



RINGMETALL SE

REMUNERATION REPORT 2023

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INTRODUCTION

GENERAL INFORMATION

Ringmetall SE (hereinafter: "Ringmetall") is a leading specialist supplier in the packaging industry with production and sales locations worldwide. The main activities of Ringmetall and its subsidiaries are assigned to the business units Industrial Packaging and - until June 30, 2023 - Industrial Handling divisions.

With the sale of HSM GmbH & Co. KG, the only operating company in the business unit Industrial Handling, on June 30, 2023, this business unit was closed.

Ringmetall assumes a superordinate function in the organizational structure as the managing holding company. It combines central Group functions. On 2 December 1997, it was registered in the Munich Commercial Register (HRB 118683) of the Munich District Court as H.P.I. Holding Aktiengesellschaft. Following the transformation into a European Company (Societas Europaea, SE for short), Ringmetall SE is now registered under the number HRB 268321 of the Local Court of Munich. The registered office of the company is Munich. The address is Innere Wiener Straße 9, 81667 Munich.

The Management Board and the Supervisory Board of Ringmetall SE prepare this remuneration report on the remuneration granted and owed by the Company to each individual member of the Management Board and the Supervisory Board in the 2023 financial year in accordance with Section 162 (1) of the German Stock Corporation Act (AktG) as amended by the Act on the Implementation of the Second Shareholder Rights Directive (ARUG II).

CLARIFICATION

"Remuneration granted and owed" within the meaning of section 162 (1) sentence 1 of the German Stock Corporation Act (AktG) is remuneration actually received in the financial year ("remuneration granted") or remuneration which, according to the explanatory memorandum to the draft (BT-Drs. 19 / 9739, page 111), is "due according to legal categories, but (so far) has not been received" ("remuneration owed").

EXECUTIVE BODIES OF THE COMPANY

Members of the **Management Board**:

Christoph Petri	
Spokesman of the Management Board	since 01.04.2011
Domicile	Hamburg, Germany
Occupational Profession	Merchant
Konstantin Winterstein	
Member of the Management Board	since 01.10.2014
Domicile	Munich, Germany
Occupational Profession	Engineer

The Management Board contract with Mr. Christoph Petri runs until December 31, 2024. The Management Board contract with Mr. Konstantin Winterstein runs until September 30, 2026.

Members of the **Supervisory Board**:

Klaus F. Jaenecke, Munich	
Chairman	since 30.08.2018
Profession	Self-employed management consultant, Munich
Markus Wenner, Munich	
Member	since 01.09.2014
Deputy Chairman	since 30.06.2016
Profession	Managing Director of GCI Management Consulting GmbH, Munich MuM Industriebeteiligungen GmbH, Wuppertal
Ralph Heuwing, Munich	
Member	since 30.08.2016
Profession	Partner and Head of DACH of int. Private Equity Gesellschaft PAI Partners, Munich
Monika Dussen, Hamburg	
Member	since 23.08.2022
Profession	Partner of Struktur Management Partner GmbH, Cologne

OVERVIEW

The 2023 financial year proved to be challenging for the Ringmetall Group. Important customer industries, such as the chemical and pharmaceutical industries, were clearly affected by the economic headwinds in the past financial year. For much of the year, Ringmetall was also confronted with declining demand for its products. However, following the above-average performance in 2022, a weaker development was anticipated and countermeasures were introduced at an early stage in the form of cost-cutting measures and production adjustments. Despite the decline in sales and earnings, the Group's overall performance was robust and satisfactory in view of these circumstances.

The following analysis refers to the consolidated financial statements as of December 31, 2023, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted in the European Union.

Due to the weakened economic environment, especially in the second half of 2023, Group revenue fell by 15.0 percent to EUR 181.6 million (2022: EUR 213.5 million) due to subdued demand. The increase in sales from the acquisitions of Protective Lining in the USA and the Liner Factory and IDF in Germany was offset by a decline in sales due to a double-digit percentage decline in steel prices.

The sale of the Group subsidiary HSM GmbH & Co. KG on June 30, 2023 was also reflected in a lower revenue base in the second half of 2023. In addition, the sale of HSM resulted in a deconsolidation effect of EUR -4.6 million.

