

Reports of the Management Board to the Annual General Meeting on Agenda Items 6 and 7

Convenience Translation

1. Report of the Management Board to the Annual General Meeting on the authorizations mentioned under item 6 of the agenda to exclude subscription rights in accordance with Section 203 para. (1) and (2) sentence 2 in conjunction with Section 186 para. (4) sentence 2 AktG

Under agenda item 6, the Management Board and Supervisory Board propose the cancellation of Authorized Capital 2022/I and the creation of new Authorized Capital 2024/I in the amount of EUR 10,794,286.00 for the maximum statutory period of five years.

This Authorized Capital 2024/I serves to open up a flexible option for raising additional equity if the Management Board, with the approval of the Supervisory Board, believes this to be in the interests of the company. The new authorized capital is intended to expand the scope for action in the interests of the shareholders and enable the company to react quickly to any financing requirements that arise. The proposed authorization replaces the existing authorization. This gives the Management Board the greatest possible flexibility in the use of authorized capital.

In the event of a capital increase, shareholders are generally entitled to statutory subscription rights. However, the Management Board is to be authorized, with the approval of the Supervisory Board, to exclude this subscription right in certain cases. The report submitted by the Management Board in this regard is published as follows:

a) Exclusion of subscription rights for fractional amounts

The Management Board is to be authorized, with the approval of the Supervisory Board, to exclude fractional amounts that arise as a result of the subscription ratio from shareholders' subscription rights in order to facilitate processing. This is intended to enable a practicable subscription ratio with regard to the amount of the respective capital increase. Without the exclusion of the subscription right with regard to the fractional amount, the technical implementation of the capital increase and the exercise of the subscription right would be considerably more difficult. The new shares excluded from shareholders' subscription rights as fractional amounts will be utilized for the company.

b) Exclusion of subscription rights in the event of a capital increase against contributions in kind

The authorization to exclude subscription rights in the event of capital increases against contributions in kind for the aforementioned purposes is intended to give the company the opportunity to have treasury shares available in order to be able to offer them as consideration in the (also indirect) acquisition of companies, parts of companies or an interest in a company or other significant operating resources or assets, including receivables from the company or Group companies. The authorization to issue shares as part of a capital increase is intended to give the company greater leeway in financing the acquisition of companies, parts of companies or an interest in a company or other significant operating resources or assets. This form of acquisition financing is frequently required and used in international competition and with the advancing globalization of the economy, especially in times when it is more difficult to obtain outside capital. The proposed authorization is intended to give the company the necessary room for manoeuvre to take advantage of opportunities that arise to acquire companies, parts of companies or an interest in a company or other significant operating resources or assets, including receivables from the company or Group companies, flexibly and quickly. A capital increase by resolution of the Annual General Meeting will generally not be possible in the short term if acquisition opportunities arise. The proposed creation of authorized capital with the exclusion of subscription rights for contributions in kind for the acquisition of companies, parts of companies or an interest in a company or other significant operating resources or assets, including receivables from the company or Group companies, takes this into account. When shares are issued without excluding subscription rights, the exercise of subscription rights does not lead to a reduction in the relative participation quota and the relative share of voting rights of the existing shareholders. In the case of an exclusion of subscription rights, on the other hand, there is a reduction in the relative shareholding ratio and the relative share of voting rights of the existing shareholders. However, if subscription rights were granted, it would not be possible to acquire companies, parts of companies or an interest in a company or other significant operating resources or assets, including receivables from the company or Group companies, in return for shares and the associated benefits for the company and shareholders would not be achievable. Whether this authorization with the exclusion of subscription rights should be used will be examined on a case-by-case basis. There are currently no specific acquisition plans for which this option is to be used. The Management Board will only make use of Authorized Capital 2022/I if an acquisition opportunity materializes, and the Supervisory Board will only grant its approval if such an acquisition is in the well-understood interests of the company.

c) Exclusion of subscription rights for cash capital increases in accordance with Section 186 para. (3) sentence 4 AktG

