine of actuators and controls, and then the functional group of the FD, the COO and CCO tasked with delivering on the global organic growth opportunity of automotive. Of course, China is represented as well. The management feels that this organization structure will help Kendrion to deliver its strategy.

Mr Van Beurden continued with the COVID-19 update. Kendrion's priority in dealing with the pandemic is the health and safety of Kendrion's employees, their families, customers, suppliers and all other stakeholders and to safeguard the group's continuity to ensure that Kendrion comes out of this pandemic stronger than before. All COVID-19 prevention measures continue to be enforced. Of course, Kendrion has been affected by the pandemic. Kendrion currently has 17 active cases within the group of which fortunately no one is hospitalized. Sadly, last fall Kendrion lost one colleague to the virus. Throughout the pandemic, Kendrion has been able to continue production in all its factories in a safe and responsible way and Kendrion continues to deliver to its customers around the world.

Subsequently, Mr Van Beurden elaborated on Kendrion's illness rates. Despite the pandemic, the overall illness rate at Kendrion has gone down in 2020 on a twelve months rolling basis. The root cause has not been investigated, but the hypothesis is that all the hygiene measures enforced protect not only from COVID-19 but also from other illnesses like the common cold and the flu.

Mr Hemmen provides an overview of the business performance in 2020. 2020 has been an exceptionally challenging year for businesses around the globe with Kendrion being no exception to this. Pressure on Kendrion's revenue was pronounced in Q2 when organic revenue decreased 34% with many of its automotive customers closing operations for the larger part of April and May. As from June, revenue started to gradually recover, which recovery continued in the remainder of 2020. The EUR 103.1 million revenue in Q4, which is traditionally Kendrion's weakest quarter was 5% higher than in Q3 and even 21% higher than in Q2. On an organic basis, consolidated revenue in Q2 was still 2% lower than in the previous year, but both industrial units posted organic growth and also the passenger car segment in automotive showed a high activity level towards the end of the year.

On the back of the higher revenue, the continued use of cost flexibility as well as a strong contribution from INTORQ, EBITDA in Q4 ended 58% above the previous year. This strong ending of the year meant that Kendrion was able to post a slightly higher EBITDA compared to 2019 and the EBITDA-margin increased from 10.6% to 11.3% despite an organic revenue decline of 17% for the year. EUR 19.6 million lower organic operating costs and a 1.1% added value margin increase contributed to the improved EBITDA-margin.

Profitability in the industrial units developed positively, with the EBITDA-margin increasing from 12.2% percent last year to 15.3% in 2020 despite an 11% organic revenue decrease. INTORQ, but also the original Kendrion business units both contributed to the improved profitability. Automotive faced most headwind from the pandemic with revenue decreasing 20% in 2020 and China realizing 5% organic growth for the year with good underlying growth in all three business units offsetting the impact of the pandemic.

In 2020, Kendrion incurred EUR 4.4 million one-off operating costs that have been normalized for the results compared to EUR 5.7 million last year. These one-off costs included transaction costs related to the acquisition of INTORQ, restructuring expenses and an impairment of previously capitalized development costs.

Mr Hemmen continued with the cashflow and the development of Kendrion's financial position. Kendrion's normalized free cashflow before acquisitions was EUR 31.5 million. A EUR 7.3 million organic reduction in normalized working capital and a suspension of non-essential investments contributed to the good cash conversion. Although non-essential investments were suspended, Kendrion continued to invest in its growth opportunities. R&D expenses increased in both absolute terms as well as in the percentage of revenue. Total working capital as a percentage of revenue remained flat at 10.4% despite the higher share of industrial activities which is typically more working capital intensive. The leverage ratio defined as the total net debt divided by twelve months EBITDA was 2.3, substantially below Kendrion's covenant level of 4.7 and also below the long-term covenant level of 3.25 which will be applicable as from the end of 2021.

Based on the strong cashflow and financial position and as a sign of confidence in Kendrion's business fundamentals, Kendrion proposes a dividend at the high-end of its policy. The total dividend amounts to EUR 5.9 million which is half of Kendrion's normalized net profit before amortization of intangibles arising on acquisitions. This translates to EUR 0.40 per share. As usual, the proposed dividend is payable in cash or in shares at the option of the shareholder.

Mr Van Beurden continued with an update of the strategic and operational progress that Kendrion made in 2020. Despite all the supply chain issues, the cost savings, the squeeze-on investment, customer shutdowns, inability to travel, et cetera, good progress has been made on Kendrion's (long-term) strategic agenda. INTORQ has been integrated. The business unit IAC was created. In Automotive EUR 350 million was added in lifetime revenue to Kendrion's long-term orderbook, which is a book-to-bill ratio of 1.7. It was decided to build a 28,000 meter manufacturing facility in Suzhou to accommodate Kendrion's future growth there. Significant progress was made in upgrading the IT infrastructure and on the further implementation of the Kendrion Way, Kendrion's culture of global seamless cooperation.

Mr Van Beurden elaborated on Kendrion's strategic house. The top of the building indicates Kendrion's strategic intent, the aspiration to continuously guard revenue and profitability in a sustainable way with a lean and focused organization and to provide a top-quality work environment to Kendrion's employees. Linked to this are the medium-term strategic objectives such as Kendrion's target to grow with at least 5% organically on average between 2019 and 2025. This strategic goal is underpinned with three pillars. The first is Automotive representing around half of group revenue. In Automotive, Kendrion focuses on growth and especially on the opportunity in developing actuators for autonomous connected electrified shared mobility, the so-called ACES. The second pillar is IB, which is around a quarter of group revenue. In IB Kendrion offers a full range of brakes and focuses on the ample growth opportunities seen in robots, both industrial and collaborative, in wind power, in elevators and in more. The third pillar is IAC, the merged combination of ICS and IMS. Here the focus is on profitability and cash generation. Internally, this new business unit is referred to as the cash engine. Kendrion wants this engine to keep generating cash and profits, focused on selected industrial segments such as energy distribution, fluid control, machinery, logistics and transportation applications. Besides this,

Kendrion has its focus on China, active in all three domains with the same intent, growth in automotive and brakes and profit in IAC.

