Executive Board Report on Item 10

Executive Board Report on Item 10 of the Agenda as per Art. 9 para. 1 lit. c) ii) SE Regulation, section 203 para. 2 sentence 2; section 186 para. 4 sentence 2 German Stock Corporation Act (Aktiengesetz, “AktG”)

- Translation for Convenience Purposes -

The Annual General Meeting of 16 May 2018, under Agenda Item 9, resolved to create Authorized Capital in the amount of EUR 45,944,218.00 (Authorized Capital 2018, section 4 no. 2.1 of the Articles of Association). This Authorized Capital 2018 has not been utilized; however, it will only exist until 15 May 2023 and will therefore expire before the intended date, on which the Annual General Meeting in 2023 shall be held.

The Annual General Meeting of 9 May 2017, under Agenda Item 6, resolved to create Authorized Capital in the amount of EUR 10,518,147.00 (Authorized Capital 2017, section 4 no. 2.2 of the Articles of Association). This Authorized Capital 2017 has not been utilized. However, it will only exist until 8 May 2022 and will therefore expire before the date expected for the Annual General Meeting in 2022.

It is against this background and for the reasons detailed above that the Executive Board and the Supervisory Board both are convinced it is appropriate to cancel the Authorized Capital 2018 and Authorized Capital 2017 and to already create a new Authorized Capital 2022 in the amount of EUR 41,450,000.00, with the option to exclude subscription rights. The proposed amount of the new Authorized Capital 2022 corresponds to approximately 36.6 percent of the share capital of the company at the time of convening the Annual General Meeting in 2022. The proposed authorization provides for the issue of new no-par value registered shares against cash contribution and/or contribution in kind and is to expire on 24 May 2027. The proposed authorization may be exercised once or several times in partial amounts until the proposed Authorized Capital has been utilized in total.

Such Authorized Capital is to enable the company to swiftly adapt to changing markets in the interest of its shareholders. For this, the company requires the customary and necessary instruments to procure capital.

Upon utilization of the Authorized Capital, shareholders generally have a subscription right. In lieu of issuing the new shares directly to the shareholders, the new shares may also be acquired by one or multiple financial institutions appointed by the Executive Board subject to the obligation that they shall be offered to the shareholders for purchase (indirect subscription right); processing the issue of the shares through financial institutions acting as intermediaries is merely a technical convenience. However, the Executive Board is authorized, with the consent of

the Supervisory Board, to exclude the shareholders subscription right in the cases described below.
Initially, the Executive Board shall be authorized to eliminate fractional amounts from the shareholders' subscription right. This authorization serves to achieve a feasible subscription ratio in relation to the amount of the individual capital increase. Without excluding the subscription right in relation to the fractional amounts it would prove particularly difficult to technically execute the capital increase and to exercise the subscription right, especially when increasing capital by rounded amounts. The fractions of new shares excluded from the shareholders' subscription rights are either utilized by selling them via the stock exchange or in any other form with the best possible outcome for the company.

The authorization excluding the subscription right shall then apply if the issue price of the new shares does not significantly undercut the share price of shares already listed at the time the Executive Board finally determined the issue price, whereby the price should be determined relatively close to the time of placement of the shares. When utilizing the authorization, the Executive Board will keep the deviation from the share price as low as is possible and in line with the market conditions that prevail at the time of the placement. The number of shares issued excluding a subscription right pursuant to section 186 para. 3 sentence 4 AktG must not exceed a total 10 percent of the share capital, neither at the time this authorization comes into effect, nor at the time this authorization is exercised. This number shall include those shares which will be or are to be issued by virtue of bonds with conversion and/or option rights (conversion and/or option obligations), provided that such bonds are issued while this authorization is in effect subject to the commensurate application of section 186 para. 3 sentence 4 AktG; moreover, this number of shares shall include those shares which will be issued or sold while this authorization is in effect subject to the direct or commensurate application of section 186 para. 3 sentence 4 AktG - for example, because of an authorization regarding the utilization of treasury shares pursuant to sections 71 para. 1 no. 8, 186 para. 3 sentence 4 AktG excluding subscription rights. This approach is consistent with legal provisions that take into consideration the interests of shareholders in the protection against a dilution of their shareholdings. Each shareholder, by virtue of the near-market issue price of the new shares and by virtue of the volume-based ceiling of the capital increase excluding the subscription right, generally has the possibility to purchase the number of shares which the shareholder requires to maintain its participation quota under very similar terms and conditions via the stock exchange. The goal of this authorization is to facilitate financing of the company by raising equity. This enables the company to cover any short-term equity requirements. Such requirements may arise, for example, because of market opportunities presenting themselves at short notice, or even when attracting new groups of shareholders. The authorization allows these opportunities to be swiftly and flexibly implemented; moreover, due to the straightforward processing, higher proceeds are to be expected from the new shares to be issued.

