

Report of the Board of Management on agenda item 8 concerning the authorization to disapply pre-emption rights and rights to tender shares when purchasing and using treasury shares in accordance with section 71 (1) no. 8 sentence 5 in conjunction with section 186 (4) sentence 2 AktG

The Board of Management and Supervisory Board intend to propose to the Annual General Meeting on April 28, 2022 that the Company be authorized to purchase and sell treasury shares while potentially disapplying pre-emption rights and rights to tender shares. The authorization is to be valid for the potential repurchase of treasury shares in an amount equating to up to 10 percent of the lower of the Company's issued capital in existence when the resolution is adopted by the Annual General Meeting and the Company's issued capital in existence when the authorization is exercised.

The authorization is to come into force on April 29, 2022 and remain valid until April 26, 2027.

The Board of Management is to be authorized, with the consent of the Supervisory Board, to sell the purchased treasury shares to third parties in various cases, while disapplying shareholders' pre-emption rights.

Purchase of treasury shares with (partial) disapplication of rights to tender shares

In addition to purchasing them via the stock market, the Company is also to be given the option of purchasing treasury shares by means of a public purchase offer or by means of a request to all shareholders to submit offers of sale ('public offer').

In these processes, each shareholder of the Company who is interested in selling their shares can decide how many shares to offer and, when a price range has been set, at what price.

The principle of equal treatment pursuant to section 53a AktG must be upheld when purchasing treasury shares. Proposing to purchase the shares via the stock market or by means of a public offer is sufficient to satisfy this principle.

If the quantity offered exceeds the number of shares that the Company wishes to purchase, a decision on the allocation of acceptance of the offers of sale must be made. The allocation can be made in accordance with the ratio of shares tendered (tender

ratio) rather than on the basis of the shareholding in the Company because this makes the technical implementation of the purchase process easier and more commercially practical. It should also be made possible to preferentially accept small offers or small parts of offers for up to a maximum of 100 shares. The related partial disapplication of any right of shareholders to tender their shares facilitates the technical processing and should avoid fractional amounts when setting the quotas to be purchased and should avoid small residual shareholdings; it is therefore objectively justified because it is in the Company's interests. Because the partial disapplication of any right of shareholders to tender their shares has only a minor impact on shareholders' rights, it appears reasonable in view of the intended purpose.

Sale of purchased shares with disapplication of pre-emption rights

The sale of shares while disapplying shareholders' pre-emption rights is to be made possible in the following cases:

- in return for cash, provided the agreed price is not significantly higher than the market price of the Company's shares at the time of sale;
- in connection with mergers or direct or indirect acquisitions of entities, parts of entities, equity investments in entities, including increases in existing shareholdings, or other assets eligible as capital contributions in connection with such acquisition plans, including receivables from the Company;
- to fulfill conversion rights or option rights granted by the Company or a direct or indirect majority shareholding of the Company when bonds are issued, or to fulfill conversion obligations arising on bonds issued by the Company or a direct or indirect majority shareholding of the Company;
- as staff shares in the context of agreed remuneration or as part of special programs for the employees of the Company and its affiliated companies (including members of the governing bodies);
- when carrying out a so-called scrip dividend by selling the shares and, in return, shareholders transferring their dividend rights (wholly or in part); and
- for fractional amounts.

Disapplication of pre-emption rights in the event of an issue in return for cash

Insofar as authorization is granted to the Board of Management, with the consent of the Supervisory Board, to sell the treasury shares in return for cash while disapplying shareholders' pre-emption rights in ways other than via the stock market or by means of an offer to all shareholders, the intention is to enable the Company to issue shares to, for example, institutional investors, financial investors, or other partners. The Company operates in a very competitive environment in the capital markets. It is particularly important for the Company's future business performance that it has an adequate level of equity. This includes being able to raise capital in the markets at any time on reasonable terms and, if applicable, to flexibly sell treasury shares as described above. To this end, the Company needs to be able to tap into further groups of investors. In individual cases, this may make it necessary to purchase treasury shares and to use these shares by passing them on to certain investors.