With INTORQ fully integrated and after several years of strong growth in China, the profile of Kendrion has changed. In the metaphor of the strategic house, it looks like a stronger and more balanced structure, not dependent on anyone vertical and geographically diverse. Of all changes made in the last four years, the most important is the change in Kendrion's culture. Kendrion has gone from a collection of operating companies, each optimizing its own performance, to a truly global team of specialists that cooperate to optimize the performance of the Kendrion group, which is called the Kendrion Way.

Corporate Social Responsibility ("CSR") is another important part of the way business is done at Kendrion. Kendrion strives to make substantial improvements in all three pillars of its CSR framework: natural capital, social and human capital and responsible business conduct. When it comes to the relative reduction of CO<sub>2</sub>-emissions and energy consumption, Kendrion targets a 15% reduction compared to 2018. In 2020 progress was made on both fronts, reducing relative CO<sub>2</sub> with 3.2% and relative energy with 1.3% despite the pressure on revenue and added value. Kendrion also works hard on expanding its responsible product portfolio, aspiring to work on products to improve safety, health or that help limit climate impact. There is still work to do, but a good step has already been made towards the 2023 sustainability targets.

Mr Van Beurden continued with sharing some highlights of the past year, starting with Automotive. As known, the automotive market has been negatively affected by the pandemic. Year-over-year vehicle production was 16% lower than in 2019 at 74.5 million vehicles and this is relative to 2019, in itself around 6% lower than 2018. On the other hand, the disruption in especially passenger cars triggers enormous investments in new technology at all large OEMs and tier-1's and from Kendrion's viewpoint this has not changed in 2020. The opportunity for growth related to new actuators designed to help drive the innovation in the automotive sector around the ACES is intact, even accelerating. The growth of both battery electric vehicles and plugin hybrids has been and is projected to remain strong. As a proportion of total vehicle production, the share of electrification is expected to raise from less than 3% in 2019 to over 11% in 2023. All major OEMs and tier-1's are investing heavily in this and Kendrion has also been investing relentlessly in its product growth map and commercial organization to make full use of this important trend and it is yielding results.

Subsequently, he elaborated on the lifetime revenue in automotive nominations won in 2018, 2019 and 2020. This is calculated by assuming that projects for passenger cars have a lifetime of maximum seven years after start of production and for commercial vehicles Kendrion takes a maximum of ten years. The volumes and pricing agreed with their customers is used but own judgments have been added to that. In 2020, Kendrion won a gratifying EUR 350 million worth of new business or a book-to-bill ratio of around 1.7. 60% of the 2020 nominations is independent of the combustion engine and 40% is related thereto. A major nomination driver were successful projects at key OEMs such as the Volkswagen Group, Ford, Daimler Truck, Continental and ZF WABCO. More than 20% of the business wins will end up in pure electrical vehicle platforms of among others Volvo, Porsche and Ford.

In 2020 a significant change was noticed in the R&D activity level for combustion engine related products at Kendrion's customers and this had two effects. On the one hand, some projects won got cancelled, most notably a project won in China for a so-called auto-particle filter, as the Chinese government relaxed some of the strict emission rules for combustion engines in response to COVID-19. On the other hand, many combustion engine related products that were scheduled to wind down are running for longer, in some cases a number of years. The current best estimate is that the net effect of this is a reduction in Kendrion's total pipeline with around EUR 100 million in lifetime revenue, all combustion engine. Correcting for this means that over the past three years around EUR 910 million in new projects was won. Of this, around 60% or EUR 530 million is independent of the combustion engine and 40% or EUR 380 million is related thereto. All in all, Kendrion is pleased with the pipeline, which is expected to drive organic growth over the coming years. For 2021, Kendrion continues

focusing on expanding the pipeline, especially in dedicated electronics and innovative valves and actuators for ACES.

Autonomous driving, connected vehicles, electrification of the powertrain and shared mobility are mutually reinforcing developments in the automotive industry. Combined they are disrupting the automotive value chain and are a significant driver of growth. Through Kendrion's Lighthouse platforms, Kendrion aspires to develop forward-looking products making use of this opportunity. An example is Kendrion's new AVAS Sound PHANTONE product line. AVAS stands for Acoustic Vehicle Alerting System, which is legally required in electrified vehicles. Kendrion's product offers both active sound in electrified cars for outside compliant with AVAS regulation and a comfortable recognizable sound inside the cabin. PHANTONE is a full plug-and-play solution, compatible with the OEM's electrical architecture. And they have a design tool to help the OEM create its own branded acoustic design. Kendrion has also brought up an ecosystem of partners to integrate loudspeakers and additional software if needed. In 2020, several global OEMs selected PHANTONE and the first production is scheduled for 2021.

Mr Van Beurden summarized that 2020 was a tough year for automotive but with an important silver lining. The pipeline expanded and Kendrion is confident that it will make use of all the disruption in the automotive market over the coming years.

Mr Van Beurden continued with the highlights of the business unit IB. In 2020 brakes were doing well and benefitted especially from growth in the wind power segments in China driven by government subsidies for clean energy. This resulted in a strong financial performance. Kendrion officially opened its new production plant in Pune, India and strengthened its global sales alignment, which is underpinned and supported by the manufacturing location closest to the customer. Kendrion has a global commercial pipeline based on its full line of electromagnetic brakes and clutches. Kendrion further expanded their product offering with the launch of a new spring-applied brake family. In 2020 it was not just wind power that grew. Kendrion also had a considerable expansion in intralogistics and other segments. Kendrion will continue with its clear focus on specific global growth markets, intralogistics, collaborative and industrial robots and wind power, using Kendrion's global presence in Europe, the US, China and India. He summarized that it was a strong year for IB and there is ample opportunity for further growth in the coming years.

Mr Van Beurden continued with the business unit IAC. Kendrion has integrated the former business units ICS and IMS quickly and successfully achieving synergy savings of EUR 1.6 million in the process. The combination has improved its market position in distinct verticals like energy distribution, fluid controls, machinery and logistic and transportation applications. Anticipating further growth in these verticals, Kendrion has expanded its production facility in Romania by 3,000 square meters. IAC has had a good year. The impact of COVID-19 on IAC was mixed. In some segments, like textile machinery and aviation, revenue declined. In others, like medical applications and infrastructure, the market was better. On balance, this has resulted in a good financial performance. IAC is active in around 30 different product market combinations and one of the tasks for IAC's management is to invest in those segments that offer potential for growth while ensuring the other segments are optimized for profitability and cashflow. IAC expects to be able to expand, for instance, in the area of industrial locks for devices like PCS testers, freezers, centrifuges et cetera and opportunities are also seen in several medical products, like actuators for dialysis and anaesthesia equipment. On the control side, Kendrion has launched a new drive controller for automated guided vehicles and provided samples for inductive heating for applications like paper coating and industrial ovens. In the US, there is growth potential in fluid control devices for both beverage dispensers and medical devices. He summarized that it was a good year for IAC.

