- CONVENIENCE TRANSLATION ONLY –

Report of the Management Board on agenda item 11 (resolution on the creation of new Authorised Capital 2022 with the option to exclude subscription rights and on the corresponding change to the Articles of Association)

Regarding agenda item 11 of the Annual General Meeting on 8 June 2022, the Management Board and Supervisory Board propose creating new authorised capital (Authorised Capital 2022). The Management Board submits this report on agenda item 11 of the Annual General Meeting regarding the reasons for the authorisation to exclude the subscription rights of the shareholders when issuing new shares in accordance with section 203(2), second sentence in conjunction with section 186(4), second sentence of the German Stock Corporation Act.

The new authorised capital proposed under agenda item 11(a) of the invitation convening the Annual General Meeting on 8 June 2022 is intended to authorise the Management Board to increase the share capital of the Company in the time up to 7 June 2027 with the approval of the Supervisory Board on one or more occasions by up to EUR 2,150,000.00 by issuing up to 2,150,000 new no-par value bearer shares against contributions in cash and/or in kind (Authorised Capital 2022).

The Authorised Capital 2022 is intended to give the Company the possibility to use new shares for the share-based compensation and employee stock option plans after the change of the Company's form into the legal form of a European company (*Societas Europaea*, SE) put forward for resolution under agenda item 9 of this Annual General Meeting becomes effective. The Company wishes to enable the members of the Company's Management Board, members of the representative body of an affiliate of the Company within the meaning of section 15 of the German Stock Corporation Act or employees of the Company and its affiliates within the meaning of section 15 German Stock Corporation Act to participate in the Company and its performance. Such ownership is also desired by the legislator and is therefore facilitated in several ways.

Issuing shares in the Company to members of the Company's Management Board, members of the representative body of an affiliate of the Company within the meaning of section 15 of the German Stock Corporation Act or employees of the Company and its affiliates within the meaning of section 15 German Stock Corporation Act is intended to strengthen the way managers and employees identify with the Company and provide an incentive to ensure that the Company's value increases on a sustained basis. The intention is to enhance their loyalty towards the business and also to involve them as shareholders in its long-term development. This is intended to have the result of strengthening their understanding and willingness to assume greater shared responsibility, above all economic, in the interests of the business and its shareholders. By issuing shares, arrangements with a long-term incentivising effect are possible in which not only positive and but also negative developments can be taken into account.

When the Authorised Capital 2022 is used to issue shares in exchange for contributions in cash and/or in kind, the shareholders generally have a subscription right (section 203(1), first sentence in conjunction with section 186(1) German Stock Corporation Act), although an indirect subscription right within the meaning of section 186(5) of the German Stock Corporation Act is also sufficient. The issue of shares granting such an indirect subscription right is not to be regarded as an exclusion of the pre-emptive right to subscribe under the law. The shareholders are ultimately granted the same subscription rights as in a direct acquisition. For settlement reasons, one or more credit institutions will only be involved in the settlement. However, the aim is to authorise the Management Board to be able to exclude the pre-emptive right to subscribe in certain cases with the consent of the Supervisory Board.

The aim is that the proposed authorisation will allow the shareholders' pre-emptive right to subscribe to be excluded in order to issue new shares to members of the Company's Management Board, members of the representative body of an affiliate of the Company within the meaning of section 15 of the German Stock Corporation Act or employees of the Company and its affiliates within the meaning of section 15 of the German Stock Corporation Act. Issuing shares to managers and/or employees encourages them to identify with the business and supports their willingness to assumed shared responsibility within the business. Moreover, share-based compensation offers the possibility to align the compensation of managers and/or employees with sustainable business development in suitable cases. The intention is to provide the option to cover the contribution to be made towards the new shares from the part of the net profit for the year which the Management Board and Supervisory Board would be able to allocate to other revenue reserves under section 58(2) German Stock Corporation Act within the framework permitted by section 204(3), first sentence German Stock Corporation Act. This simplifies the handling of the share issue and reflects the fact that the issue is linked to remuneration in these cases. If the new shares are to be issued to members of the Company's Management Board, the Management Board will not decide on whether to grant the shares, but instead the Company's Supervisory Board, reflecting the allocation of responsibilities under the German Stock Corporation Act.