According to Section 186 para. (3) sentence 4 AktG, the exclusion of subscription rights is particularly permissible if the capital increase against cash contributions does not exceed 20% of the share capital and the issue price is not significantly lower than the market price. This authorization to exclude subscription rights enables the management to take advantage of opportunities that arise quickly, flexibly and cost-effectively due to the respective stock market situation. This enables the management to procure new equity at short notice and close to the stock market price, thereby strengthening the equity base. Furthermore, any capital requirements arising from the short-term exploitation of market opportunities can also be covered quickly and flexibly. It is therefore in the best interests of the company and its shareholders. Such cash capital increases are also capped at 20% of the share capital, which takes into account the shareholders' need for protection against excessive dilution of their shareholdings. This 20% limit in accordance with Section 186 para. (3) sentence 4 AktG includes shares that were issued or are to be issued during the term of the authorization up to the time it is exercised to service bonds with warrants or convertible bonds, provided that the bonds were issued with the exclusion of subscription rights in accordance with Section 186 para. (3) sentence 4 AktG, as well as treasury shares that were acquired on the basis of an authorization in accordance with Section 71 para. (1) no. 8 AktG and sold with the exclusion of shareholders' subscription rights in accordance with Section 186 para. (3) sentence 4 AktG.

d) Exclusion of subscription rights for bonds with warrants and convertible bonds

In addition, subscription rights may be excluded with the approval of the Supervisory Board if this is necessary in order to be able to grant subscription rights for new shares to the holders of existing and future bonds with warrants and/or convertible bonds if this is provided for in the terms and conditions of the respective bond. To facilitate placement on the capital market, such bonds are generally equipped with an anti-dilution mechanism that provides for the holders to be granted a subscription right to new shares in subsequent share issues with subscription rights for shareholders instead of a reduction in the option or conversion price, as shareholders are also entitled to. They are thus placed in the same position as if they had already exercised their option or conversion right or a conversion obligation had been fulfilled. This has the advantage that the company can achieve a higher issue price for the shares to be issued upon conversion or exercise of the option - in contrast to protection against dilution by reducing the option or conversion price.

e) Exclusion of subscription rights to implement an IPO, including to fulfill a greenshoe option

Exclusion of subscription rights is also permissible in the event of an IPO of the company. An IPO enables the company to gain improved access to the capital market and thus cover its capital requirements easily and flexibly. This is particularly important in view of the company's intended further expansion. A greenshoe is a so-called over-allotment option. This serves to stabilize the share price when the company's shares are listed on the stock exchange. On the allocation date, the issuing banks sell not only the planned placement volume (100%), but also a certain number of shares made available elsewhere (up to 15% of the total placement volume). The issuing banks can use these additional shares to stabilize the share price. They can buy back shares in the market if the generally usual return flows of shares sold in the issue lead to a fall in the market price. This can cushion a fall in the share price caused by the return flows. If such a repurchase does not take place on the market, the second element of the over-allotment option comes into play, i.e., the covering of the additional shares allotted to other shareholders or a capital increase by the company. In this way, an over-allotment option enables the market potential to be better exploited in terms of pricing. As investors can thus be given a certain degree of certainty regarding the price development, they are prepared to pay a slightly higher price. In addition to and because of the stabilization, the over-allotment option therefore leads to an increase in the proceeds to be achieved from the issue and is therefore in the interests of the company and the shareholders.

f) Exclusion of subscription rights to implement a scrip dividend

With the approval of the Supervisory Board, the Management Board should also be authorized to exclude shareholders' statutory subscription rights in order to be able to implement a *scrip dividend* at optimal conditions. In the case of a scrip dividend, shareholders are offered the opportunity to contribute their entitlement to payment of the dividend arising from the Annual General Meeting's resolution on the appropriation of profits as a non-cash contribution to the company in order to subscribe to new shares in the company.

A scrip dividend can be implemented as a genuine rights issue, in particular in compliance with the provisions of Section 186 para. (1) AktG (minimum subscription period of two weeks) and Section 186 para. (2) AktG (announcement of the issue price no later than three days before the end of the subscription period). Only whole shares are offered to shareholders for subscription; with regard to the portion of the dividend entitlement that does not reach (or exceeds) the subscription price for a whole share, shareholders are referred to the subscription of the cash dividend and cannot subscribe for shares in this respect; there are no

plans to offer partial rights or to set up trading in subscription rights or fractions thereof. As the shareholders receive a cash dividend instead of the subscription of new shares, this appears to be justified and appropriate.