Subsequently, Mr Van Beurden elaborated on China, where Kendrion continued to grow during 2020. With the contribution of INTORQ Shanghai, revenue increased with more than 70%. Organically (without INTORQ) Kendrion grew by 5%. Kendrion China and INTORQ Shanghai have been integrated quickly and there has been one China IB management team covering both Suzhou and Shanghai as



from Q1 2020. Lifetime 2020 nominations across all business groups in China were significantly higher than Kendrion's China-based revenue and this has further strengthened an already strong China-based project and revenue pipeline. To accommodate that pipeline, it has been decided to build an own 28,000 square meter production facility in Suzhou. It will be located in Suzhou's industrial park or SIP, which is recognized as the most high-tech area in Suzhou and is the premier location for technology and advanced manufacturing companies there. In phase 1, Kendrion plans to build close to 28,000 square meters with the possibility to later add another 12,000 square meters in phase 2. For this project, Kendrion is receiving strong support from the Suzhou local government who have granted Kendrion favourable conditions for 30 years of land-use-right. Photovoltaic panels are planned on the roof which are expected to generate 1.1 MWh which should cover up to 60% of the internal energy requirements.

Mr Hemmen continued with highlighting Kendrion's ambitious midterm financial targets which were disclosed during the Capital Markets Day in September 2020. First and foremost, Kendrion targets to realize at least 5% average organic growth between the financial years 2019 and 2025. The pro forma revenue in the pre-pandemic year of 2019 including INTORQ would have been EUR 467 million. This targeted growth is driven by an increased content per car and an increased application uptake in automotive, by market and application growth in robotics, logistics and wind power in IB, by market growth and increased share in China and by selective niche markets in IAC.

Kendrion's updated profitability targets include realizing at least 15% EBITDA-margin and 25% Return on Invested Capital in 2025. In order not to mix up returns on M&A and operating assets, intangibles arising from acquisitions have been excluded from the invested capital. Operational leverage from the targeted revenue growth while maintaining a lean organization is the most important driver behind the realization of both profitability targets. Finally, Kendrion has maintained the target to distribute between 35% and 50% of normalized net profit as dividend to its shareholders.

The Chairman mentioned that the presentation of the Executive Board will be made available on Kendrion's website. He then gave shareholders the opportunity to ask any questions.

Mr Jansen (VEB) thanked the Executive Board members for the presentation and for the answers already provided on Kendrion's website. He has three follow-up questions with respect to the targets for 2025. First, he mentioned that sales growth is a key driver, also of the ROIC and the EBITDA-margin targets for 2025. He asked the Executive Board to elaborate a bit on the thought process. For instance, could the EBITDA- and ROIC-levels still be reached if Kendrion realizes sales growth levels of 3% or 4%? Secondly, he asked how much ROIC Kendrion wants to make on an acquisition and how much time Kendrion gives to itself before it gets there. To his understanding Kendrion excludes M&A in this target which he can understand and also appreciate, but he did wonder how Kendrion makes sure that potential M&A will be value-accretive. Finally, Mr Jansen asked if it is right that Kendrion will exclude potential M&A in the ROIC-target not only in the asset-base but also the profits for determining the ROIC-level in 2025.

Mr Van Beurden would like to emphasize that, Kendrion has taken 2019 including pro forma INTORQ as the base, so that it is quite a target. At the same time, roughly 80% of Kendrion's revenues today is exposed to substantial and long-term growth trends of which Kendrion hopes to make full use. However, operational leverage is certainly important to reach the other targets as well.

Mr Hemmen answered on the first question of Mr Jansen, that this is something Kendrion needs to track in the coming years. The growth target is 5% on average per year and Kendrion expects to realize that target. If the sales growth is less than 5%, it will be more difficult to realize the profitability targets. Maybe Kendrion will then have to take additional actions but that depends on the outlook at that moment in time. Mr Hemmen further confirmed that Kendrion excludes intangibles arising on acquisitions from the invested capital base. If you don't do that, then basically you do not allow yourself to do any acquisitions, because by definition, if you buy something close to a market price, you will not be able to realize 20% or 25% return on that. If Kendrion identifies an M&A target, obviously on that

target Kendrion does an analysis of whether it is accretive. The valuation exercises are based on multiples and on discounted free cashflow. Potential synergies on the cost and commercial side are taken into account. The expected return is compared to the weighted average cost of capital and when Kendrion believes that in the short- to mid-term they will be able to generate a return on invested capital in excess of that weighted average cost of capital then that acquisition will add value for the shareholders. That is basically the way it is done. With respect to the third question, Mr Hemmen confirmed that the profit is included in the metric.

Mr Jansen (VEB) mentioned that on the one hand Kendrion excludes intangibles arising on acquisitions from the invested capital base from the capital base but on the other hand includes profits from M&A, which sounds like an inconsistency to him. He asked what the thought process is behind that.

Mr Hemmen explained that this is not really the case because in the end Kendrion exists of many M&A activities in the past. This means that Kendrion's existing profitability also includes the profit of, for example, the Linnig group, which is now part of automotive, or Shelby or Kuhnke, while in Kendrion's intangibles arising on acquisitions the goodwill of these acquisitions is basically still there. Therefore, there is no inconsistency in including profits from future M&A as well.

Mr Jansen (VEB) asked whether incremental profits from new M&A, between now and 2025, will be excluded.

Mr Hemmen answered that this question has the same answer. The operating assets of for instance INTORQ, which were round about EUR 30 million, are taken into account as part of the invested capital, and therefore also the profitability of INTORQ is taken into account.

The Chairman concluded that there were no further questions and continued with agenda item 2.b.

