



Report by the Executive Board pursuant to Section 203 (2) Sentence 2 German Stock Corporation Act (AktG) in conjunction with Section 186 (4) Sentence 2 German Stock Corporation Act (AktG) on Agenda Item 7 (Resolution on the creation of new Authorized Capital 2018, the authorization to exclude shareholders' subscription rights and corresponding modification of the Articles of Incorporation)

"The proposal under Agenda Item 7 to authorize the Executive Board up until June 5, 2023, contingent on the approval of the Supervisory Board, to increase the Company's share capital once or on multiple occasions by up to EUR 81,045,159.00 by issuing up to 31,171,215 new registered shares with no-par value against contributions in cash and/or in kind (Authorized Capital 2018), is designed to enable the Company to respond quickly to emerging financing requirements or acquisition opportunities in connection with the implementation of strategic decisions. Here, the availability of financing instruments being non-contingent on the set schedule of the Annual General Meeting is extremely important, as the time at which funds need to be secured cannot always be predicted in advance. Given the competition from other companies, such transactions can often only be completed successfully if secured financing instruments are already available at the start of negotiations. The legislator has recognised this need arising for companies and has granted stock corporations the option of authorizing the company administration, for a limited time and for a limited amount, to raise the share capital without requiring an additional resolution by the General Meeting. The management therefore proposes that the General Meeting grant such an authorization for an amount of almost up to the statutory maximum of 50% of the nominal share capital.

If the Authorized Capital 2018 is utilized, shareholders are generally entitled to a subscription right. This allows all shareholders to participate in a capital increase in proportion to the size of their stake and to maintain both their level of influence in terms of voting rights as well as the relative size of their stake in the Company. This also applies in particular if the new shares are not offered directly to the shareholders for subscription but through the intermediary of one or multiple banks and they are obliged to offer the shares assumed to the shareholders for subscription via an indirect subscription right. The proposed resolution therefore sets forth an according provision on this. In addition to this, as customary, the proposed resolution sets forth that when utilizing the Authorized Capital 2018, the Executive Board shall be authorized, contingent on the approval of the Supervisory Board, to exclude shareholders' subscription rights in certain cases.

1. The Executive Board is to be authorized, contingent on the approval of the Supervisory Board, to exclude fractional amounts from shareholders' subscription rights. This is necessary in order to be able to have a technically feasible subscription ratio and in turn to facilitate the processing of the shareholders' subscription rights. The unassigned fractional shares excluded from the shareholders' subscription rights will be used in the best possible way. The possible dilution effect is low due to the limitation to fractional amounts. If rounded subscription ratios are possible without complication, these fractional amounts will not be excluded from shareholders' subscription rights. For these reasons, the Executive Board and Supervisory Board consider the exclusion of subscription rights to be objectively justified and reasonable for shareholders.
2. In the case of capital increases against cash contributions up to an amount that in total does not exceed 10% of the share capital existing at the time at which this authorization becomes effective or – if this amount is lower – 10% of the share capital existing at the respective time this authorization is exercised, subscription rights should be able to be excluded if the issue price of the new shares is not significantly lower than the stock market price of the already listed shares carrying the same rights in the meaning of Section 203 (1) Sentence 1 and Sentence 2 German Stock Corporation Act (AktG) in conjunction with Section 186 (3) Sentence 4 German Stock Corporation Act (AktG).

The Executive Board, contingent on the approval of the Supervisory Board, shall keep any discount on the current stock exchange price as low as possible.

In total, the subscription rights exclusion must not exceed either 10% of the share capital existing at the time this authorization becomes effective or – if this amount is lower – 10% of the existing share capital at the respective time this authorization is exercised. Treasury shares sold during the term of this authorization with Section 186 (3) Sentence 4 German Stock Corporation Act (AktG) applying mutatis mutandis must be credited against the 10% limit. In addition to this, shares issued for the purpose of servicing bonds with warrants or conversion rights or obligations must be credited against the 10% limit if the bonds are issued during the term of this authorization with Section 186 (3) Sentence 4 German Stock Corporation Act (AktG) applying mutatis mutandis under exclusion of the subscription rights.