In individual cases, it may be preferable to offer and prepare the granting of a scrip dividend without being bound by the restrictions of Section 186 para. (1) AktG (minimum subscription period of two weeks) and Section 186 para. (2) AktG (announcement of the issue amount no later than three days before the end of the subscription period). The Management Board should therefore also be authorized to offer all shareholders entitled to dividends new shares for subscription in return for their dividend entitlement, while observing the general principle of equal treatment (Section 53a AktG), but to formally exclude shareholders' subscription rights altogether with the approval of the Supervisory Board. The implementation of the scrip dividend with the formal exclusion of subscription rights enables the capital increase to be carried out on more flexible terms. In view of the fact that all shareholders will be offered the new shares and any excess dividend amounts will be settled by payment of the cash dividend, the exclusion of subscription rights also appears justified and appropriate in this respect.

g) Summary

After weighing up all the circumstances, the respective authorization to exclude subscription rights within the limits described is necessary and in the interests of the company and therefore its shareholders. The Management Board will exercise the authorization with the approval of the Supervisory Board. The conditions will be determined in due course in such a way that the interests of the shareholders and the interests of the company are adequately safeguarded, taking into account the respective circumstances. The Management Board will report to the Annual General Meeting on each use of the authorization.

The written report of the Management Board pursuant to Section 203 para. (2) sentence 2 in conjunction with Section 186 para. (4) sentence 2 AktG on the authorization of the Management Board to exclude shareholders' subscription rights in connection with the resolution on agenda item 6 will be made available to shareholders from the time the Annual General Meeting is convened at

<https://www.deag.de/investor-relations/hauptversammlung/>

and will also be available for inspection during the Annual General Meeting.

2. Report of the Management Board to the Annual General Meeting in accordance with section 221 para. (4) sentence 2 in conjunction with section 186 para. (4) sentence 2 AktG on the authorization of the Management Board to exclude subscription rights listed under agenda item 7

Under agenda item 7 of the Annual General Meeting on June 25, 2024, the Management Board and Supervisory Board each propose to create an authorization to issue convertible bonds, bonds with warrants, profit participation rights and/or participating bonds (or combinations of these instruments) and a corresponding new conditional capital (Conditional Capital 2024/I).

This new authorization to issue convertible bonds, bonds with warrants, profit participation rights and/or participating bonds (or combinations of these instruments) each provide for the authorization to exclude subscription rights.

In accordance with section 221 para. (4) sentence 2 in conjunction with section 186 para. (4) sentence 2 AktG, the Management Board submits this report to the Annual General Meeting on agenda item 7 on the reasons for the authorizations to exclude subscription rights:

a. Initial situation

To date, the company has not been authorized to issue convertible bonds, bonds with warrants, profit participation rights and/or participating bonds (or combinations of these instruments) with the option to exclude subscription rights and to create the corresponding conditional capital.

In order to give the Company the necessary flexibility to issue convertible and/or warrant bonds for corporate financing in the future, an authorization to issue convertible or warrant bonds and conditional capital in the amount of EUR 10,794,286.00 (Conditional Capital 2024/I) is now to be created.

b. Advantages of such financing instruments

A key prerequisite for the company's further business development is adequate capital resources. The proposed authorization to issue bonds is intended to enable the company to make flexible and timely use of attractive financing options. This should enable the company to use the instrument of bonds in addition to traditional debt capital (bank loans) and equity to finance possible takeovers and other expansions of its business and should thus enable it to address different groups of investors in order to be able to select the most suitable financing instrument in the interests of the shareholders in the respective market situation in terms of placeability and achievable prices. The company may also provide for a conversion or option obligation or a tender right of the issuer and service the bonds by delivering treasury shares,

delivering shares from authorized capital or by making a cash payment, thereby expanding the scope for such financing instruments.

For reasons of flexibility, the company should also be given the option of using German or international capital markets via its affiliated companies within the meaning of Sections 15 et seq. AktG, depending on the market situation, to utilize German or international capital markets and to issue the bonds in the legal currency of an OECD country in addition to euros.

c. Conversion or option price

The conversion or option price may not fall below a minimum issue amount, the calculation basis of which is specified. The starting point for the calculation is the market price of the company's share at the time the bond is placed.