## **2.b. Report by the Supervisory Board on financial year 2020**

The Chairman stated that this agenda item is a non-voting item, submitted to the AGM for discussion. 2020 has brought many challenges with COVID-19 impacting people's lives and the global economy. In managing the crisis, the health and safety of Kendrion's employees and their families has been a constant priority. The outbreak of COVID-19 called for close monitoring by the Supervisory Board and therefore various in-depth discussions took place between the Executive Board and the Supervisory Board. Under supervision of the Supervisory Board, the Executive Board implemented strict operating procedures, rolled-out contingency plans and performed various scenario-analyses to estimate the potential financial impact of COVID-19. In addition, the Supervisory Board also provided oversight and evaluated progress on performance relevant to a number of previously determined focus areas, being the integration of INTORQ, the merger of the former business units IMS and ICS in IAC, the expansion of the organization in China and advancing the automotive project pipeline and redirecting the R&D function. The Supervisory Board is pleased that important progress has been made on all four focus areas. A detailed overview is presented in the Report of the Supervisory Board included in the annual integrated report on pages 77 to 84. For 2021 the Supervisory Board has defined new focus items. The first is maintaining up-to-date contingency plans in managing the effects of COVID-19 and securing the company's continuity. A second point is the continued investment in China to support the realization of their growth strategy, because China is extremely important in realizing their long-term targets. A third item is the closure of the production facility in Eibiswald and last but not least, advancing the IT-strategy. In retrospect, 2020 has been a turbulent year. Employees and management have shown a high level of flexibility. The Supervisory Board is grateful for their contributions and would also like to express its appreciation to the shareholders for their continuous trust and support.

The Chairman gave the opportunity to ask any questions related to this proposal and concluded that there were no further questions. He continued with agenda item 3.

## **3. Remuneration report 2020**

The Chairman explained that the remuneration report 2020 had been submitted to the AGM for an advisory vote. It includes an overview of the remuneration of the members of the Executive Board and of the members of the Supervisory Board. For the remuneration report reference is made to pages 85 through 99 of the 2020 annual integrated report that has been published on Kendrion's website.

Mrs Mestrom explained that in response to the COVID-19 crisis Kendrion has taken a range of measures to protect its financial position. Measures included the implementation of a strict cost control program. As part of the COVID-19 cost control program, the members of the Executive Board agreed to a temporary reduction of their base salaries. During the months April through July 2020, a base salary reduction of 15% has been applied. Due to the recovering revenue levels and positive profitability as of the end of Q2 2020, the temporary salary reduction was lowered from 15% to 10% in August 2020. As of September through the remainder of 2020, no salary reduction was applied. Therefore, the actual gross base salary of the CEO in 2020 amounted to EUR 517,916.67 as opposed to the agreed annual gross base salary of EUR 550,000. For the CFO, the actual gross base salary in 2020 amounted to EUR 254,485.41 as opposed to the agreed annual gross base salary of EUR 270,250.

Mrs Mestrom continued with an explanation of the short-term incentive (STI). The performance criteria for the 2020 STI have been set well before the COVID-19 pandemic started, consistent with the regular decision-making process of the Supervisory Board. The Supervisory Board could not have foreseen the COVID-19 crisis and the impact thereof. For the assessment of the actual performance against the 2020 financial performance criteria, certain adjustments have been made which reduced the amount of the pay-out under the financial performance criteria by 15%. The adjustments that reduced the total amount of the pay-out of the financial performance criteria by 15% involved the following: first, the amount of the impairment of capitalized development costs that has been normalized in the financial results, has been fully reflected in the calculation of the actual EBITA and EBITDA and invested capital for purposes of determining the actual performance against the financial performance criteria. Secondly, the actual free cashflow and invested capital amounts have been adjusted for the amount by which previously budgeted cash investments in fixed assets exceeded the actual cash investments. This has been done to take account of the reduced capital expenditures in 2020 as it was decided to suspend all uncommitted and non-urgent capital expenditures as part of the strict cost control program that was implemented in response to the COVID-19 crisis. The performance on the financial performance criteria for the 2020 STI resulted in a gross pay-out of EUR 226,600 for the CEO and EUR 65,130 for the CFO. The non-financial performance criteria for the short-term incentive have been closely aligned to the Supervisory Board's focus items for 2020 and Kendrion's strategic and operational spearheads. The 2020 non-financial performance criteria included the following: the integration of INTORQ; merging former business units IMS and ICS into IAC; expanding the China organization focusing on the local R&D organization and local purchasing organization; sustainability focusing on energy efficiency, reduction of CO<sub>2</sub>-emissions, waste management and diversity; development of the new IT strategy framework; and the advancement of Kendrion's Risk Management Framework. Achievement of an individual non-financial performance criteria is measured by applying a binary scoring model where a non-financial performance criterium can either be achieved or not achieved. The amount of the pay-out for the non-financial performance criteria depends on the number of achieved performance criteria. Based on a comprehensive review of the performance of the Executive Board, the Supervisory Board resolved that the CEO and the CFO each realized three out of the four non-financial performance criteria. Although important progress has been made on the China expansion and in the area of risk management, the Supervisory Board considers that the accomplishments do not justify the qualification of 'achieved' within the binary scoring model where no linear scoring applies. The performance of the non-financial performance criteria for the 2020 short-term incentive resulted in a gross pay-out of EUR 132,000 for the CEO and EUR 37,835 for the CFO. The overall performance under the 2020 short-term incentive resulted in a total gross pay-out of EUR 358,600 for the CEO, which amount represents 65.2% of the 2020 gross annual base salary of EUR 550,000, and EUR 102,965 for the CFO, which amount represents 38% of the 2020 gross base salary of EUR 270,250.



Mrs Mestrom continued with the long-term incentive plan. Consistent with the long-term incentive plan, EUR 16,533 conditional performance shares have been awarded to the CEO under the 2020 long-term incentive plan. The number of conditional performance shares has been calculated on the basis of a target amount of EUR 330,000 and an average share price of EUR 19.96 measured during the fourth quarter of 2019. 6,769 conditional performance shares have been awarded to the CFO under the 2020 long-term incentive plan. The number of conditional performance shares has been calculated on the basis of a target amount of EUR 135,125 and an average share price of EUR 19.96 measured during the fourth quarter of 2019. The actual vesting percentage of the performance shares awarded remains conditional upon achievement of performance measured as relative total shareholder return, basic earnings per share and a non-financial measure in the area of sustainability. The vesting period expires at the end of 2022 upon expiry of the performance period.