KEY FIGURES OF RINGMETALL SE AND THE GROUP

In the 2023 financial year, Ringmetall SE generated net income of EUR 1,287 thousand (2022: EUR 9,543 thousand). As the remuneration of the Executive Board is based exclusively on Group key figures, some key figures of the Group are presented below.

BALANCE SHEET KEY FIGURES EUR '000	31.12.2023	31.12.2022	Δ	Δ %
Fixed Assets	77,509	73,462	4,047	6%
Current Assets	53,178	56,775	-3,597	-6%
Equity	79,217	77,464	1,753	2%
Equity ratio	60.0%	59.0%		
Liabilities	44,456	45,057	-601	-1%
Balance Sheet Total	131,982	131,341	641	0%

P&L KEY FIGURES EUR '000	2023	2022	Δ	Δ %
Revenues	181,584	213,511	-31,927	-15%
Total Output	180,161	216,535	-36,374	-17%
Gross Profit	90,252	91,715	-1,463	-2%
EBITDA	19,156	28,300	-9,144	-32%
EBIT	11,289	21,283	-9,994	-47%
Consolidated Net Profit	6,330	15,920	-9,590	-60%

OTHER KEY FIGURES		31.12.2023	31.12.2022	Δ	Δ %
ROCE (EBIT divided by the result of: Carrying amount of property, plant and equipment + trade receivables ./ trade payables)	%	22.89	46.37	-23.48	-51%
EPS (undiluted earnings per share)	EUR	0.20	0.52	-0.32	-62%
Employees Group TOTAL	Number (Period average)	867	814	53	7%
Employees Companies in Germany	Number (Period Average)	522	524	-2	0%
	Remuneration in EUR '000	23,540	21,956	1,584	7%

THE TOTAL REMUNERATION OF THE COMPANY'S EXECUTIVE BODIES

GENERAL

In the 2023 financial year, the **remuneration of the members of the Management Board** consisted of a fixed remuneration, the basic salary, and performance-related variable remuneration.

The remuneration system is determined by the Supervisory Board. As key principles, it includes a link between remuneration and performance and attaches great importance to the sustainability of performance. It is intended to ensure that the remuneration of the members of the Management Board is commensurate with their work and responsibility, which serves as the basis for the development and implementation of the business strategy of the Ringmetall Group.

In structuring the remuneration system, the Supervisory Board takes into account the applicable laws and regulations, in particular the requirements of the German Stock Corporation Act and the provisions of the German Corporate Governance Code (DCGK). On the basis of this remuneration system, the Supervisory Board determines the specific target total remuneration. The remuneration system and the appropriateness of

remuneration are regularly reviewed by the Supervisory Board. In accordance with the requirements of Section 120a (1) of the German Stock Corporation Act, the Supervisory Board submits the remuneration system to the Annual General Meeting in the event of significant changes, but at least every four years, for its approval. The last time this was done was at the Annual General Meeting in June 2021, see <https://ringmetall.de/investor-relations/hauptversammlung/#toggle-id-1>.

In accordance with the statutory provisions (section 87a (2) sentence 2 of the German Stock Corporation Act), the Supervisory Board may, in exceptional circumstances, temporarily deviate from the components of the remuneration system described below if this is necessary in the interest of the long-term welfare of the Company.

Overall, **the remuneration of the members of the Supervisory Board** shall be balanced and proportionate to their responsibilities and tasks as well as to the situation of the company. The respective amount of annual remuneration takes into account the specific function and responsibility of the Supervisory Board members. At the same time, the remuneration is intended to make the assumption of a mandate as a member or chairman of the Supervisory Board appear sufficiently attractive to attract and retain suitably qualified candidates for the Supervisory Board. This is a prerequisite for the best possible monitoring and advice of the Management Board, which in turn makes a significant contribution to a successful business strategy and the long-term success of the company. In accordance with the suggestion of G.18 GCGC, the members of the Supervisory Board shall receive a purely fixed remuneration in order to strengthen the independence of the Supervisory Board, to enable an objective and neutral performance of the advisory and monitoring function as well as to make independent personnel and remuneration decisions.