The conversion/option price may be adjusted in certain cases in accordance with the bond conditions in order to provide protection against dilution in accordance with the authorization. Dilution protection or adjustments can be provided for in particular if there are capital changes at the company during the term of the bonds, but also in connection with dividend payments, the issue of further convertible bonds/warrant bonds, conversion measures and in the event of other events affecting the value of the conversion or option rights that occur during the term of the bonds (such as a third party gaining control). Dilution protection or adjustments can be provided for in particular by granting subscription rights, by changing the conversion/option price and by granting a cash component.

d. Subscription rights and authorizations to exclude subscription rights

Shareholders are generally entitled to subscription rights when bonds of this type are issued (Section 221 para. (4) in conjunction with Section 186 para. (1) AktG). The Management Board may also make use of the option to issue the bonds to a credit institution or the members of a syndicate of credit institutions or equivalent companies pursuant to Section 186 para. 5 sentence 1 AktG with the obligation to offer the bonds to shareholders in accordance with their subscription rights (indirect subscription right within the meaning of Section 186 para. (5) AktG). This does not constitute a restriction of shareholders' subscription rights. The shareholders are ultimately granted the same subscription rights as in the case of a direct subscription. For technical settlement reasons, only one or more banks or equivalent companies will be involved in the settlement.

However, the Management Board may exclude shareholders' subscription rights in certain cases with the approval of the Supervisory Board:

- (i) *Exclusion of subscription rights for fractional amounts*

The authorization to exclude subscription rights for fractional amounts serves to ensure that a practicable subscription ratio can be presented with regard to the amount of the respective issue. The value of the fractional amounts per shareholder is generally low, which is why the potential dilution effect is also to be regarded as low. In contrast, the cost of an issue without such an exclusion is significantly higher. The exclusion serves the purpose of practicability and the easier implementation of an issue. The Management Board and Supervisory Board therefore consider the possible exclusion of subscription rights for fractional amounts to be objectively justified and, taking into account the interests of the shareholders, also appropriate. The bonds excluded from shareholders' subscription rights as fractional amounts will either be sold on the stock exchange or otherwise disposed of in the best possible way for the company.

(ii) *Exclusion of subscription rights in favor of the holders or creditors of already issued option rights or conversion rights or corresponding obligations*

It should also be possible to exclude shareholders' subscription rights to the extent necessary to grant holders or creditors of option or conversion rights or option or conversion obligations from previously issued bonds a subscription right to the extent to which they would be entitled as shareholders after exercising these rights or fulfilling these obligations. The customary exclusion of subscription rights in favor of the holders or creditors of bonds already issued has the advantage that the option or conversion price for the bonds already issued and regularly equipped with an anti-dilution mechanism, e.g., in the case of capital measures, does not need to be reduced. This allows the bonds to be placed more attractively in several tranches and enables a higher inflow of funds overall. This case of exclusion of subscription rights is therefore also in the interests of the company and its shareholders.

(iii) *Simplified exclusion of subscription rights in analogous application of Section 186 (3) sentence 4 in conjunction with Section 221 (4) sentence 2 AktG*

In analogous application of Section 186 para. (3) sentence 4 AktG, the Management Board should also be authorized, with the approval of the Supervisory Board, to exclude subscription rights when issuing bonds for cash if the issue price of the bonds is not significantly lower than their market value. This may be expedient in order to be able to place a bond on the market quickly and flexibly at attractive conditions. As the stock markets can be volatile, achieving the most advantageous issue result possible depends to a greater extent on whether it is possible to react to market developments at short notice. Favorable conditions that are as close to market conditions as possible can generally only be set if the company is not tied to them for too long an offer period. In the case of rights issues, in order to ensure the chances of success of the issue for

the entire offer period, a not inconsiderable haircut is generally required. Section 186 (2) of the German Stock Corporation Act (AktG) permits publication of the subscription price (and therefore the terms of the subscription price in the case of bonds with warrants and convertible bonds) no later than three days before the end of the subscription period. However, in view of the volatility on the stock markets, there is still a market risk over several days, which leads to safety discounts when determining the bond conditions. Also, if a subscription right is granted, the alternative placement with third parties is jeopardized or associated with additional expense due to the uncertainty of its exercise (subscription behavior). Finally, if a subscription right is granted, the company cannot react quickly to a change in market conditions due to the length of the subscription period, which can lead to less favorable capital procurement for the company.

