Report by the Management Board to the Annual General Meeting in accordance with section 203 paragraph 1 and paragraph 2 sentence 2 AktG in conjunction with section 186 paragraph 4 sentence 2 AktG on the reasons for withholding subscription rights re item 11 of the agenda (Authorised Capital 2020/I)

Re item 11 of the agenda, the Management Board and Supervisory Board propose, subject to precautionary cancellation of the existing authorised capital, resolving new authorised capital (Authorised Capital 2020/I) and authorising the Management Board to withhold shareholders' statutory subscription rights in certain cases.

The Authorised Capital 2020/I will serve to maintain management's existing options for action, since the authorised capital available to management pursuant to the Annual General Meeting's resolution on 11 June 2015 (Authorised Capital 2015/I) expired on 10 June 2020.

At the same time, the proposed amount is somewhat higher than the Authorised Capital 2015/I, since the Company's share capital has increased from EUR 16,160,000 to EUR 16,301,456 since the resolution by the Annual General Meeting on 11 June 2015.

The authorised capital shall serve to broaden the Company's equity base and should give management the option of being able to react appropriately to future developments.

As a result of the Authorised Capital 2020/I proposed by the Management Board and the Supervisory Board, the Management Board is authorised, with the approval of the Supervisory Board, to increase the Company's share capital, in one or more transactions, against cash and/or in-kind contributions by up to EUR 8,150,000. The Management Board shall also specify the additional details of the share issue and the content of the share rights, with the approval of the Supervisory Board, if the resolution by the Annual General does not contain any guidelines regarding this. The authorisation of the Management Board is limited to the longest period permitted by law of five years up to 9 November 2025 (inclusive).

In principle, the shareholders shall have a subscription right if the Authorised Capital 2020/I is utilised. In addition to the new shares being issued directly to shareholders, it should also be possible for the new shares to be taken over by one or more banks specified by the Management Board or a consortium of banks with the obligation to offer them to shareholders for subscription (indirect subscription right within the meaning of section 186 paragraph 5 AktG). The technical execution of the share issue is facilitated by the insertion of these intermediaries.

The Management Board is also to be authorised, with the approval of the Supervisory Board, to withhold subscription rights under certain circumstances in the interests of the Company and shareholders:

Firstly the withholding of subscription rights relates to fractions. This serves to obtain subscription ratios that are as free of fractions as possible when the authorisation is utilised and consequently to facilitate the technical implementation of the capital increase. The shares withheld from shareholders' subscription rights as unassigned fractions will be exploited in the best possible way for the Company either via the stock exchange or by some other means. The Management Board will endeavour to keep the volume of unassigned fractions as low as possible. In the process, shareholders' financial interests will be protected by the obligation to exploit them in the best possible manner. Since the withholding of subscription rights is restricted to fractions, it is not associated with any considerable reductions in shareholders' stakes.

It should also be possible to withhold subscription rights, if this is required to give holders of any bonds with option or conversion rights or option or conversion obligations issued in the meantime a subscription right to new shares. The precondition is that the terms on which the respective bond is based provide for this. Appropriate clauses to protect against dilution can be included in the terms and conditions of bonds to facilitate placement on the capital market. They provide for holders of bonds being granted a subscription right to new shares in the same way as shareholders for the following share issues, meaning that the holders of bonds are put in the same position as if they were already shareholders in this respect. The fact that protection against dilution makes it easier to place the bond will serve shareholders' interest in an optimal financial structure for the company. Shareholders' subscription rights to these shares must be withheld to be able to equip bonds with such protection against dilution.

The other scheduled option of withholding subscription rights in the case of in-kind capital increases aims to put the Management Board in a position to be able, with the approval of the Supervisory Board, to acquire companies, parties of companies or equity interests in companies against cession of the Company's shares. As a result, the Company is to have the option to be able to react rapidly and successfully to favourable offers or opportunities that arise to acquire companies, parts of companies or equity interests in companies. It can be advantageous or even necessary in negotiations to provide shares not cash as consideration - because, for example, an acquisition involving a capital increase against in-kind contributions leads to tax savings for the vendor or he prefers the acquisition of shares in the Company to cash for other reasons. Withholding subscription rights in the case of in-kind capital increases ensures that the company can also protect its negotiating position in such cases and make an acquisition at short notice if necessary. The cession of shares also conserves the Company's liquidity and consequently often constitutes a cheaper form of financing. The requested authorisation will, as a result, in individual cases allow the acquisition to be optimally financed against the issue of new shares, which will strengthen the Company's equity base. At present, there are no concrete plans to make use of this authorisation to acquire specific companies or equity interests. The proposed authorisation is restricted to 10% of the Company's share capital.