In accordance with the Act on the Implementation of the Second Shareholder Rights Directive (ARUG II) in Section 113 (3) of the German Stock Corporation Act, a resolution of the Annual General Meeting must be passed at least every four years on the remuneration of the members of the Supervisory Board. This was most recently done at the Annual General Meeting in June 2021, see <https://ringmetall.de/investor-relations/hauptversammlung/#toggle-id-1>.

REMUNERATION OF THE MANAGEMENT BOARD

COMPONENTS OF THE MANAGEMENT BOARDS REMUNERATION

Both members of the Management Board are remunerated equally. The **basic salary** is paid in twelve equal instalments at the end of each month; the basic salary accounts for 50% of the total target remuneration.

Variable remuneration consists of an annual short-term incentive (STI) and a long-term incentive (LTI), each based on financial performance criteria.

The structure, weighting and amount of the individual remuneration components should be appropriate and adequate. In order to achieve this goal, the Supervisory Board draws comparisons in both horizontal and vertical terms.

In a **horizontal comparison**, the Supervisory Board regularly reviews the remuneration of the Management Board on the basis of current remuneration studies with the remuneration of the management of other companies in the manufacturing industry of the iron, sheet metal and metalworking industry with sales of EUR 100 to 250 million and a number of employees between 500 and 1,000.

In the case of a **vertical comparison**, the Supervisory Board also takes into account the company's internal remuneration structure in a vertical comparison when determining the remuneration of the Management Board. This comparison is based on the direct remuneration (remuneration excluding pension and fringe benefits) of a member of the Management Board and the average direct remuneration of an employee of the Ringmetall Group in Germany.

INTERNAL AND EXTERNAL MANDATES

Members of the Management Board do not receive any additional remuneration for taking on tasks in companies belonging to the Ringmetall Group. If, with the approval of the Supervisory Board, members of the Management Board hold mandates in companies outside the Group, any remuneration granted there will not be offset against their remuneration of the Management Board.

CLAWBACK

In the event of subsequent changes to the key figures in the consolidated financial statements that are relevant for variable remuneration, variable remuneration components already paid must be repaid in the event of an overpayment resulting from the change (clawback). There is no reason for any further clawback arrangements, as no advance or instalment payments are made on future claims for variable remuneration.

PENSION BENEFITS

The members of the Management Board receive half of the highest contribution rate to the statutory pension insurance every month, regardless of the absence of a statutory insurance obligation. In addition, there are no pension or early retirement schemes.

FRINGE SERVICES

Fringe benefits mainly consist of the provision of company cars or a remuneration payment in the event of non-use, as well as contributions for accident and liability insurance. Fringe benefits are not performance-related. In addition, the members of the Management Board receive a subsidy amounting to half of their private health and long-term care insurance premiums, limited to the employer's maximum rate in the event of statutory health and long-term care insurance obligations. Taxable fringe benefits are taxed individually by the members of the Management Board. The amount of fringe benefits is limited by the employment contract and is regularly reviewed by the Supervisory Board.

REMUNERATION CAP

The total remuneration to be granted for a financial year (total of all remuneration amounts paid for the relevant financial year, including basic remuneration, variable remuneration and fringe benefits) of the members of the Management Board is capped ("Maximum Remuneration"). The maximum remuneration is EUR 700 thousand per member of the Management Board.

REMUNERATION OF THE SUPERVISORY BOARD

In accordance with Article 12 (1) of the Articles of Association of Ringmetall SE, **the remuneration of the members of the Supervisory Board** consists of a **fixed annual remuneration** of EUR 45 thousand, which is payable in four equal instalments at the end of each calendar quarter. In addition, the company reimburses the members of the Supervisory Board for their expenses incurred in connection with the activities of the Supervisory Board as well as any value added tax payable on the remuneration. In accordance with Recommendation G.17 of the GCGC, the increased time commitment of the Chairman and Deputy Chairman of the Supervisory Board shall be taken into account appropriately. An annual amount of EUR 70 thousand is therefore provided for the remuneration of the Chairman of the Supervisory Board and an annual amount of EUR 50 thousand for the Deputy Chairman.

