

QUESTIONS SUBMITTED BY STICHTING RECHTSBESCHERMING BELEGGERS

Answers Kendrion in italics in red

1. U schrapt het dividend voor dit jaar. Dat komt de koers niet ten goede. Heeft u er over nagedacht om stockdividend uit de agioreserve uit te keren. De agioreserve is ontstaan omdat aandeelhouders bij de uitgifte van aandelen boven de nominale waarde betalen. M.a.w. de agioreserve is geld van de aandeelhouders. Indien u met toestemming van de aandeelhouders uit de agioreserve uitkeert heeft niemand hier iets over te zeggen want het is geld van de aandeelhouders.

Informal translation question 1: 'This year's dividend has been cancelled. This does not benefit the share price. Have you considered distributing stock dividend from the share premium reserve? The share premium reserve was created because shareholders acquired shares at an issue price exceeding the nominal value of the shares. In other words, the share premium are funds to which shareholders are entitled. There can be no objection against distribution of dividend from the share premium reserve with the approval of the shareholders, as the share premium reserve belongs to the shareholders.'

A: *Various options around the distribution of dividend have been considered. It was ultimately concluded that – given the extraordinary circumstances created by the COVID-19 pandemic – it is of utmost importance to take all precautionary measures to preserve cash and liquidity. As a result, a range of measures have been taken, including short-time work for direct and indirect staff, limiting investments as much as possible, temporary voluntary reduction in pay of 15% for senior management and withdrawing the dividend proposal for the financial year 2019.*

2. Deze vraag betreft inkoop eigen aandelen.

Informal translation introduction question 2: 'This question concerns the repurchase of own shares?'

- a. Waarom bent u midden in de crisis in de automobieliindustrie eigen aandelen ingaan kopen?

Informal translation question 2.a: 'Why have you started the repurchase of own share in the midst of the crisis in the car industry?'

A: *Kendrion repurchased own shares in 2019, well before the car industry was in crisis. The shares repurchased in 2019 were reissued in November 2019 to partially finance the INTORQ acquisition.*

- b. Gaat u met de kennis van vandaag ooit nog weer eigen aandelen inkopen met het risico dat later het dividend moet passeren?

Informal translation question 2.b: 'Will you – with the knowledge of today – ever consider the repurchase of own shares with the risk of subsequent cancellation of the dividend distribution?'

A: *The repurchase of own shares will be decided upon based on an assessment of the situation and circumstances relevant to Kendrion; as well as an assessment of the opportunities in markets where Kendrion operates in.*

3. China blijkt steeds meer een onbetrouwbare handelspartner. Bedrijven beginnen zich steeds meer terug te trekken door de productie naar Noord-Amerika en Europa te verplaatsen.

Informal translation introduction question 3: 'China is increasingly becoming an unreliable trading partner. Companies are increasingly withdrawing by moving production to North America and Europe.'

- a. Heeft u plannen om uw aandacht meer op India te richten?

Informal translation question 3.a: 'Do you have plans to focus more on India?'

A: *Kendrion has a facility in Pune (India) that produces industrial brakes. Kendrion observes good opportunities in that market, especially for (industrial) brakes and potentially also for other segments.*

- b. Overweegt u door het gewijzigde beleid van de Verenigde Staten van Noord-Amerika productie te verplaatsen naar de VS.

Informal translation question 3.b: 'Do you consider moving production to the US due to the changed policy from the United States of North America?'

A: *Almost all our production is 'local for local'. This means that the Kendrion facilities in China predominantly produce for the Chinese market, the facilities in the US predominantly produce for the American market and the Kendrion facilities in Europe predominantly produce for the European market. Moving production does therefore not add much.*

- c. Is de overname van INTORQ al een eerste aanzet?

Informal translation question 3.c: 'Is the acquisition of INTORQ already a first step?'

A: *The INTORQ acquisition substantially strengthens Kendrion's position in industrial brakes and moreover in China. Both are areas of focus for Kendrion since 2016.*

4. De auto-industrie gaat door een diep dal. De industrietak leverde 3% in, maar de Automotive 11%. U denkt dat nieuwe technieken zoals de opkomst van zelfrijdende, altijd verbonden, elektrische en deelauto's nog wel 15 tot 20 jaar kan duren. En toch ziet u voldoende kansen om te groeien.

Informal translation introduction question 4: 'The car industry is experiencing a deep decline. The industrial sector lost 3%, but the automotive industry 11%. You believe that new technologies such as self-driving cars, connected, electric and shared cars may take another 15 to 20 years. And yet you see plenty of opportunities to grow.'