This is designed to enable the Company to take advantage of favourable stock-market situations that emerge at short notice and, by setting a price close to that of the market, to also attain an issue price which is as high as possible, in turn boosting equity to the greatest extent possible. Past experience shows that a capital increase of this kind tends to lead to a higher inflow of funds than a comparable capital increase with shareholders' subscription rights thanks to the ability to act quickly. This is therefore in the vested interests of the Company and the shareholders. Whilst it is true that this leads to a lower relative proportion of shares and a lower relative share of voting rights for the existing shareholders, shareholders who wish to maintain their relative proportion of shares and their relative share of voting rights have the opportunity to acquire the requisite number of shares on the stock exchange.

3. In case of capital increases against contributions in kind, subscription rights should be able to be excluded, in particular in order to be able to offer the Company's new shares in the scope of company mergers or the direct or indirect acquisition of companies, company divisions, company participations or other assets. The Company intends to continue to boost its competitiveness through acquisitions and in doing so to enable long-term and continuous gains in profitability. The Company should be given the opportunity to be able to react quickly and flexibly on national and international markets to advantageous offers or any other opportunities for company mergers or the acquisition of companies, divisions of companies or participations in companies or any other assets. Often negotiations result in a need to provide shares as a consideration and not (just) cash. This is better for the Company's liquidity. It is true that the exclusion of subscription rights lowers the relative size of the stake in the Company and the relative share of voting rights held by existing shareholders. But if subscription rights were granted, the merger or acquisition of companies, company divisions, participations in companies or other assets in exchange for shares would not be possible, and it would not be possible to secure the advantages this entailed for the Company and its shareholders.

It should also be possible to exclude subscription rights in order to introduce loans or other liabilities as a contribution in kind to the Company. In terms of the balance sheet, this constitutes a conversion of debt into equity and as such an improved equity base. The improved financial structure of the Company this entails is potentially in the Company's interest. If the contribution in kind is to be made by the Company's shareholders, when examining whether the exclusion of subscription rights is reasonable, the possibility of carrying out a hybrid cash and in-kind capital increase which all shareholders can participate in can be considered.

The Executive Board will only utilize the authorization to increase capital in kind whilst excluding subscription rights from the Authorized Capital if the value of the new shares and the value of the contribution in kind are in reasonable proportion to one another. Here, the issue price of the shares to be issued should generally be based on the stock market price. This thus avoids a financial disadvantage for the shareholders excluded from the right of subscription.

4. Finally, subscription rights should be able to be excluded to the extent that holders of bonds with warrants or conversion rights and/or obligations issued by the Company or its Group companies are granted a subscription right to new shares in line with the respective conditions of issue. In order to facilitate their placement on the capital market, the terms and conditions of bonds with warrants and conversion rights and/or obligations usually contain a provision to protect against dilution which ensures that holders or creditors of the bonds with warrants and conversion rights and/or obligations have the same right to subscribe to shares as shareholders do in the event of shares being issued subsequently. This means the subscription rights holders are treated as if they had exercised their subscription rights and were shareholders. In order to provide the issuances in question (bonds with warrants and conversion rights and/or obligations) with this kind of dilution protection, the subscription right of shareholders to these shares has to be excluded. This serves to facilitate the placing of the bonds or to place them at better conditions and in turn serves the interest of the shareholders in securing the best financing structure for their company.

The Executive Board will carefully check in each individual case whether it will exercise the authorization to increase capital whilst excluding shareholders' subscription rights. It will only make use of this option and the Supervisory Board will only grant its approval if after due examination and assessment by the Executive Board and the Supervisory Board this is in the interests of the Company and as such its shareholders.

The Executive Board will report on each utilization of the Authorized Capital at the respective next General Meeting."