In the process, the issue amount for the shares will be defined by the Management Board, with the approval of the Supervisory Board, allowing for the interests of the Company and shareholders. In any case, the management only wishes to use the option of a capital increase against in-kind contributions, subject to utilisation of the authorisation to withhold subscription rights, from Authorised Capital 2020/I if the ratio of the value of the new shares to the value of the consideration of the company to be acquired or parts of a company to be acquired is commensurate.

When utilising authorised capital, the Management Board is also to have the option to be able to withhold subscription rights pursuant to section 203 paragraph 1 sentence 1 and paragraph 2 AktG in conjunction with section 186 paragraph 3 sentence 4 AktG.

It should be possible to withhold subscription rights in a volume of 5% of share capital if the new shares are issued in accordance with the regulation in section 186 paragraph 3 sentence 4 AktG at a price that is not materially lower than the market price of the Company's shares. A specification to this effect in the authorisation resolution ensures that the 5% ceiling will not be exceeded even in the event of a capital decrease, since the authorisation to withhold subscription rights refers only to the ceiling of 5% of the share capital at the time the authorisation becomes effective, but also – in case the share capital decreases – to a ceiling of 5% of the share capital at the time the authorisation is exercised.

Here, those shares that are issued or sold, subject to subscription rights being withheld, during the term of this authorisation in direct, analogous or corresponding application of section 186 paragraph 3 sentence 4 AktG are to be included in the 5% mentioned. The pro rata amount of the share capital that is attributable to shares that are issued to service option or conversion rights or to fulfil option or conversion obligations from bonds that are issued during the term of this authorisation in analogous application of section 186 paragraph 3 sentence 4, subject to subscription rights being withheld, is also to be included.

The option of withholding subscription rights by the Management Board, with the approval of the Supervisory Board, serves the interests of the Company and, in particular, the achievement of the best possible price when the shares are issued. As a result of the option of withholding subscription rights provided for in law in section 186 paragraph 3 sentence 4 AktG, the Company is put in a position to adjust its equity flexibly to the respective commercial requirements and to react rapidly to favourable situations on the stock market. For example, market opportunities that arise unexpectedly can be utilised promptly and additional German and international shareholders or groups of shareholders acquired. In contrast to an issue with subscription rights, with a capital increase, subject to subscription rights being withheld, the issue price can be set immediately before placement, which avoids any increased risk of price changes during any remaining subscription period. In contrast, if subscription rights are granted, the subscription price must be published no later than the last but two day of the subscription period in accordance with section 186 paragraph 2 sentence 2 AktG. In view of the volatility that is frequently observable on share markets, this would result in the risk of changes in the market and prices over several days, which leads to haircuts in defining the subscription price. In the case of an existing subscription right, the Company is not able to react at short notice to favourable or unfavourable market circumstances either because of the length of the subscription period, but may be exposed to deteriorating share prices during the subscription period, which may lead to the Company receiving less equity. The existence of a subscription right may also make it more difficult to place the shares successfully with third parties or it may be associated with additional expenses, as long as there is uncertainty regarding the exercise of subscription rights. Withholding subscription rights therefore serves the overall objective of achieving the highest possible and most secure inflow of funds and consequently the best possible boost to the Company's equity by setting a price close to the market.

Adequate protection is also given both to shareholders' financial interests and their voting rights with the proposed withholding of subscription rights. Shareholders' financial interests, in particular, protection against dilution of the value of their equity interest, are taken into account by the fact that the new shares may only be issued at a price that is not materially lower than the market price of the Company's shares. Each shareholder therefore has the option, based on the fact that the issue price of the new shares is, in principle, close to the market, of acquiring the shares needed to maintain his ownership interest at virtually the same conditions via the stock market. In addition, the authorisation is restricted to a maximum of 5% of the Company's share capital. This ensures that the total number of shares to be issued does not exceed 5% of the Company's share capital in aggregate; this conforms to the requirements in section 203 paragraph 1 sentence 1 and paragraph 2 AktG in conjunction with section 186 paragraph 3 sentence 4 AktG.

The authorisation also provides the option of withholding subscription rights up to EUR 400,000 for the issue of shares to employees of the Company or to employees of its affiliates. The shares needed for this purpose may, according to the German Stock Corporation Act (Aktiengesetz – AktG), in particular according to section 202 paragraph 4 AktG, be provided from authorised capital. Such authorised capital should be created by the proposed resolution and replace the existing authorised capital for employee shares. The issue of employee shares to employees serves to tie employees more closely to the Company. At the same time, it is a key tool for motivating employees. Both are in the economic interest of the Company.

All in all, the Management Board will check carefully in each case whether it will make use of the authorisation to utilise authorised capital and to withhold subscription rights. Use will only be made of these options if the Management Board estimates that it is in the best interests of the Company and its shareholders and is proportionate.

In each case, the Management Board will report on any use of the authorisations issued on item 11 of the agenda at the next Annual General Meeting.