- a. Denkt [u] dat deze industrie ooit nog z'n oude glorie zal herwinnen aangezien de moderne mens steeds meer overstapt op deelauto's?

Informal translation question 4.a: 'Do you consider that this industry will regain its former glory as modern human beings will increasingly switch to shared cars?'

A: *Kendrion is confident that the significant disruption in the automotive industry, most likely accelerated by the COVID-19 pandemic, will provide Kendrion with substantial growth opportunities, and Kendrion intends continuing its investments.*

- b. Zo ja, kunt u dit motiveren?

Informal translation question 4.b: 'If so, can you please explain?'

A: *It is early days, but so far, the intensity of innovation at major customers is only increasing.*

5. U bent in deze tussenfase bezig om producten voor het nieuwe autorijden te ontwikkelen en door in te zetten op het gebied van remmen voor robots. In 2019 was de omzet bij automotive € 260 mln. Bij Industrial is deze € 155 mln. In het eerste kwartaal van 2020 is de autonome groei afgenomen.

Informal translation introduction question 5: 'In this intermediate phase you are developing products for the new way of car driving/use of cars and by focusing on brakes for robots. In 2019, the automotive revenue amounted to € 260 million. For Industrial it was € 155 million. Organic growth declined in the first quarter of 2020.'

- a. Wat doet u om de autonome groei te versnellen aangezien dit de meest rendabele groei is?

Informal translation question 5.a: 'What do you do to accelerate organic growth as this is the most profitable growth?'

A: *Kendrion continues to focus on markets where good opportunities for autonomous growth can be observed: Automotive, especially in Autonomous, Connected, Electrified and Shared driving, in Industrial Brakes, with opportunities in robotics and other segments and in China. These three areas jointly represent around 80% of Kendrion's revenue base.*

- b. Hoe schat u over 15 tot 20 jaar de verdeling tussen automotive en industrial?

Informal translation question 5.b: 'how do you estimate the division between automotive and industrial in 15 to 20 years?'

A: *Acknowledging that 15 to 20 years is a very long time in business, our assessment is that the 55/45 split Automotive/Industrial will be similar.*

- c. Is het niet verstandiger om de tak industrial sneller te laten groeien omdat buiten de auto-industrie de ontwikkeling op het gebied van robotisering zullen versnellen?

Informal translation question 5.c: 'Would it not be wiser to grow industrial faster because outside the automotive industry, the developments in the area of robotics will accelerate?'

A: *Kendrion believes there are substantial opportunities in all of its focus areas and will continue to pursue those.*

- d. Heeft zich deze trend al in[ge]zet met de overname van INTORQ?

Informal translation question 5.d: 'Has this trend already started with the acquisition of INTORQ?'

A: *The INTORQ acquisition is driven by Kendrion's strategic focus which Kendrion pursues since 2016. INTORQ strengthens Kendrion in two out of three focus areas.*

6. Bij de presentatie van de eerste kwartaalcijfers bleek dat de blik vooral op het tweede kwartaal ligt aangezien in dit kwartaal duidelijker [zal] worden welke impact de coronacrisis heeft op de automotive-activiteiten van het bedrijf.

Kunt u ons al enig inzicht geven hoe het tweede kwartaal dat bijna teneinde is, is verlopen. Wat dus impliceert dat we alvast een inkijk krijgen over het verloop van het eerste halfjaar?

Informal translation question 6: 'The presentation of the first quarterly results showed that the focus is mainly on the second quarter, as it will become clearer in this quarter what the impact of the corona crisis will be on the automotive activities of the company.'

Can you already give us some insight how the second quarter – which is nearing its end – is progressing? Which implies that we already get an impression of the first half year.

A: *Consistent with Kendrion's financial calendar, the Q2 and HY1 2020 results will be reported on 17 August 2020 and the longer-term opportunities will be presented at Kendrion's capital markets day on 10 September 2020. Our financial calendar, press releases and other information is published on our website.*

7. Gaat u dit jaar de bankconvenanten halen?

Informal translation question 7: 'Will you breach the bank covenants this year?'

A: *Disclosures on the performance of the leverage ratio against the bank covenants are made in Kendrion's quarterly press releases and more often if and when required.*

8. a. Heeft u i.v.m. de zeer onzekere tijd waarin we zitten en tegemoet gaan in het kader van corona een stresstest gedaan om een beeld te krijgen van de schuld en liquiditeit, cash-flow en liquide middelen voor de renteverplichtingen en schuldaflossingen en crisisbestendigheid van het bedrijfsmodel.