Mrs Mestrom further elaborated on the long-term incentive 2018. Pursuant to the 2018 long-term incentive, 6,960 conditional performance shares were granted to the CEO. The number of conditional performance shares was calculated on the basis of a target amount of EUR 196,360 and an average share price of EUR 38.79 measured during the fourth quarter of 2017. The vesting percentage of the performance shares is conditional upon the achievement of performance measured as relative shareholder return, basic earnings per share, a sustainability target, focusing on company culture. Both the score on the relative TSR and EPS measure fall below the threshold performance and therefore result in 0% vesting. With the successful rollout of the global intercompany campaign the Kendrion Way and the additional initiatives that have been launched during the performance period, maximum performance has been achieved on the sustainability performance measure. As a result, under the 2018 long-term incentive a total of 1,044 shares have vested. The vested shares remain subject to a holding period until the end of 2022.

Subsequently, Mrs Mestrom explained the Supervisory Board remuneration. The base fee and committee fee levels for the Supervisory Board are the same as determined by the general meeting of shareholders in April 2017 and are as follows: a base fee of EUR 45,000 for the Chairman of the Supervisory Board; a base fee of EUR 35,000 for a member of the Supervisory Board; a committee fee of EUR 6,000 for the chair of the Audit Committee and the chair of the HR Committee; and a committee fee of EUR 5,000 for the members of the Audit and HR Committee. As part of the COVID-19 cost control program, the members of the Supervisory Board agreed to a temporary reduction of their base fee and committee fees. During the months April through July 2020, a fee reduction of 15% has been applied. The temporary fee reduction was lowered from 15% to 10% in August 2020 and as of September through the remainder of 2020 no fee reduction applied. For Mr Ten Hove, Chairman of the Supervisory Board, the actual gross remuneration for 2020 amounted to EUR 47,087. For Mrs Mestrom, chair of the HR Committee, the actual gross remuneration for 2020 amounted to EUR 38,608. For Mrs Van der Meijs, Chair of the Audit Committee, the actual gross remuneration for 2020 amounted to EUR 38,608. For Mr Doll who was appointed in June 2020 as a member of the Supervisory Board and member of the Audit Committee, the actual gross remuneration for 2020 amounted to EUR 27,666. For Mr Wünsche, who stepped down in April 2020, the actual gross remuneration for 2020 amounted to EUR 18,500.

The Chairman gave the opportunity to ask any questions related to this agenda item.

Mr Jansen (VEB) thanked for the presentation and transparency regarding the adjustments that were made to the metrics, due to the COVID-19 situation. However, he thinks that that the ultimate size of the Short-Term Incentive (STI) is the highest in five years. He wondered if there were any considerations made to even adjust the STI further downwards given the financial performance which can of course be explained due to COVID-19. His second question related to the progress on the expansion on China. He asked whether Mrs Mestrom might take away the concern that shareholders could have with not achieving this target. His third question is related to the development of a new IT-strategic framework, which is one of the non-financial targets of the CFO. He asked for a bit more

explanation on the achievement on this particular item, also given the fact that IT-controls are still a key audit matter of the auditor and he can still not fully rely on Kendrion's IT control system.

Mrs Mestrom answered on the first question that the Supervisory Board has considered all facts and came to the conclusion that they have taken the right decisions. Looking at the total package, there was a reduction applied over a couple of months and they have been quite strict on the binary scoring model. Regarding the focus on the expansion in China, she explained that China is of course strategically important for the Supervisory Board, but that they are not concerned going forward. Both the Executive Board and the Supervisory Board keep critical, but the Supervisory Board sees that Kendrion is making progress in China and has put a number of things in place that makes the Supervisory Board feel comfortable that Kendrion will achieve its ambition.

The Chairman adds that the Supervisory Board is happy that they continued to put focus on the long-term targets, but that this does not mean that in terms of timing everything has been realized in what they had agreed. They have been very strict from both sides in how they look to what they have agreed. And if there is, for whatever reason, an extension of the timing and therefore a certain target is not achieved that is bad luck. The Chairman mentioned that during the eight years that he is in this position, he also has seen years where it was the other way around, where the results from the outside would give the impression that the STI should have been higher than realistic, but also there they said from both sides that is how it works. In a very consistent way they have kept themselves very strict to what they have agreed and they only made two exceptions on the rule, which were explained.

Mr Jansen (VEB) asked what they exactly wanted to achieve last year in terms of the China strategy and what they could not achieve.

The Chairman replied that when you talk about an action program for China you agree about the budget, an action plan and timing. If on one of the three there is a difference in a negative way, the entire target is not reached. In this case the timing was the issue. Of course, this is something the management could not have foreseen because of COVID-19, but it is something that they have agreed for good and for bad. The Supervisory Board is quite optimistic that they are going to catch up this year.

Mr Jansen (VEB) asked for some further explanation on the IT achievement.

The Chairman replied that this was basically the same. They have a broad company IT-program with a number of initiatives and also here because of COVID-19 and because of the fact that they had to change in quality and quantity to bring in competences, some delay was created. So, the reason of not achieving those targets was a timing issue, but it is not expected that Kendrion is deviating too much from its IT-program going forward.

Mr Jansen (VEB) stated that there is achievement regarding IT, but that this is just hard to square with the remark of the accountant that they still cannot fully rely on Kendrion's IT-controls.

Mr Hemmen explained that there is achievement, but that the IT framework target is much wider than only dealing with the IT-controls. It also includes application refresh, digitalization and generally having an IT-organization that increasingly adds value to the business. Significant progress was made there. The auditor was indeed not able to fully rely on the IT-controls. The IT-controls basically are a mixture between organizational controls and IT-controls and more or less a trade-off between flexibility and control. It is not the case that the accountant cannot rely at all on the IT-controls, but the accountant performs some additional procedures such as sample checks which cause additional time for the auditor to get to the same result. As this also takes more time for Kendrion's controllers, there is a shared interest to make sure that in the near future the auditor will be able to rely fully on those IT-controls, but this is not the only item in improving the IT framework.

The Chairman concluded that there were no further questions related to this proposal.

