Annual general meeting on 24 March 2021

Written report of the Management Board in accordance with Section 71 para. 1, no. 8, clause 5 AktG in conjunction with Section 186 para. 4, clause 2 AktG regarding item 6 of the agenda concerning the reasons for the authorization of the Management Board to exclude the tender right when acquiring and the subscription right when using treasury shares.

Section 71 para. 1 no. 8 AktG provides for the possibility of acquiring treasury shares up to a total of 10% of the share capital on the basis of an authorization granted by the shareholders' meeting.

The company's shareholders' meeting most recently, on 5 July 2016, adopted a resolution authorizing the acquisition of treasury shares which is limited in time until 4 July 2021. A new authorization to acquire treasury shares should hence be created, which cancels the existing one and again is to apply for a period of five years.

The resolution proposal regarding item 6 of the agenda provides for authorizing the Management Board to acquire, with the prior approval of the Supervisory Board, treasury shares of up to a total of 10% of the share capital existing at the time of adopting the resolution or - if lower - at the time of exercising the authorization. Such acquisition is made via the stock exchange and based on a public purchase offer made to all shareholders or a public invitation to all shareholders to submit offers for sale. The principle of equal treatment under stock corporation law must be observed in each case. In case of the public invitation to all shareholders to submit offers for sale, the addressees of this invitation may decide how many shares they wish to offer to the company and at what price (if a price range is specified).

If the acquisition is made by means of a public purchase offer addressed to all shareholders or by means of a public invitation to submit offers for sale, the volume of the offer or invitation to submit offers for sale may be limited. This may have the effect that the volume of shares in the company offered by shareholders exceeds the volume of shares requested by the company. In this case, an allocation must be made based on quotas. In so doing it should be possible to carry out a repartition based on the ratio of the respective shares subscribed or offered (tender quotas) rather than based on participation quotas, since the acquisition procedure can be technically handled better in this way within an economically reasonable framework. Moreover, it should be possible to provide for preferential acceptance of small numbers of up to 100 tendered shares per shareholder. This option serves to avoid fractional amounts when determining the quotas to be acquired and small residual amounts, and in this way to make it easier to technically handle the purchase of shares in an economically reasonable manner. A de facto impairment of small shareholders can also be avoided in this way. Finally, rounding in line with commercial principles should be possible to avoid arithmetical fractions of shares. The acquisition quota and the number of shares to be acquired from individual tendering shareholders insofar may be rounded as required to technically represent the acquisition of whole shares. Management Board and Supervisory Board consider the exclusion of any further tender rights of shareholders to be objectively justified.

The respective offered price or the limits of the purchase price range stipulated by the company per share (excl. incidental acquisition costs) may not exceed or fall short of the average closing price of the company's shares in the Xetra trading system (or a comparable successor system) on the Frankfurt Stock Exchange on the last five trading days prior to the date of the public announcement of the offer or the public invitation to submit offers for sale by more than 10%. In case of significant deviations in the relevant price after publication of a public purchase offer addressed to all shareholders or a public invitation to all shareholders to submit offers for sale, the purchase offer or invitation to submit offers for sale may be adjusted. In this case, the average price of the five stock exchange trading days prior to the public announcement of the adjustment will be used as a basis. The purchase offer made to all shareholders or the invitation to all shareholders to submit offers for sale may be subject to further provisions.

The additionally proposed option of disposal or use of treasury shares serves to simplify the procurement of funds. Pursuant to Article 71 para. 1 no. 8, clause 5 AktG, the shareholders' meeting may also authorize the Management Board to dispose of the shares in a form other than via the stock exchange or on the basis of an offer to all shareholders. According to the proposed resolution, the Management Board also requires the prior approval of the Supervisory Board for any use of the treasury shares.

