DIC

Annual general meeting on 24 March 2021

Written report of the Management Board pursuant to Section 203 para. 2 clause 2, 186 para. 4 clause 2 AktG on item 7 of the agenda regarding the reasons for authorizing the Management Board to exclude shareholders' subscription rights when using the authorized capital 2021

The authorized capital 2020 resolved by the shareholders' meeting on 8 July 2020, which following partial uses has a remaining amount of EUR 14,298,830.00 at the time of convening the shareholders' meeting, is to be cancelled and renewed.

Under agenda item 7, Management Board and Supervisory Board propose to the shareholders' meeting the creation of new authorized capital 2021 in Section 5 of the Articles of Association in an amount of up to EUR 16,117,405.00, equivalent to approx. 20% of the current share capital.

Prior to cancellation of the authorized capital 2020 and the new authorized capital 2021 taking effect, it is intended to use the existing authorized capital 2020 for granting subscription rights to shareholders, to the extent required to grant a scrip dividend in accordance with the resolution to be adopted under agenda item 2.

For reasons of flexibility, the new authorized capital 2021 is to be used for capital increases both in cash and in kind. In case of capital increases from the authorized capital 2021, the company's shareholders generally have subscription rights. The shares may also be taken up by one or more banks or companies designated by the Management Board within the meaning of Section 186 para. 5 clause 1 AktG, with the obligation to offer them to the shareholders for subscription (indirect subscription right).

However, the Management Board should also be authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights,

- in order to exclude fractional amounts from shareholders' subscription rights;
- if the new shares are issued against cash contributions and if the issue price of the new shares is not significantly lower than the stock market price of shares already listed with essentially equivalent features. The number of

shares issued in this way, under exclusion of subscription rights, may not exceed 10% of the share capital, at either the time the authorization takes effect or at the time it is exercised. The maximum amount of 10% of the share capital is to include other shares issued or sold during the term of this authorization, under exclusion of subscription rights, in direct or analogous application of Section 186 para. 3 clause 4 AktG. Similarly, shares to be issued to service option and/or conversion rights or obligations under options and/or convertible bonds and/or profit participation rights are also to be included, provided that such bonds or profit participation rights are issued during the term of this authorization, under exclusion of subscription rights, in analogous application of Section 186 para. 3 clause 4 AktG;

- if the capital increase is made against contributions in kind, in particular, for the purpose of acquiring enterprises, parts of enterprises, equity interests in enterprises or other assets related to an acquisition project, or in the context of business combinations, or

- to the extent required to grant holders or creditors of options and/or convertible bonds with option and/or conversion rights or obligations, which have been or will be issued by the company or Group companies in which the company directly or indirectly holds a 100% interest, subscription rights to new shares to the extent they would be entitled as shareholders after exercising the option or conversion rights or after meeting conversion obligations as shareholders.

With regard to this authorization to exclude shareholders' subscription rights with the approval of the Supervisory Board, the Management Board submits the following report pursuant to Section 203 para. 2 clause 2, 186 para. 4 clause 2 AktG:

(1) Exclusion of subscription rights for fractional amounts

First, it should be possible to exclude the subscription right for fractional amounts. This authorization serves to ensure that a practicable subscription ratio can be presented 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 would be considerably more difficult, in particular in the case of a capital increase by round amounts. The new shares excluded from the shareholders' subscription rights as fractional amounts will be realized by the company as best possible, either by way of sale on the stock exchange or in another manner. Management Board and Supervisory Board therefore consider the authorization to exclude subscription rights adequate.

(2) Exclusion of subscription rights if the issue price of the new shares is not significantly lower than the stock market price and the shares issued in this way under exclusion of subscription rights do not exceed a 10% of the share capital in total.

It should furthermore be possible to exclude subscription rights if the new shares are issued in accordance with Section 203 para. 1 clause 1, 186 para. 3 clause 4 AktG against cash contributions in an amount not significantly lower than the stock market price, and if the total pro rata amount of the share capital represented by the issued shares does not exceed 10% of the share capital, either at the time the authorization takes effect or at the time it is exercised. The authorization enables the company to meet capital requirements even at short notice and in this way, to quickly and flexibly use market opportunities. The exclusion of subscription allows for very quick action without having to complete the subscription rights procedure, which is both more costly and time-consuming, and for placements close to the stock market price, i.e. without the usual discount for subscription issues. Such capital increases will furthermore enable the company to attract new investors in Germany and abroad. When exercising the authorization, the Management Board - with the approval of the Supervisory Board - will set the discount on the stock market price as low as possible in accordance with the market conditions prevailing at the time when the issue price is finally determined. The discount on the stock market price will in no case exceed 5% of the exchange price.