The Chairman declared that via e-voting and proxies granted to the Company Secretary had 9,728,349 shares voted in favour of this proposal, together representing 93.93% of the votes cast. In addition, the proposal received 628,351 votes against and 2,357 abstentions. The Chairman confirmed that the proposal has been adopted and continued with agenda item 4.

#### 4. **2020 financial statements**

The Chairman stated that the 2020 financial statements have been submitted to the AGM for adoption. They have been approved by the Supervisory Board and audited by Deloitte Accountants and were accompanied by an unqualified auditor's report.

Mr Dekker (Deloitte) provided a short summary of the audit procedures which were carried out. This presentation would normally have been given by Mr Beemer, who is the signing partner on behalf of Deloitte and responsible for the 2020 audit performed at Kendrion. However, as Mr Beemer was experiencing some technical problems, Mr Dekker replaced him.

Mr Dekker explained that Mr Beemer took over from Mr Savert who had been serving Kendrion for the last five years and therefore had to rotate mandatorily. On 18 February 2021 Deloitte signed its unqualified opinion (page 181 of the annual report). Deloitte's primary subject was the audit of the set of financial statements. In this, Deloitte also considered other information included in the annual report, in the report of the Executive Board, in the report of the Supervisory Board and in the remuneration report. For the other information, Deloitte verified whether the legally required information was included and whether there were any or no inconsistencies with the financial statements. The third subject was the sustainability report which covers limited procedures on a couple of specific KPI's (page 192 of the annual report).

Throughout the audit, Deloitte had frequent interaction with the Executive Board and some members of the Supervisory Board. Amongst others, they discussed their key deliverables with the Audit Committee, being Deloitte's audit plan, the management letter and the Board report. They also had the opportunity to speak to the chair of the Audit Committee without the Executive Board being present.

Deloitte used a materiality of EUR 1.2 million which was the same as prior years. For consolidated subsidiaries a lower materiality was applied which did not exceed the amount EUR 540,000. He pointed out that this was the maximum amount, but for a lot of components Deloitte used an even lower materiality. They agreed together with the Supervisory Board that misstatements in excess of EUR 60,000 which were identified through the audit would be reported to them, as well as smaller misstatements that in Deloitte's view must be reported on qualitative grounds.

During Deloitte's audit they had 15 components which were a full audit scope. These covered 96% of the consolidated sales. In this, the largest components were in Germany, the United States, China and Austria.

In its audit approach, Deloitte obviously also considered the COVID-19 developments. They had hoped of course that they would have been able to travel to the most important components within the group but that unfortunately was not an option. Deloitte's Chinese audit team was already confronted with these limitations in travel and client access last year, but all of Deloitte's other component teams had similar issues during the 2020 audit. To overcome this, Deloitte had made more frequent interactions with the components and performed remote file reviews on both planning interim or year-end or a combination of those both. And the remote working environment had in their opinion no impact on the quality of its audit.

As a group audit team, they also performed a couple of procedures centrally, amongst others the audit of the US component Shelby and a number of topics as well, being for instance the purchase price

allocation and the goodwill impairment. For smaller entities, Deloitte performed analytical procedures at a group level.

Mr Dekker continued with the key audit matters. Last year, Deloitte reported two key audit matters, being the goodwill impairment and the general IT controls environment and these two key audit matters were still applicable in Deloitte's 2020 audit. In addition to that, Deloitte added two new key audit matters, being the purchase price allocation of INTORQ which was acquired in 2020 and the revised bank covenants. With respect to the purchase price allocation of INTORQ, this acquisition was a significant one for the company and had a number of implications for Deloitte's audit. Firstly, auditing the determination of the purchase price and the necessary purchase price allocation is complex and includes judgment and next to that Deloitte also had to plan the nature, timing and extent of the audit of the INTORQ entities in accordance with the ISA 600 group audit standard which resulted in two additional components in Deloitte's group scoping.

Mr Dekker continued with the bank covenants. He explained that although Kendrion currently operates well with the existing leverage covenants, Deloitte deemed this to be a key audit matter as they really needed to get a good understanding of these covenants and there were also relevant accounting and disclosure requirements relating to this.

The Chairman gave the opportunity to ask any questions with respect to this agenda item.

Mr Jansen (VEB) mentioned that the cashflow statement on page 105 says that the acquisition of subsidiaries is EUR 77.7 million, but note 22 on the business combinations says that the total consideration paid for INTORQ is EUR 64.8 million. His question for the Executive Board is how this difference could be explained and how much is basically paid for the acquisition of INTORQ. He also had some questions for the auditor. The first is who the component auditor is in China. Secondly, he mentioned that he appreciates that more information is given on the key audit matter of goodwill for the automotive business than seen in other key audit matters. However, he asked to explain that there were no reportable findings with respect to the goodwill of Kendrion last year and that the WACC use for Automotive was raised substantially from 8.5% to 9.9%, but is now basically considered too low by the internal valuation experts of Deloitte.

Mr Dekker answered on the first question that Deloitte was the component auditor in China and that they used the same team that was also responsible for Kendrion China. They also performed the audit on INTORQ China.

On the second question Mr Dekker answered that Deloitte's approach was consistent to last year. They asked their internal valuation specialist to determine the WACC and there have of course been some changes in circumstances due to market developments which indeed led to a higher WACC than last year.

Mr Hemmen added that this was obviously discussed with Deloitte and that the major difference is the small company premium that Deloitte added which is higher than the one that management has added and that has to do in part with the lower share price during 2020. Determining a WACC seems very fact-based, but everybody has their own opinion and data sources. Also Deloitte did a sensitivity exercise if there would have been an impairment if management had gone to the upside of their WACC range and that still would not have been the case.

Mr Jansen asked what specific percentage premium is used by Kendrion. He understood that the difference is 1%.

Mr Hemmen replied that Kendrion used 3% and Deloitte used 4%.

Mr Hemmen answered on the question about the consideration paid for INTORQ that the difference is the amount of debt taken over. The purchase price including the debt taken over was around EUR 78 million and excluding the debt taken over it was the amount of EUR 64.8 million.

Mr Jansen had another question about the adjustments made in CGUs with respect to the goodwill. He asked whether they did an analysis of what would happen if they would not have changed the CGUs and if impairments are required then or not.

Mr Hemmen answered that this is not the case and also no requirement and that he thinks it would not have had an impact.