The subscription right can, moreover, be excluded in order to issue up to 243,000 new no-par value bearer shares against cash contributions to the extent that this is necessary in order to issue shares to employees of the Company or its affiliates within the meaning of section 15 German Stock Corporation Act excluding the members of the Company's Management Board and Supervisory Board and the management boards, supervisory boards and other members of governing bodies of affiliates (employee shares). The new shares may also be issued by involving a credit institution or a company involved in activities set out in section 53(1), first sentence or section 53b(1), first sentence or subsection 7 of the German Banking Act as an intermediary. The objective it that it should also be possible to issue the employee shares adhering to the requirements defined in detail in section 204(3), first sentence German Stock Corporation Act in such a way that the contribution to be made towards them is covered by the part of the net profit for the year which the Management Board and the Supervisory Board could allocate to other revenue reserves pursuant to section 58(2) German Stock Corporation Act. As a result, the Company is given the option to reward the performance of its employees and its affiliates within the meaning of section 15 German Stock Corporation Act by issuing shares and to enable the employees to partake in the success of the business. Incentivising employees by enabling them to participate in the success of the company's shares on the stock exchange is also in the interests of shareholders. Only if the subscription rights of shareholders' are excluded is it possible for the Company to issue shares to employees. It is true that treasury shares that are repurchased may also be used for employee stock option plans and share-based compensation provided this is legally permissible or the Management Board has been granted relevant authorisation under section 71(1) no. 8 German Stock Corporation Act. The Annual General Meeting granted such authorisation under agenda item 3 on 23 June 2021. Nevertheless, the intention is that the Company should continue to have the necessary flexibility to create and issue new shares through a capital increase as an alternative or in addition to issuing treasury shares. By using the Authorised Capital 2022, shares can then also be issued as employee shares without recourse to the stock of treasury shares and without having to buy back such shares in advance – and thus in a liquidity-preserving manner. Furthermore, the shares to be issued under this authorisation only make up a relatively small part of the current share capital (approximately 1.00%). The shareholders are therefore only slightly diluted anyway and always have the option of maintaining their holding in the share capital of the Company by purchasing additional shares on the stock exchange.

The subscription right can moreover be excluded by implementing scrip dividends, in which shares in the Company are issued (also partially and/or optionally) against contribution of dividend claims of the shareholders). This is intended to enable the Company to distribute a scrip dividend on optimal terms. In the case of a scrip dividend, shareholders are offered the opportunity to contribute all or part of their entitlement to payment of the dividend arising from the resolution on the appropriation of profits adopted by the General Meeting to the Company as a contribution in kind in exchange for new shares in the Company. The distribution of a scrip dividend may be effected as a rights issue, observing in particular the provisions of section 186(1) of the Stock Corporation Act (minimum subscription period of two weeks) and section 186(2) of the Stock Corporation Act (announcement of the issue amount no later than three days prior to the end of the subscription period). In certain cases, however, depending on the situation on the capital markets, it may be preferable to structure the distribution of a scrip dividend in such a way that the Management Board, while offering all shareholders entitled to dividends new shares for subscription against contribution of their dividend entitlement in compliance with the general principle of equal treatment (section 53a German Stock Corporation Act), thus economically granting the shareholders a subscription right, legally excludes the shareholders' subscription right to new shares as a whole. Excluding subscription rights in such a way allows the scrip dividend to be distributed without the restrictions in section 203(1) German Stock Corporation Act in conjunction with section 186(1) and (2) German Stock Corporation Act referred to above and thus on more flexible terms. In view of the fact that all shareholders are offered the new shares and excess dividend amounts are settled by cash payment of the dividend, excluding subscription rights in such a case appears justified and reasonable.

Under this authorisation, new shares may only be issued excluding the subscription right if the total of the new shares together with shares which are issued or transferred by the Company during the term of this authorisation under another authorisation excluding the shareholders' subscription rights or which are to be issued on the basis of a convertible bond and/or bond with warrants issued during the term of this authorisation on the basis of the utilisation of another authorisation excluding the subscription right do not account in total for more than 10% of the Company's share capital at the time this authorisation becomes effective. This restriction goes beyond the statutory requirements. The aim is to in this way limit the negative effects on the shareholders and to protect the shareholders from a possible excessive dilution of their shares when new shares are issued – regardless of whether from authorised or conditional capital.

The Management Board will carefully consider in each case whether making use of the authorisation is in the interests of the Company and its shareholders. If the Management Board makes use of one of the above authorisations to exclude subscription rights in the context of a capital increase from Authorised Capital 2022 during a financial year, it will report on this at the following General Meeting.