The **total remuneration** of the members of the Executive Board is as follows:

Members of the Executive Board		Financial Year	Fixed remuneration (in EUR '000)	Variable remuneration (in EUR '000)		Total remuneration (in EUR '000)	Proportion of fixed remuneration	Percentage of variable remuneration	Ratio of fixed / variable remuneration
			Basic salary	One-year / STI	Multi-year / LTI				
Management Board	Christoph Petri (Spokesman of the Management Board)	2023	238	225	225	688	35%	65%	53%
		2022	238	225	35	498	48%	52%	92%
	Konstantin Winterstein	2023	238	225	225	688	35%	65%	53%
		2022	238	225	35	498	48%	52%	92%
Supervisory Board	Klaus F. Jaenecke (Chairman)	2023	70	-	-	70	100%	-	-
		2022	70	-	-	70	100%	-	-
	Markus Wenner	2023	50	-	-	50	100%	-	-
		2022	50	-	-	50	100%	-	-
	Ralph Heuwing	2023	45	-	-	45	100%	-	-
		2022	45	-	-	45	100%	-	-
	Monika Dussen	2023	45	-	-	45	100%	-	-
		2022	23	-	-	23	100%	-	-

USE OF THE RIGHT TO RECLAIM / CLAWBACK

There was no clawback of variable remuneration in financial year 2023.

COMPLIANCE OF REMUNERATION WITH REMUNERATION POLICY

This section explains how the total remuneration is in line with the agreed remuneration policy of Ringmetall SE and how it contributes to the long-term success of the company. It also provides information on how these performance criteria have been applied.

Note: As the Supervisory Board receives a fixed remuneration, only the remuneration of the members of the Management Board will be discussed below.

The **annual short-term variable remuneration**, which represents 25% of the total target remuneration, depends on the achievement of certain financial targets set by the Supervisory Board for the relevant financial year, which are generally in line with the annual budget approved by the Supervisory Board. These comprise equal proportions of the **Ringmetall Group's revenue** and **EBITDA** (earnings before interest, taxes, depreciation and amortization). Both key performance indicators are **significant performance indicators** in terms of the targeted profitable revenue growth. The amount of the payout is based on 50% on a linear basis depending on the degree to which the respective target has been achieved, whereby the target achievement must be at least 80%. The payout is limited to twice the payout amount intended for 100% target achievement (cap).

The values for target achievement between the minimum and maximum values are linearly interpolated for both short-term variable and long-term variable remuneration.

Long-term variable remuneration also accounts for 25% of the total target remuneration. Ringmetall aims to achieve profitable growth through acquisitions and thus increase the value of the company. The Supervisory Board considers the capital market-relevant **earnings and profitability indicators EPS growth** (growth in basic earnings per share) and **ROCE** (return on capital employed) to be **more meaningful** with regard to the **long-term increase** in the value of the company than the share price, which is influenced by a large number of factors beyond the control of management. In addition, the current members of the Management Board have a significant stake in the company and the incentive effect of variable remuneration based on the share price would therefore clearly outweigh self-interest. Earned LTI in respect of an assessment period of three financial years shall be paid out after approval of the consolidated financial statements in the year following the assessment period. The amount of the payout is based on 50% on a straight-line basis based on the degree to which the target has been achieved with regard to the average annual percentage growth in basic earnings per

share (EPS) over the period of the three preceding financial years and is capped at twice the payout amount envisaged for 100% target achievement (cap). A further 50% of the payout is also based on the degree to which the target has been achieved with regard to the average annual percentage value of the Group's return on capital employed over the period of the three preceding financial years (ROCE). When calculating ROCE, EBIT is divided by the result of the following items from the consolidated balance sheet: Carrying amount of property, plant and equipment plus trade receivables minus trade payables. This payout is also limited to twice the payout amount intended for 100% target achievement (cap).

When setting targets, the Supervisory Board may consider unusual developments in the short-term and long-term remuneration components. In 2020, for example, due to the COVID-19 pandemic, budget values were deviated from and adjusted figures for revenue and EBITDA were specified.

Overall, Ringmetall SE's remuneration system is clear and comprehensible. The key principles such as the link between performance and remuneration as well as the sustainability of performance are adhered to and are in line with the business strategy of the Ringmetall Group.

In the 2023 financial year, the total remuneration of the Management Board was determined in accordance with the agreed remuneration policy of Ringmetall SE.

In the following, the calculation scheme for variable remuneration is presented in table form for clarity and a better overview.