Informal translation question 8.a: 'Have you – in light of the uncertain situation we are in – performed a stress test to get a view on the debt and liquidity, cash flow and liquidity for the payment of interest and other payment obligations as well as the ability and resilience of the business model in times of crisis?'

A: *Kendrion prepared various scenarios to assess the impact of COVID-19 and continually updates these scenarios based on developments and new market information and customer information. Precautionary measures and actions aimed at the mitigation of the adverse impact of COVID-19 are adjusted based on actual developments taking account of the scenarios prepared with a view to respond as appropriate as possible. Despite the measures taken to preserve Kendrion's cash flow and to reduce costs, it is unavoidable that the economic impact from COVID-19 will affect revenue, profitability and cash flow. As the magnitude of the impact and the speed of the recovery depends on many variables outside Kendrion's control, Kendrion refrains from providing guidance on the most likely or worst-case scenario.*

b. Zo ja, heeft u daar verschillende scenario's bij betrokken?

Informal translation question 8.b: 'If so, have you considered/included different scenarios?'

A: *Various scenarios have been considered. Reference is also made to the answer to question 8.a above.*

c. Blijft in het worstcasescenario de continuïteit van de onderneming gewaarborgd?

Informal translation question 8.c: 'Is the continuity of the company secured in the worst-case scenario?'

A: *Based on the scenario analysis carried out, the continuity of Kendrion is secure.*

d. Welke diepingrijpende maatregelen kunnen er eventueel nodig zijn?

Informal translation question 8.d: 'What profound measures may be necessary?'

A: *Kendrion refrains from speculating on the longer-term impact of the COVID-19 pandemic on its business and relatedly possible measures. Currently, Kendrion is addressing the situation vigorously and has implemented precautionary measures.*

e. Blijft Kendrion in dit scenario aan de bankconvenanten voldoen?

Informal translation question 8.e: 'Will Kendrion breach the bank covenants in this scenario?'

A: *It is clear that an enduring economic impact of COVID-19 affects Kendrion's financial performance and the leverage ratio. Kendrion refrains from speculating on possible worst-case scenarios. Currently, Kendrion is addressing the situation vigorously and has implemented precautionary measures.*

f. In welk scenario dreigt op termijn een serieuze liquiditeitskrapte, of zelfs tekort?

Informal translation question 8.f: 'In what scenario will a serious liquidity shortage be likely in the long-term?'

A: *Kendrion feels comfortable with its current liquidity position existing of cash and undrawn credit facilities. Kendrion refrains from speculating on possible worst-case scenarios.*

g. Hoe kwetsbaar bent u bij een mogelijke zware recessie of een depressie?

Informal translation question 8.g: 'How vulnerable are you in a possible severe recession or depression?'

A: *The current economic crisis looks to be the worst since the depression of the 30s. Currently, Kendrion is addressing the situation vigorously and has implemented precautionary measures.*

9. Wereldwijd hebben de overheden verschillende maatregelen opgetuigd om het bedrijfsleven te ondersteunen. In Nederland heeft u geen gebruik gemaakt van staatssteun.

Informal translation introduction question 9: 'Governments have worldwide put in place various measures to support businesses. You have not made use of state aid in the Netherlands.'

A: *Kendrion employs approx. 13 employees in the Netherlands and has not made use of the support measures issued by the Dutch government.*

a. Kunt u ons enig inzicht geven over de staatssteun die u in diverse landen heeft ontvangen?

Informal translation question 9.a: 'Could you provide insight into the state aid received in the various countries by Kendrion?'

A: *Where possible, Kendrion has implemented short-time work (Kurzarbeit) in Germany and made use of similar facilities in Austria, Rumania, the Czech Republic and the US. These facilities allow for a reduction in working hours and personnel costs while maintaining the workforce and avoiding layoffs. Kendrion also makes use of possibilities to defer corporate income tax payments and payment of VAT where such possibilities exist.*

b. Wat is hiervan de invloed op de resultaten?

Informal translation question 9.b: 'What is the impact thereof on the results?'

A: *Currently Kendrion does not specify such. It is, however, anticipated to indicate and disclose the impact of all measures relevant to our results in August 2020, including measures such as the 15% voluntary salary reduction for senior management.*

10. Wij zouden graag in een uitgebreide motivatie van mevrouw Mestrom vernemen waarom Kendrion zo'n interessant bedrijf is dat het [haar] motiveert om zich kandidaat te stellen voor een herbenoeming als commissaris voor een nieuwe termijn.