The Chairman concluded that there were no further questions. He declared that via e-voting and proxies granted to the Company Secretary 10,355,471 shares voted in favour of the adoption of the 2020 financial statements, together representing 100% of the votes cast. In addition, the proposal received 3,586 abstentions. The Chairman confirmed that the proposal has been adopted and continued with agenda item 5.a. adopted.

#### **5.a Dividend policy**

The Chairman explained that this item has been submitted to the AGM for discussion. In accordance with the Dutch Corporate Governance Code the dividend policy is dealt with and explained as a separate agenda item. The dividend policy is published on Kendrion's website and described on page 22 of the 2020 annual integrated report.

The Chairman gave the opportunity to ask any questions related to this proposal and concluded that there were no questions. He continued with agenda item 5.b.

#### **5.b Dividend over financial year 2020**

The Chairman explained that the proposal to distribute dividend over the financial year 2020 has been submitted to the AGM as a voting item. Taking account of the encouraging financial performance over 2020, Kendrion's strong financial position and the expectation of a continued recovery during 2021, the Executive Board, with the approval of the Supervisory Board, proposed a dividend of EUR 0.40 per share, representing a payment of dividend of 50% of the normalized net profit for 2020, at the high-end of the range of Kendrion's dividend policy. The total dividend amount is EUR 5.9 million. It is proposed that payment of the dividend is made in cash or, at the option of shareholders, in the form of ordinary shares, by way of transfer of treasury shares or, to the extent necessary, issuing of shares with any remaining fraction to be settled in cash. The ex-dividend date is 14 April 2021 and the record date is 15 April 2021. The share dividend will be set on 4 May 2021 before start of trading on the basis of the volume weighted average price of all Kendrion shares traded on 27, 28, 29, 30 April and 3 May 2021, at a level whereby the value of the dividend in shares will be virtually equal to the cash dividend. The period for shareholders to elect share and/or cash dividend runs from 16 April up to and including 3 May 2021 until 15.00 hours. The cash dividend will be made payable and the share dividend will be delivered on 6 May 2021. All these dates can be found in Kendrion's financial calendar on the website and in the annual report. If the proposal is adopted, the dividend information will be published on the website tomorrow. The net profit for 2020 will be added to the reserves.

The Chairman gave the opportunity to ask any questions related to this proposal and concluded that there were no questions.

The Chairman remarked that through e-voting and proxies they got 10,359,057 shares in favour and that is, and he thought this was the first time he saw this, 100% of the votes. He thanked shareholders very much for their extremely unified support. The Chairman confirmed that the proposal has been adopted. He continued with agenda item 6.a.



## **6.a Discharge of the member of the Executive Board**

The Chairman explained that this item is a voting item and deals with the discharge of the members of the Executive Board who were in function during the financial year 2020. It was proposed to discharge the members of the Executive Board, Mr Van Beurden and Mr Hemmen, from liability for their management of Kendrion and its activities during 2020.

The Chairman gave the opportunity to ask any follow-up questions related to this proposal and concluded that there were no further questions. He declared that via e-voting and proxies granted to the Company Secretary 10,350,812 shares voted in favour of this proposal, together representing 99.97% of the votes cast. In addition, the proposal received 3,490 votes against and 4,755 abstentions. The Chairman confirmed that the proposal has been adopted and continued with agenda item 6.b.

## **6.b Discharge of the members of the Supervisory Board**

The Chairman explained that this agenda item is a voting item and deals with the discharge of the members of the Supervisory Board who were in function during the financial year 2020. It was proposed to discharge the members of the Supervisory Board, Mrs Van der Meijs, Mrs Mestrom, Mr Doll and Mr Ten Hove, as well as former member Mr Wünsche, from liability for their supervision on the management of Kendrion during 2020.

The Chairman gave the opportunity to ask any questions and concluded that there were no questions on this agenda item.

He declared that via e-voting and proxies granted to the Company Secretary 10,350,812 shares voted in favour of this proposal, together representing 99.97% of the votes cast. In addition, the proposal received 3,490 votes against and 4,755 abstentions. The Chairman confirmed that the proposal has been adopted. He continued with agenda item 7.

## **7. Appointment of Mr F.J. van Hout**

The Chairman explained that the proposal to appointment Mr Frits van Hout as a member of the Supervisory Board has been submitted to the AGM for adoption.

Last year the Chairman announced to step down as a member of the Supervisory Board upon expiry of his second term, being the date of this AGM. The Supervisory Board is delighted that Mr Frits van Hout, a seasoned professional with international experience and known for his extensive technical expertise, his design and development experience and his result-oriented leadership style is willing to join the Supervisory Board. The proposal is to appoint him as a member of the Supervisory Board for a four-year term ending on the day of the AGM to be held in 2025. Subject to appointment of Mr Van Hout as a member of the Supervisory Board, the Supervisory Board will elect him as Chairman of the Supervisory Board and member of the HR Committee.

Mr Van Hout introduced himself as Frits van Hout, 60 years of age. He is married with two children, who are no longer at home. He studied physics at Oxford University and later at the ETH in Zurich. He joined ASML in May 1984 when it was founded, first in an R&D job, later on in international programs followed by a sales assignment. He then joined two smaller companies in Switzerland and the UK where his main job was to integrate three companies into one and then again at the second company also three companies into one. He rejoined ASML in 2001, initially as head of customer service. Then he became head of one of the business units that did sales and marketing. He became a member of the Management Board of ASML and took on jobs again in sales and marketing on EUV which was ASML's latest technology, which was introduced in 2018, and finally strategy and supply chain management. He is stepping down at the end of April at the AGM of ASML and he is looking forward to joining Kendrion with the shareholders' permission. Kendrion is a relatively small company. The

management is close to the customers, the markets and products, just like ASML was and maybe to some extent still is. There are major points of reflection coming up in automotive particularly, where electrification and assisted driving obviously will change the markets and offer huge opportunities to those responding in an agile way. He hoped to be able to help Kendrion with his expertise and experience in R&D, marketing & sales, product innovation and setting up sales and sourcing partnerships and he looked forward to working with all stakeholders including the shareholders themselves.

The Chairman thanked Mr Van Hout and welcomed him. He gave the opportunity to ask any questions.