The purchased treasury shares may only be sold to third parties in return for cash at a price that is not significantly different from the market price of the Company's shares at the time of sale. The relevant market price is determined on the basis of the market price in the closing auctions in the Xetra trading system of the Frankfurt Stock Exchange (or a comparable successor system) on the final five trading days prior to the sale. The sale price for treasury shares is thus finalized shortly before the Board of Management sells the treasury shares with the consent of the Supervisory Board. The Board of Management will set any discount on the market price as low as possible in accordance with the prevailing market conditions at the time of placement. The discount on the market price at the time the authorization is exercised will not exceed 5 percent of the current market price under any circumstances. Consequently, there is no risk of any impairment of the shareholders' assets. The interests of shareholders are further protected when treasury shares are sold to third parties in return for cash because the treasury shares sold while disapplying pre-emption rights must not exceed 10 percent of the lower of the issued capital at the time the authorization is granted and the issued capital at the time the authorization to disapply pre-emption rights is exercised. The upper limit of 10 percent of the issued capital is reduced by the pro rata amount of the issued capital that is attributable to shares that are issued during the term of this

authorization, disapplying pre-emption rights, in direct application, or application with the necessary modifications, of section 186 (3) sentence 4 AktG. This restriction also includes shares that have been or are to be issued in order to service bonds with conversion rights, option rights, or conversion obligations in so far as the bonds were issued during the term of this authorization with the disapplication of pre-emption rights in application, with the necessary modifications, of section 186 (3) sentence 4 AktG.

These shares are not included, however, if the other exercised authorization is renewed. In this case, the disapplication limit will cease to apply to the extent that the renewed authorization permits the issue of shares with the disapplication of pre-emption rights in direct application, or application with the necessary modifications, of section 186 (3) sentence 4 AktG. If, for example, in addition to the authorization to sell treasury shares, there is also an authorization to increase the issued capital (authorized capital), the issue of shares on the basis of the authorized capital amounting to 10 percent of the issued capital with the disapplication of pre-emption rights pursuant to section 186 (3) sentence 4 AktG would be applied to the authorization to sell treasury shares first, with the result that no more purchased shares would be able to be issued with the disapplication of pre-emption rights. If the Annual General Meeting subsequently renews the authorized capital and grants another authorization to disapply pre-emption rights pursuant to section 186 (3) sentence 4 AktG for 10 percent of the issued capital, the disapplication limit in respect of the decision to sell shares that had previously been applied would no longer apply. The Company would subsequently be able to issue purchased shares, disapplying pre-emption rights, up to a limit of 10 percent of the issued capital.

This protects the interests of the shareholders as it ensures there is no dilution of their shareholding that cannot be reversed through a subsequent purchase of shares via the stock market; this is also the intention of the legislators as expressed in section 186 (3) sentence 4 AktG.

Disapplication of pre-emption rights in the event of an acquisition

In the context of mergers and acquisitions, the authorization to disapply pre-emption rights is also aimed at enabling the Company to hold treasury shares in order to offer them as consideration in connection with mergers or acquisitions of entities or equity

investments in entities. This form of consideration is becoming increasingly necessary due to the globalization of business at national and international level. The granting of shares in connection with an acquisition can help to protect the Company's liquidity. Frequently, the party selling an entity demands an equity investment in the buyer as consideration so that it can continue to benefit from the success of the entity that it has sold. The proposed authorization gives the Company the necessary flexibility to be able to use treasury shares as an acquisition currency and thus to be able to react promptly to attractive offers to purchase or invest in entities.

The authorization is also to cover indirect acquisitions of entities by the Company. In particular, this will enable a subsidiary to purchase an acquisition target while protecting its liquidity and without having to issue treasury shares. This means that the Company can maintain its 100 percent stake in the subsidiary carrying out the acquisition. Otherwise, there would be a risk, for example, that an existing control and/or profit transfer agreement between the Company and its subsidiary would end automatically.

The authorization to disapply pre-emption rights for the purpose of purchasing other assets eligible as capital contributions may be particularly useful if the seller of an acquisition target has stipulated an increase in the purchase price should certain events occur; this is the case with earn-out agreements, for example. The authorization will enable the Company to give (further) shares to the eligible party instead of cash in the event of subsequent purchase price payments.

By analogy with section 255 (2) AktG, the value of the acquired entity, part of an entity, equity investment, or other assets must not be unreasonably low in relation to the value of the shares to be issued, as determined by an overall assessment to be carried out by the Board of Management and Supervisory Board, so that there is no risk of any impairment of the shareholders' assets. If specific acquisition opportunities present themselves, the Board of Management will carefully review them in the interests of the Company and will use the authorization granted to it only if the disapplication of shareholders' pre-emption rights appears appropriate, necessary and – in view of the shareholders' interests – proportionate. Only if these conditions are met will the Supervisory Board grant its consent. The basis for determining an appropriate value for the shares to be issued is usually the valuation of the entity or assets being acquired, derived from market prices or neutral valuation reports, e.g. prepared by auditing firms

and/or investment banks. When determining the valuation basis, the Board of Management will take account of the market price of the Company's shares. However, the value would not be rigidly tied to the market price, as this could jeopardize the potential outcome of negotiations if there were any fluctuations in the market price.