In addition, the extent of the cash capital increase under exclusion of subscription rights in accordance with Section 186 para. 3 clause 4 AktG) is limited to 10% of the share capital when the authorization takes effect or, if this amount is lower, when the authorization to exclude subscription rights is exercised. This 10% limit of the share capital is to include the shares issued or sold during the term of this authorization, under exclusion of subscription rights, in direct or analogous application of Section 186 para. 3 clause 4 AktG, e.g. treasury shares. Similarly, shares to be issued to service option and/or conversion rights or obligations under options and/or convertible bonds and/or profit participation rights are also to be included, provided that such bonds or profit participation rights are issued during the term of this authorization, under exclusion of subscription rights, in analogous application of Section 186 para. 3 clause 4 AktG; This cap takes into account the shareholders' need for protection against dilution of their shareholdings. As the new shares will be placed close to the stock market price, each shareholder will be able to acquire shares on the market on approximately the same terms in order to maintain their shareholding quota.

(3) Exclusion of subscription rights in case of capital increases against contributions in kind

In addition, there should be the option to exclude shareholders' subscription rights if the capital increase is made against contributions in kind, in particular, for the purpose of acquiring enterprises, parts of enterprises, equity interests in enterprises or other assets related to an acquisition project, or in the context of business combinations. This provides the company the scope required to utilize any upcoming opportunities to acquire other enterprises, equity interests in enterprises or in parts of enterprises, as well as for business combinations, but also for the acquisition of other assets that are essential to the company and related to an acquisition project, in a quick and flexible manner and in a way that preserves liquidity in order to improve the company's competitive position and strengthen its earning power. In the context of such transactions, frequently extremely high consideration has to be paid, which should or can no longer be paid in cash. In parts, the owners of attractive enterprises or other attractive acquisition targets also proactively demand shares in the purchaser as consideration. For the company to be able to acquire such enterprises or other acquisition targets, it must be able to offer shares as consideration. Since this type of acquisition usually takes place at short notice, it usually cannot be resolved by the shareholders' meeting, which generally convenes only once a year. This requires the creation of authorized capital which the Management Board - with the approval of the Supervisory Board - is able to access quickly. In such a case, the Management Board ensures that the shareholders' interests are safeguarded adequately when determining the valuation ratios. In so doing, the Management Board takes into account the stock market price of the company's shares. The Management Board will use this authorization only if subscription rights are excluded in the company's best interest in a particular case. Currently, there are no specific acquisition projects for which the option of capital increases against contributions in kind under exclusion of subscription rights granted by the proposed authorization is to be used.

(4) Exclusion of subscription rights to the extent this is required to grant holders or creditors of option and/or convertible bonds with option and/or conversion rights or conversion obligations a subscription right for new shares to the extent they would be entitled to after the exercise of the options or conversion rights or after the fulfilment of conversion obligations

Finally, the subscription right should be excluded to the extent required to grant the holders or creditors of option and/or convertible bonds which were issued by the company or group companies in which the company directly or indirectly holds a 100% stake, by using the authorized capital, a subscription right to new shares that is equivalent to the subscription right they have after having exercised the option or conversion right or after the fulfilment of a conversion obligation arising from these bonds. In order to make bonds easier to place on the capital market, the corresponding option or bond terms usually include dilution protection. One possibility to provide dilution protection is to give the holders or creditors of the bonds a subscription right to the new types of shares to which they are entitled in the event of subsequent share issues. They are put in the same position they would have had if they had been shareholders already. In order to provide the bonds with such a dilution protection, the shareholders' subscription right for new shares must be excluded. This is done to facilitate the placement of the bonds and thus to protect the interest of the shareholders in the best-possible financial structure for the company.

Alternatively, it is possible to reduce just the option or conversion price to achieve such dilution protection but only to the extent the option or bond terms allow this. However, this would be more complicated and costly for the company in terms of the settlement of these bonds. It would also reduce the inflow of capital from the exercise of option and conversion rights or conversion obligations. Another possibility would be to issue bonds without dilution protection. These would be much less attractive to the market, however.

In each individual case, the Management Board and the Supervisory Board will carefully consider whether they will exercise any of the authorizations to increase the capital and exclude the subscription rights of shareholders. They will only take advantage of this possibility if, in the opinion of the Management Board and the Supervisory Board, this is in the best interest of the company and therefore its shareholders.

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.