In the alternative proposed here under agenda item 6 d) no. (2), the prerequisite is that the treasury shares are sold in accordance with Article 186 para. 3, clause 4 AktG at a price not significantly below the stock market price of already listed shares in the company with essentially equivalent features at the time of the sale. Hereby use is made of the option of a simplified exclusion of subscription rights, which is permitted by law and customary in practice. The concept of protecting shareholders against dilution is taken into account by the fact that the shares may be sold only at a price that is not significantly below that of the relevant stock market price. The final determination of the selling price for treasury shares is made shortly before the disposal. The Management Board will, with the consent of the Supervisory Board, specify the discount on the stock market price as low as this is possible at the market conditions prevailing at the time of placement. The discount on the stock market price will in no case be higher than 5% of the stock market price. Given strong competition on the capital markets, the option of selling treasury shares under exclusion of subscription rights and in a form other than via the stock exchange or by means of an offer to all shareholders is in the company's interest. This opens up the option for the company to offer its treasury shares quickly and flexibly to national and international investors, to expand the shareholder base and to stabilize the value of the share. The disposal at a purchase price that is not significantly below the stock market price and also limiting the total proportion of treasury shares that may be sold by excluding subscription rights in this way to a maximum of 10% of the share capital (at the time the authorization is taking effect and when exercising the authorization) ensure that the shareholders' financial interests are adequately protected. Other shares issued or sold during the term of the authorization under exclusion of subscription rights in direct or analogous application of Section 186 para. 3, clause 4 AktG are to be counted towards the maximum limit of 10% of the share capital. Shares to be issued to service option and/or conversion rights or obligations under option bonds and/or convertible bonds and/or profit participation rights are to be included as well, provided these bond or profit participation rights are issued during the term of this authorization to exclude the subscription right in accordance with Section 186 para. 3, clause 4 AktG. Since the treasury shares are placed at a price close to the stock market price, shareholders generally can purchase shares on the market at approximately the same terms in order to maintain their participation rate .

According to the resolution proposed under agenda item 6 d) no. (3), the company furthermore has the option of having treasury shares at its disposal, which it may offer as consideration when acquiring assets in kind, in particular in the context of corporate mergers, the acquisition of companies, parts of companies, equity interests in companies, other assets or claims to the acquisition of other assets, including receivables from the company, if such consideration is demanded. The proposed authorization should provide the company with the necessary room to maneuver to be able to quickly and flexibly utilize opportunities for such acquisitions or mergers as they arise. This taken into account by the proposed exclusion of subscription rights. In determining the valuation ratios, the Management Board and Supervisory Board will ensure that the shareholders' interests are adequately safeguarded. In particular, they will base their assessment of the value of the treasury shares granted as consideration on the stock market price of the company's shares. However, so as not to question any results of negotiation already achieved due to possible fluctuations in the stock market price, a systematic link to a stock market price is not provided for.

Moreover, under agenda item 6 d) no. (4), the Management Board should be authorized to use treasury shares in a way other than by way of an offer to all shareholders to pay a so-called scrip dividend. In case of a scrip dividend using treasury shares, shareholders are offered the option of assigning to the company their claim to payment of the cash dividend arising under the shareholder meeting's resolution on the appropriation of profits so as to receive treasury shares in return. The implementation of a scrip dividend using treasury shares may be carried out as an offer addressed to all shareholders, observing subscription rights and in compliance with the principle of equal treatment. As regards the practical execution of the scrip dividend, only whole shares are offered to the shareholders for subscription; with regard to the portion of the dividend entitlement that does not reach the subscription price for a whole share or exceeds it, the shareholders are referred to the receiving the cash dividend and to this extent cannot subscribe for shares. As a rule, no partial rights are offered and no trade in subscription rights or fractions thereof is set up, as the shareholders receive a cash dividend on a pro rata basis instead of the subscription of treasury shares. However, the Management Board also should be authorized to exclude shareholders' subscription rights in the context of implementing a scrip dividend so as to be able to implement the scrip dividend on optimum terms. Depending on the capital market situation, it may be beneficial to structure implementing the scrip dividend using treasury shares in such a way that the Management Board indeed offers treasury shares for subscription to all shareholders entitled to dividends against assignment of their dividend claim in compliance with the general principle of equal treatment (Section 53a AktG), and therefore grants shareholders a subscription right in economic terms. However, in so doing, the shareholders' subscription rights to new shares will be legally excluded. This exclusion of subscription rights allows for implementing the scrip dividend on flexible terms. Given the fact that all shareholders will be offered the treasury shares and that excess dividend amounts will be settled by way of paying the dividend in cash, an exclusion of subscription rights in this case appears to be justified and reasonable.