Determination of **variable remuneration** in accordance with the agreed remuneration policy:

Members of the Management Board	Maturity of the variable remuneration	Criteria for the remuneration component	Relative weighting of performance criteria	Information about performance targets	
				Target achievement(%)	Amount of remuneration (TEUR)
Christoph Petri	Short term incentive (STI)	Group Revenues	50%	< 80%	0
				100%	56,250
				> 120%	112,500
		EBITDA	50%	< 80%	0
				100%	56,250
				> 120%	112,500
	Long term Incentive (LTI)	Growth of EPS	50%	< 0%	0
				100%	56,250
				> 200%	112,500
		ROCE	50%	< 80%	0
				100%	56,250
				> 120%	112,500
Konstantin Winterstein	Short term incentive (STI)	Group Revenues	50%	< 80%	0
				100%	56,250
				> 120%	112,500
		EBITDA	50%	< 80%	0
				100%	56,250
				> 120%	112,500
	Long term incentive (LTI)	Growth of EPS	50%	< 0%	0
				100%	56,250
				> 200%	112,500
		ROCE	50%	< 80%	0
				100%	56,250
				> 120%	112,500

EXCEPTIONS AND DEVIATIONS FROM THE REMUNERATION POLICY AND THE PROCEDURE FOR ITS IMPLEMENTATION

In the 2023 financial year, there was no deviation from the remuneration policy and its implementation. There have been no exceptions.

COMPARATIVE INFORMATION ON CHANGES IN REMUNERATION AND GROUP PERFORMANCE

The net profit of Ringmetall SE decreased by EUR 8,256 thousand (86.5%) from EUR 9,543 thousand to EUR 1,287 thousand – this is mainly due to the sale of HSM GmbH & Co. KG. As the remuneration of the Management Board is based exclusively on the development of Group key figures, the development of the consolidated net income of Ringmetall SE is presented. In addition, the development of EBITDA and EBIT are also reported.

Comparative presentation and annual change...		2023	2022	2023 <=> 2022	2021	2022 <=> 2021	2020	2021 <=> 2020
		EUR '000	EUR '000	%	EUR '000	%	EUR '000	%
... the remuneration of the members of the Executive Board								
Management Board	Christoph Petri (Spokesman of the Management Board)	688	498	38%	399	25%	306	30%
	Konstantin Winterstein	688	498	38%	399	25%	306	30%
Supervisory Board	Klaus F. Jaenecke (Chairman)	70	70	0%	65	8%	60	8%
	Markus Wenner	50	50	0%	45	11%	40	13%
	Ralph Heuwing	45	45	0%	38	20%	30	25%
	Monika Dussen	45	23	96%	-	n.v.	-	-
... of Group performance figures								
EBITDA		19,156	28,300	-32%	26,620	6%	12,180	119%
EBIT		11,289	21,283	-47%	20,177	5%	5,987	237%
Consolidated net income		6,330	15,920	-60%	14,917	7%	2,735	445%
... the average remuneration of employees based on full-time equivalents								
Employees of the German companies		45	42	8%	39	8%	38	3%

For the comparison with the development of the average remuneration of employees, the average remuneration of the workforce of the German companies of the Ringmetall Group is taken into account. This approach was chosen because the employee and remuneration structures in the subsidiaries are diverse, especially for employees abroad. This peer group was also used to assess the appropriateness of the remuneration of the members of the Management Board. The remuneration of all employees, including senior executives, has been taken into account. To ensure comparability, the remuneration of part-time workers has been extrapolated to full-time equivalents.

INFORMATION ON THE SHAREHOLDER VOTE

At the Annual General Meeting on June 20, 2023, shareholders voted on the agenda item Remuneration Report. The Remuneration Report 2022 on the remuneration granted and owed individually to the members of the Management Board and the Supervisory Board of Ringmetall SE in the 2022 financial year was approved by a majority of 91.92%.

Munich, April 29, 2024

Christoph Petri

Spokesman of the
Management Board

Konstantin Winterstein

Member of the
Management Board

Klaus F. Jaenecke

Chairman of the
Supervisory Board

Markus Wenner

Deputy Chairman of the
Supervisory Board

Ralph Heuwing

Member of the
Supervisory Board

Monika Dussen

Member of the Supervisory
Board

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