Disapplication of pre-emption rights in order to fulfill conversion rights or option rights

In addition, the Company is to be given the option to use treasury shares purchased on the basis of the proposed authorization to fulfill option rights or conversion rights arising on bonds issued by the Company or a direct or indirect majority shareholding and to fulfill conversion obligations linked to such bonds.

If the Company makes use of this option, no contingent capital increase that would dilute the shareholders' shareholdings has to be carried out. This additional option to issue treasury shares while disapplying pre-emption rights would thus ultimately not affect shareholders' interests because the dilution resulting from the issue of treasury shares while disapplying pre-emption rights would occur anyway.

Issue of shares as staff shares

The Company is to be authorized to offer the purchased treasury shares as staff shares to employees of the Company and its affiliated companies (including members of the governing bodies). As a result, the Company would have the option to continue offering shares to these employees in the future. When deciding on the method for procuring the shares to be issued as staff shares, the Board of Management will be guided solely by the interests of the Company and its shareholders. The additional option of using existing treasury shares instead of a capital increase or cash compensation may make commercial sense; the authorization is intended to increase flexibility without there currently being any specific plan to exercise the authorization. The issue of treasury shares to employees – generally subject to a multi-year lock-up period – is in the interests of the Company and its shareholders because it helps employees to identify more strongly with the Company and increases their motivation, thereby boosting the Company's enterprise value. Alternatively, shares can be procured and issued to employees of the Company and its affiliated companies – even without the adoption of a resolution by the Annual General Meeting – on the basis of section 71 (1) no. 2 AktG.

When determining the purchase price to be paid by employees, an appropriate subsidy can be granted that is customary for staff shares and is commensurate with the Company's success.

Issue of shares as scrip dividends

In addition, the purchased shares of the Company are to be used when carrying out a so-called scrip dividend, where shareholders are offered the option of transferring their dividend rights (wholly or in part) to the Company and, in return, receiving shares as a non-cash payment. Carrying out a scrip dividend using treasury shares can, for example, take the form of an offer to all shareholders that upholds their pre-emption rights and upholds the principle of equal treatment (section 53a AktG). The shareholders are only offered whole shares. In respect of any portion of the dividend entitlement that is below the subscription price for a whole share, shareholders are referred to the subscription of the cash dividend and are unable to receive shares for this amount. No offer of partial rights is envisaged, nor is the establishment of any trade in pre-emption rights or fractions thereof. Because the shareholders receive a pro rata cash dividend in lieu of the right to subscribe to treasury shares, this is regarded as justified and reasonable, however. It is also conceivable that certain non-German investors will not be offered a scrip dividend due to provisions of capital market law and will instead only receive a cash dividend. Depending on the capital market situation, it may be preferable in an individual case to structure the scrip dividend involving treasury shares in such a way that the Board of Management offers treasury shares to all shareholders eligible for dividends (while complying with the general principle of equal treatment (section 53a AktG)) in return for assigning their dividend entitlement, but at the same time formally disapplying the shareholders' pre-emption rights. Formally disapplying pre-emption rights enables the scrip dividend to be carried out on more flexible terms. In view of the fact that all shareholders are offered the treasury shares and surplus fractional dividend amounts are settled through payment of a cash dividend, the disapplication of pre-emption rights therefore appears to be justified and reasonable in this case too. The Company will also make Authorized Capital I available for this purpose. When deciding on the method – or combination of methods – for procuring the shares to be used to facilitate such measures, the Board of Management will be guided solely by the interests of the Company and its shareholders. The additional option of using existing treasury

shares instead of a capital increase or cash compensation may make commercial sense, and in this respect the authorization is intended to increase flexibility.

Disapplication of pre-emption rights for fractional amounts

Finally, the Board of Management is to be authorized, with the consent of the Supervisory Board, to disapply pre-emption rights of shareholders for fractional amounts in the event of treasury shares being sold as part of an offer of sale made to all shareholders. This is necessary for the technical implementation of the sale of purchased treasury shares by means of an offer to shareholders.

Concluding assessment of the authorizations to disapply pre-emption rights

When viewed abstractly, the authorizations to disapply shareholders' pre-emption rights are in the interests of the Company. The proposed authorizations adequately protect the interests of shareholders. There are currently no specific plans to exercise the authorizations.

When deciding on the exercise of the authorizations, the Board of Management will be guided solely by the best interests of the Company and its shareholders. Moreover, this does not require the consent of the Supervisory Board.

If the Board of Management exercises the authorizations, it will report on them at the next Annual General Meeting.