Informal translation question 10: 'We appreciate receiving a comprehensive motivation of Mrs. Mestrom about her interest in Kendrion and her motivation to make herself available for reappointment as member of the Supervisory Board.'

A: *In line with her extensive human resources experience and interest for international organizational structures, and alignment of organizational structures to the corporate strategy, during her first term as member of the Supervisory Board and chair of the HR Committee, Mrs. Marion Mestrom could build upon her deep knowledge and expertise and contribute significantly to the further optimization of Kendrion's (international) organizational structure, but also in related areas such as performance management, succession planning and executive remuneration. This in combination with the constructive interaction among the Supervisory Board and the Executive Board have incentivized her to make herself available for another four-year term. The Executive Board and her colleague members of the Supervisory Board are appreciative of her decision.*

11. Kan de R.v.C. ons zeggen hoe u bij de heer Doll terecht bent gekomen? Hoe intensief en zorgvuldig is het proces geweest om een afgewogen keuze te kunnen maken?

Informal translation question 11: 'Can the Supervisory Board inform us about the recruitment process surrounding Mr. Doll? How comprehensive has the process been in order to take a well-informed decision?'

- a. Bent u zelf op zoek gegaan, heeft u gebruik gemaakt van een headhunter of is er een executive-searchbureau ingeschakeld.

Informal translation question 11.a: 'Did the recruitment process involve an external headhunter or executive search firm?'

- b. Wat was de opdracht aan de headhunter.

Informal translation question 11.b: 'What was the assignment given to the headhunter?'

- c. Had u een groslijst, hoe groot was deze, hoe is de procedure verlopen om hier goede kandidaten uit te zoeken?

Informal translation question 11.c: 'Was there a long-list with candidates, what was the procedure to make a good selection of candidates?'

- d. Is daarna een shortlist met kandidaten opgesteld?

Informal translation question 11.d: 'Has a shortlist with candidates been prepared?'

- e. Zijn deze besproken in een klein comité?

Informal translation question 11.e: 'Has a shortlist been discussed in a small sub-committee?'

- f. Heeft dit geleid tot de selectie van een beperkt aantal kandidaten?

Informal translation question 11.f: 'Did this result in the selection of a limited number of candidates?'

- g. Zijn er vervolgens met deze kandidaten gesprekken gevoerd door ieder lid van de R.v.C. afzonderlijk?

Informal translation question 11.g: 'Have interviews been held with the selected candidates by each member of the Supervisory Board?'

A: *The HR Committee of the Supervisory Board referred to a role profile that is taking account of the Kendrion strategy and the required industry experience and knowledge (i.e. the vacancy arose as replacement for Dr. Wünsche whom has extensive industry expertise).*

Mr. Erwin Doll has been referred through Kendrion's own network. In this case, no external headhunter has been engaged. Nevertheless, Erwin Doll participated in an extensive and diligent selection and nomination procedure coordinated by the HR Committee of the Supervisory Board. The selection and nomination procedure involved multiple interviews, including interviews with each member of the Supervisory Board and each member of the Executive Board. In addition, certain of Kendrion's senior management were involved in the process. Throughout the process, the HR Committee ensured appropriate account was taken of the role profile and (industry) requirements.

In preparing the Supervisory Board's decision making, the HR Committee concluded that all individuals who interviewed Mr. Doll mentioned his extensive and deep industry knowledge and his experience as an executive working in international corporate environments. Therefore, the Supervisory Board is convinced that with the nomination of Erwin Doll, extensive and deep industry knowledge is brought to the Supervisory Board. Mr. Doll is a seasoned international executive with broad automotive and industrial experience.

Wij zouden graag in een wat meer gedetailleerde informatie willen vernemen over het onderzoek dat door de heer Doll is uitgevoerd, naar de achtergronden en e organisatorische aspecten bij Kendrion.

Informal translation: 'We would appreciate to receive more detailed information about the research carried out by Mr. Doll into the background and organizational aspects at Kendrion.'

A: *Mr. Doll carried out a detailed research into Kendrion, based on publicly available information and the extensive interviews held as part of the thorough selection and nomination process. Mrs. Mestrom as chair of the HR Committee and Mr. Ten Hove as Chairman of the Supervisory Board, played a crucial role in this exploratory phase. In addition, the members of the Executive Board provided adequate transparency and context relevant to the Kendrion organization and strategy. All this has enabled Mr. Doll to form a respectable view about Kendrion, its organization and the strategy it pursues. In addition, and subject to appointment by the general meeting of shareholders, Mr. Doll will participate in a comprehensive introduction program.*

a. Hoe zorgvuldig was het traject dat u heeft doorlopen?