Moreover, the exclusion of a subscription right shall be possible insofar as is necessary to issue to holders or creditors of bonds with conversion and/or option rights (conversion and/or option obligations) which were or will be issued by the company and/or by companies dependent on the company or which are directly or indirectly majority-owned by the company, a subscription right to which they would be entitled to had they exercised their conversion and/or option rights or had the conversion and/or option obligation been fulfilled. To place bonds more easily on the capital market, the respective terms of the bonds tend to include anti-dilution provisions. One anti-dilution option is to grant holders or creditors of the bonds a subscription right in the event of capital increases just as shareholders are entitled to, without having to adjust the price of the conversion or of the option. Consequently, they will be in a position as if they were already shareholders. To furnish bonds with such an anti-dilution protection, the shareholders' subscription right must be excluded to this extent for the new shares. Bonds without anti-dilution protection would be significantly less attractive for the market. To this extent, the possibility to exclude the subscription right for future capital increases serves to place the bonds more easily and thus the interests of shareholders in an optimal financial structure of the company.

Moreover, the authorization to exclude the subscription right for the issue of new shares in the context of a capital increase against a contribution in kind shall apply if the new shares are extended in the context of company mergers or for the purpose of acquiring companies, parts of companies, stakes in companies or other assets, including receivables against the company or third parties or release from liabilities. The company faces fierce competition. To prevail in this competition, the company must be able to act swiftly and flexibly in the interest of its shareholders. This includes especially also the possibility, if the opportunity presents itself, to acquire at short notice other companies, parts of companies or stakes in companies or to merge with another company or to acquire certain other assets or even receivables against the company or to achieve the release from liabilities so as to improve the company's own competitive position as a result of this. The Authorized Capital and this authorization on the exclusion of subscription rights enable the company to execute such acquisitions swiftly and in a liquidity-preserving manner by being put in the position to offer shares in the context of a merger or as consideration for the company, the part of the company, the stake in the company or the asset to be acquired. However, there are currently no specific acquisition projects.

Additionally, the authorization to exclude the subscription right shall apply in the event that new shares are issued up to a proportionate amount of the share capital of in total EUR 3,398,760.00 as employee shares to employees of the company or of affiliated companies. This is to enable the company to integrate flexible compensation models without major administrative effort even in the future, so as to respond successfully to market requirements. The competences of the boards responsible for granting compensation shall, in any case, be safeguarded.

Finally, the Executive Board is authorized, with the approval of the Supervisory Board, to determine the further content of the share rights and the conditions of the share issue. The Supervisory Board is authorized to amend the wording of the Articles of Association in accordance with the respective utilization of Authorized Capital 2022 or after expiry of the authorization period.

This authorization is restricted to the extent that, after exercising the authorization, the total of shares issued under this Authorized Capital excluding a subscription right must not exceed 10 percent of the share capital that exists at the time of the authorization coming into effect or - if this value is lower – that exists at the time the authorization is exercised. This 10 percent threshold shall also include treasury shares sold while the above authorization excluding the subscription right is in effect, as well as shares issued while the above authorization excluding the subscription right from any other Authorized Capital is in effect; moreover, such shares shall be included which are issued following the exercise of option and/or conversion rights (option and/or conversion obligations) attached to bonds insofar as the associated bonds are issued while this authorization is in effect based on an authorization excluding the subscription right. This requisite restricts the overall scope of the issue of shares without subscription rights and acts as an additional safeguard for shareholders against the excessive dilution of their shareholding.

In any case, the Executive Board will carefully review whether it will utilize the authorization to increase capital excluding the shareholders' subscription right. This possibility shall only be referred to if, in the opinion of the Executive Board and of the Supervisory Board, it protects the interests of the company and therefore, of its shareholders.

The Executive Board will report on the utilization of Authorized Capital 2022 excluding subscription rights at the relevant next Annual General Meeting.