Mr Jansen (VEB) thanked Mr Van Hout for the introduction. Although the VEB thinks Mr Van Hout is a very good candidate, it is rather unusual to appoint a new member as a Chairman immediately. Therefore, he would appreciate a little bit insight in the consideration to appoint Mr Van Hout as the Chairman immediately.

Mrs Mestrom answered that, after the announcement of the Chairman that he would step down, the Supervisory Board started a thorough selection process for a new Supervisory Board member and Chairman. The Supervisory Board and the Executive Board are very pleased that Mr Van Hout has accepted the nomination for appointment. Mr Van Hout is a seasoned professional with a relevant international experience and expertise. With his extensive experience and expertise, he is considered the best candidate for the position of the new Supervisory Board member and Chairman. Mr Van Hout will as a new member and Chairman contribute to Kendrion's continued journey towards achievement of the strategic objectives of Kendrion. This is for the Supervisory Board more than enough reason to appoint a person from outside as the Chairman of the Supervisory Board of Kendrion.

The Chairman added that of course in this whole process the whole Supervisory Board was aligned continuously and that the decision to make this proposal had been unanimously adopted.

The Chairman concluded that there were no questions on this agenda item. He declared that via e-voting and proxies granted to the Company Secretary 10,352,035 shares voted in favour of this proposal, together representing 99.94% of the votes cast. In addition, the proposal received 6,245 votes against and 777 abstentions. The Chairman confirmed that the proposal to appoint Mr Van Hout as a member of the Supervisory Board has been adopted. He congratulated Mr Van Hout.

Mr Van Hout thanked the shareholders.

Mrs Mestrom welcomed Mr Van Hout on behalf of the Supervisory Board and also on behalf of the Executive Board as a member of the Supervisory Board and as the Chairman.

Subsequently, Mrs Mestrom thanked Mr Ten Hove on behalf of all the Supervisory Board members and the Executive Board for being eight years member and Chairman of the Supervisory Board of Kendrion.

The Chairman thanked Mrs Mestrom and continued with agenda item 8.

## **8. Reappointment external auditor**

The Chairman explained that the proposal to reappoint Deloitte Accountants B.V. as external auditor of Kendrion has been submitted to the General Meeting of Shareholders for adoption. Deloitte Accountants B.V. was reappointed in 2018 for a term of three years, meaning for the 2018 to 2020 financial years. The Executive Board and the Audit Committee of the Supervisory Board have evaluated the activities performed by Deloitte Accountants B.V. Based on the outcome of the evaluation and the recommendation by the Audit Committee, the Supervisory Board proposed to reappoint Deloitte Accountants B.V. for a third and final period of four years after 2020, meaning for the financial years 2021 to 2024.

The Chairman gave the opportunity to ask any questions and concluded that there were no questions. He declared that via e-voting and proxies granted to the Company Secretary 10,357,588 shares voted in favour of the proposal to reappoint Deloitte Accountants B.V. as external auditor of Kendrion N.V., together representing 100% of the votes cast. The proposal received 1,169 abstentions. The Chairman confirmed that the proposal has been adopted. He continued with the agenda 9.

#### **9.a Authorization to issue Kendrion N.V. shares and to restrict or exclude pre-emptive right**

The Chairman explained that the proposals to authorise the Executive Board to issue shares (agenda item 9.a) and to restrict or exclude pre-emptive rights (agenda item 9.b) have been submitted to the general meeting of shareholders for adoption.

It is proposed to authorise the Executive Board for a period of 18 months from the date of this meeting to issue shares or grant rights to acquire shares, subject to the approval of the Supervisory Board. This authority relates to a maximum of 10% of Kendrion's issued share capital as at 12 April 2021, increased by the number of performance shares to be issued pursuant to share based incentive plans for employees and the Executive Board long-term incentive plan.

As a separate voting item, it is proposed to authorise the Executive Board for a period of 18 months from the date of this meeting to restrict or exclude pre-emptive rights in relation to the issue of shares or the granting of rights to acquire shares subject to the approval of the Supervisory Board.

The Chairman gave the opportunity to ask any follow-up questions with respect to agenda items 9.a and 9.b. He concluded that there were no questions.

With respect to item 9.a, the Chairman declared that via e-voting and proxies granted to the Company 10,356,056 shares voted in favour of the proposal to authorise the Executive Board to issue shares, which is 99.98% of the votes cast. In addition, the proposal received 2,349 votes against and 652 abstentions. The Chairman confirmed that the proposal has been adopted.

With respect to item 9.b, the Chairman declared that via e-voting and proxies granted to the Company 10,356,989 shares voted in favour of the proposal to authorise the Executive Board to restrict or exclude pre-emptive rights in relation to the issue of shares or the granting of rights to acquire shares, together representing 99.99% of the votes cast. In addition, the proposal received 1,291 votes against and 777 abstentions. The Chairman concluded that the proposal has been adopted and he continued with agenda item 10.

#### **9.b Authorisation to repurchase Kendrion N.V. shares**

The Chairman explained that the authorisation to repurchase Kendrion shares has been submitted to the general meeting of shareholders for adoption. It is proposed to authorise the Executive Board for a period of 18 months from the date of this meeting to acquire shares up to a maximum of 10% of the issued share capital as of 12 April 2021 either by purchase on the stock exchange or otherwise at a price that doesn't exceed 110% of the opening price quoted on the Euronext Amsterdam market on the day of the purchase of the shares or, in the absence of an opening price, the most recent price quoted on the stock exchange. The exercise of this authorisation by the Executive Board is subject to approval by the Supervisory Board.

The Chairman gave the opportunity to ask any questions and concluded that there were no questions. He declared that via e-voting and proxies granted to the Company Secretary 10,357,588 shares voted in favour of the proposal to authorise the Executive Board to purchase Kendrion shares, together representing 100% (rounded) of the votes cast. The proposal received 119 votes against and 1,350 abstentions. The Chairman confirmed that the proposal has been adopted. He continued with the last item on the agenda.

**10. Any other business**

The Chairman concluded that no further questions were received. He thanked the shareholders for their participation and contribution to the meeting.

Thereafter, the Chairman took the opportunity to speak a final word of thanks to his colleagues of the Supervisory Board, the members of the Executive Board, the Company Secretary and the shareholders.

**11. Closing**

The Chairman closed the meeting.