Informal translation question a.: 'How diligent was the recruitment and nomination process?'

A: *The process has been sufficiently diligent. Reference is also made to the answers to question 11 and question [unnumbered] regarding the research carried out by Mr. Doll into the background and organisational aspects at Kendrion mentioned above.*

b. Hoe verliepen de gesprekken met de leden van de Raad van Bestuur en de Raad van Commissarissen.

Informal translation question b.: 'Howe did the discussions with the members of the Executive Board and Supervisory Board go.'

A: *Very constructive and professional. Reference is also made to the answers to question 11 and question [unnumbered] regarding the research carried out by Mr. Doll into the background and organisational aspects at Kendrion mentioned above.*

- c. Is hierbij teruggekeken, maar ook naar toekomstperspectieven, strategie en de verwachtingen die beide Raden hebben.

Informal translation question c.: 'Did you discuss historic developments, and also future perspectives, strategy and expectations of both boards in this respect.'

- A:** *Indeed, these matters were part of the discussions. Reference is also made to the answers to question 11 and question [unnumbered] regarding the research carried out by Mr. Doll into the background and organisational aspects at Kendrion mentioned above.*

- d. Hoe uitgebreid zijn deze besproken.

Informal translation question d.: 'How extensively have these been discussed.'

- A:** *These matters were extensively discussed. Reference is also made to the answers to question 11 and question [unnumbered] regarding the research carried out by Mr. Doll into the background and organisational aspects at Kendrion mentioned above.*

- e. Wat denk u toe te kunnen voegen aan Kendrion?

Informal translation question e.: 'What do you think you could add to Kendrion.'

- A:** *Mr. Doll is a seasoned international executive with extensive automotive and industrial expertise. Particularly, this will add value to the Supervisory Board and hence Kendrion.*

- f. Heeft u met de accountant gesproken?

Informal translation question f.: 'Have you had a meeting with the auditor.'

- A:** *Upon formal appointment by the general meeting of shareholders, Mr. Doll will meet with the auditor as part of his responsibility as member of the Audit Committee.*

- g. Wij zouden graag een uitgebreide motivatie van u vernemen waarom Kendrion zo'n interessant bedrijf is dat het u motiveert om zich als kandidaat te stellen voor een benoeming in de Raad van Commissarissen.

Informal translation question g.: 'We would like to hear a motivation why you believe Kendrion is an interesting company that motivates you for joining the Supervisory Board.'

- A:** *Taking account of Mr. Doll's experience and background and the progress and current stage of the Kendrion strategy, Mr. Doll is enthusiastic about joining the Supervisory Board. In particular, Mr. Doll is very much looking forward to contributing and sharing his broad industry knowledge and extensive experience as an executive.*

Kendrion is working in the fields of actuators and controls which Mr. Doll believes to be an excellent platform for further evolution to mechatronic and electronic systems for autonomous mobility and smart cities with major opportunities in a myriad of different industries.

12. De heer Ten Hove geeft aan dat hij na 8 jaar vertrekt.

Informal translation question 12: 'Mr. Ten Hove indicated that he is leaving after 8 years.'

- a. Wat is hiervan de reden?

Informal translation question 12.a: 'What is there reason?'

- b. Komt zijn vervanger uit de huidige Raad van Commissarissen of haat u daar een nieuwe commissaris [voor] aantrekken?

Informal translation question 12.b: 'Does his replacement come from the current Supervisory Board or will you retain a new Supervisory Board member?'

- c. Is zijn opvolgingsprocedure al in gang gezet?

Informal translation question 12.c: 'Has the recruitment and nomination process started?'

- d. Indien er geen geschikte kandidaat gevonden wordt is de heer Ten Hove dan bereid om langer aan te blijven.

Informal translation question 12.d: 'If no suitable candidate can be recruited, would Mr. Ten Hove then be prepared to make himself available for another term?'

A: *Now the expiry of Mr. Ten Hove's second term in 2021 is nearing, he has decided not to make himself available for reappointment and to step down as a member and chairman of the Supervisory Board. Mr. Ten Hove indicated that it has been a pleasure serving on the Supervisory Board, and that he is appreciative of the cooperation with his colleague members on the Supervisory Board and the constructive interaction with the Executive Board. The HR Committee started the search for a successor. Although there are currently no indications that one of the other members of the Supervisory Board will succeed Mr. Ten Hove as Chairman of the Supervisory Board, no definite statements can be made in this respect. An announcement regarding the succession of Mr. Ten Hove will be made as and when appropriate.*

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