The interests of the shareholders are safeguarded by the fact that the bonds are not issued at a price significantly below the market value. This ensures that there is no significant economic dilution of the value of the shares. Whether such a dilution effect occurs with the issue of corresponding bonds with conversion or option rights or obligations and tender rights without subscription rights can be determined by calculating the hypothetical market value of the bonds using recognized, in particular financial mathematical methods and comparing it with the issue price. If, after due examination, this issue price is only insignificantly below the hypothetical stock exchange price market value at the time the bonds are issued, the exclusion of subscription rights is permissible in accordance with the meaning and purpose of the provision of Section 186 para. (3) sentence 4 AktG due to the insignificant discount. The management will keep the discount from this market value as low as possible when setting the price, taking into account the respective capital market situation. This means that the calculated market value of a subscription right will be so low that the shareholders cannot suffer any significant economic disadvantage as a result of the exclusion of subscription rights.

Conditions can also be set in line with the market and thus avoid a significant dilution of value by the Management Board carrying out a so-called bookbuilding process. In this procedure, investors are asked to submit purchase applications on the basis of preliminary bond terms and conditions, specifying, for example, the interest rate and/or other economic components deemed to be in line with the market. After the end of the bookbuilding period, the terms and conditions that have not yet been agreed, e.g. the interest rate, are set in line with the market in accordance with the principle of supply and demand on the basis of the purchase requests submitted by investors. In this way,

the total value of the bond is determined close to the market. Such a bookbuilding procedure also enables the Management Board to ensure that the exclusion of subscription rights does not significantly dilute the value of the share.

Shareholders also have the opportunity to maintain their share in the company's share capital at approximately the same conditions by purchasing shares on the stock exchange. This protects their financial interests. This is because the authorization to simplify the exclusion of subscription rights in accordance with Section 221 para. 4 sentence 2 in conjunction with Section 186 para. (3) sentence 4 AktG only applies to bonds with rights or obligations to subscribe to shares which, according to the existing authorization, do not account for a proportionate amount of the share capital of more than 20% in total, either at the time this authorization becomes effective or - if this amount is lower - at the time this authorization is exercised. The authorizations for the simplified exclusion of subscription rights under the existing authorizations of the Annual General Meeting are no longer available for use.

Shares that are issued or sold during the term of these authorizations up to the time they are exercised in direct or analogous application of Section 186 para. (3) sentence 4 AktG are counted towards these limits. Furthermore, shares to be issued or granted on the basis of a convertible bond or bond with warrants issued during the term of these authorizations with simplified exclusion of subscription rights pursuant to Section 186 para. (3) sentence 4 in conjunction with Section 221 para. (4) sentence 2 AktG are also counted towards this limit. This offsetting is in the interest of shareholders in minimizing the dilution of their shareholding.

(iv) *Authorization to exclude subscription rights when issuing bonds against contributions in kind*

Bonds may also be issued against contributions in kind or contributions in kind if this is in the interests of the company. In this case, the Management Board is also authorized - with the approval of the Supervisory Board - to exclude subscription rights. Among other things, this is intended to enable the company to use the bonds as an acquisition currency in order to make such contributions in kind or contributions in kind in suitable individual cases in the context of company mergers or for the (also indirect) acquisition of companies, operations, parts of companies, participations or other assets or claims to the acquisition of assets, including claims against the company or companies affiliated with it within the meaning of Sections 15 et seq. AktG to be able to acquire such contributions in kind or contributions in kind in return for the transfer of such financial instruments.

This authorization opens up the possibility - by issuing bonds - of quickly and flexibly exploiting advantageous opportunities to expand the company on the national and international markets in the interests of the company and its shareholders. Unlike a cash payment, the issue of bonds preserves the company's liquidity and is therefore often the more favorable form of financing. The Management Board is also authorized to grant holders of claims against the company or companies affiliated with it within the meaning of Sections 15 et seq. AktG - instead of a cash payment - in whole or in part. This gives the company additional flexibility to implement measures to improve its capital structure.

In each individual case, the management will carefully examine whether it should make use of the authorization as soon as the acquisition opportunities become more concrete. It will only exclude shareholders' subscription rights if this is in the well-understood interests of the company.

After weighing up all these circumstances, the authorization to exclude subscription rights in the various cases is necessary, suitable, appropriate and in the interests of the company within the limits described in each case.