The authorization under agenda item 6 lit. d) no. (5) furthermore provides that the treasury shares acquired with the proposed authorization may be used under exclusion of the shareholders' subscription rights to satisfy conversion and/or option rights or conversion obligations under convertible bonds or option bonds issued by the company or its affiliates in which DIC Asset AG directly or indirectly holds a 100% interest. The proposed resolution does not create a new authorization to grant further conversion and/or option rights. It merely serves the purpose of giving management the option of using treasury shares to satisfy in whole or in part conversion and/or option rights or conversion obligations that have already been established on the basis of other authorizations, instead of using conditional capital. There will be no burdens on shareholders beyond the dilution effects that may be associated with an exclusion of subscription rights when issuing convertible and/or option bonds. The Management Board's flexibility instead is merely increased in that it does not necessarily need to service options and/or convertible bonds using conditional capital, but may also use treasury shares for this purpose if this appears more opportune given the specific situation in the interest of the company and its shareholders. At this time, there are not yet any conversion and/or option rights or conversion obligations that may be serviced by treasury shares; however, they might be created, for example, based on the authorization granted by the shareholders' meeting on 8 July 2020 to issue convertible and/or option bonds.

Finally, the treasury shares acquired based on this authorization resolution may be redeemed by the company according to the resolution proposed under agenda item 6 d) no. (1) without the need for the shareholders' meeting to adopt a new resolution for this purpose. Pursuant to Section 237 para. 3 no. 3 AktG, a company's shareholders' meeting may resolve to cancel its fully paid-up no-par value shares without this resulting in a need to reduce the company’s share capital. The proposed authorization explicitly provides for this alternative in addition to a redemption with capital reduction. The redemption of treasury shares without capital reduction automatically increases the arithmetical share of the remaining no-par value shares in the company's share capital. The Management Board therefore should also be authorized to carry out the required amendment to the Articles of Association with regard to a changed number of no-par value shares due to a redemption.

The shareholders' subscription rights to acquired treasury shares will be excluded insofar as pursuant to agenda item 6 d) (2) to (5), such shares are used in a way other than by sale at the stock exchange or by offer to all shareholders. Moreover, in case of a sale of treasury shares by way of an offer for sale to all shareholders, it should be possible to exclude shareholders' subscription rights for fractional amounts. The exclusion of subscription rights for fractional amounts is necessary in order to be technically able to execute the disposal of acquired treasury shares by way of an offer to the shareholders.

The treasury shares excluded from the shareholders' subscription right as fractions are used in a best possible manner for the company either by selling them at the stock exchange or in another way.

The use of treasury shares under exclusion of subscription rights pursuant to the authorizations under agenda item 6 d) will be considered only insofar as the proportionate amount of the share capital represented by the treasury shares used in this way, taking into account the shares issued from authorized capital during the term of the authorization under exclusion of subscription rights, shares sold based on other authorizations under exclusion of subscription rights, and new shares to be issued based on convertible and/or option bonds or participation rights issued during the term of the authorization under exclusion of subscription rights, does not exceed 20% of the share capital in total. For this purpose, either the share capital existing at the time the authorization becomes effective or the share capital existing at the time the treasury shares are sold is relevant, on whichever of these dates the amount of share capital is the lowest. This ensures in the shareholders' interests that the option of using treasury shares under exclusion of subscription rights is limited to a total share volume of 20% of the share capital, even when taking into account all other authorizations regarding the exclusion of subscription rights.

We note that in addition to the authorization to acquire and use treasury shares proposed under agenda item 6 and the new authorized capital 2021 proposed under agenda item 7 in an amount of up to EUR 16,117,405.00 cancelling the authorized capital 2020 the company has a conditional capital of up to EUR 15,814,309.00 pursuant to Section 6 of the Articles of Association to service option and/or conversion rights or conversion obligations under bonds with options and/or convertible bonds. New shares issued from the authorized capital 2021 under exclusion of subscription rights as well as new shares from the conditional capital 2021 that would be used to service options and/or convertible bonds issued under exclusion of subscription rights would count towards the above capital limit of 20% of the share capital for treasury shares used under exclusion of subscription rights.

When deciding on an acquisition and use of treasury shares, the Management Board will be guided solely by the best interests of the shareholders and the company.

The Management Board will inform the next shareholders’ meeting of the use of the above authorizations.

Frankfurt am Main, February 2021

DIC Asset AG

Management Board

Sonja Wärntges Christian Bock Johannes von Mutius Patrick Weiden

This English translation of the further explanations of shareholders' rights is provided for convenience purposes only.
Please note that the German text shall be the sole legally binding version.