Written report by the Management Board pursuant to Sections 221 (4) Clause 2, 186 (4) Clause 2 AktG relating to agenda item 6 concerning the reasons to authorize the Management Board to exclude shareholders in the case of the issuance of convertible bonds or bonds with warrants

Under agenda item 6, the management proposes a new authorization to issue convertible bonds and/or bonds with warrants, and the creation of a new conditional capital. The authorization to issue convertible bonds and/or bonds with warrants (hereinafter also referred to jointly as "bonds") approved by the Annual General Meeting on 8 July 2015 and effective only until 7 July 2020, as well as the Conditional Capital 2015 / I, are to be cancelled and replaced by the proposed new authorization and a new conditional capital. The new authorization also allows the conditional capital to be adjusted to the level of share capital, which was increased in 2015.

The Management and Supervisory boards agree that the Company must be able at all times to respond rapidly and flexibly in national and international markets in the interests of its shareholders, and cover any financing requirements, potentially also without ordinary capital increases, including the expense and time loss connected with subscription rights processes. Appropriate capital re-sources and adequate financing are essential to the Company's development and growth. Depending on the market situation and taking into account the Company's specific financing needs, attractive financing opportunities can be exploited by issuing convertible bonds or bonds with warrants or by a combination of such instruments, if necessary in addition to other financing instruments such as a capital increase. In this way, the Company can be provided with low-interest debt capital and, if necessary, the Company's capital structure can be optimized. In addition, the issue of bonds opens up an opportunity to attract new investors, including so-called anchor investors. Bonds thereby offer an attractive financing alternative on the capital market in addition to or together with other common forms of raising equity or debt capital.

In the proposed authorization, the total nominal amount of the bonds is to be limited to EUR 200,000,000.00, and to the issuing of up to 7,222,313 new registered no-par-value shares. The possibilities included in the proposed resolution for granting conversion or warrant rights, for establishing conversion obligations and for further structuring of the financing instrument give the Company the necessary flexibility to successfully place bonds itself, or via Group companies managed by the Company, at market conditions.

As a matter of principle, shareholders have a subscription right in accordance with statutory provisions if the Company issues bonds. In order to facilitate processing, it should also be possible to utilize the option to issue the bonds to banks or comparable institutions with the obligation to offer them to the shareholders for subscription in accordance with the respective subscription right.

In the cases listed in the proposed resolution, however, the Company's Management Board is to be granted the possibility, with Supervisory Board assent, to wholly or partially exclude shareholders' statutory subscription rights in order to respond to short-term financing requirements in the well-understood interests of the Company, on the one hand, and to rapidly implement strategic decisions, on the other. Pursuant to the proposed resolution, excluding subscription rights should be permitted

(i) insofar as this is necessary for fractional amounts arising from the subscription ratio;
(ii) to the extent necessary to grant subscription rights to holders or creditors of warrant rights, conversion rights or conversion obligations from bonds issued or guaranteed by the Company

or Group companies to compensate for dilution to the extent to which they would be entitled after exercising the warrant rights or conversion rights or fulfilling the conversion obligation;

(iii) insofar as bonds are issued in return for non-cash contributions, in particular in the context of company mergers or for the (also indirect) acquisition of companies, operations, parts of companies, equity interests or other assets or claims to the acquisition of assets, including claims against the Company or its Group companies;

(iv) insofar as bonds are issued against cash payment, and the Management Board, after due examination, arrives at the conclusion that the bonds' issue price is not significantly lower than their theoretical market value determined in accordance with generally accepted methods of financial mathematics. However, this authorization to exclude the subscription right shall apply only to bonds with a warrant right, conversion right or conversion obligation for shares with a proportionate amount of the share capital that in total may not exceed 10% of the share capital, neither at the time of this authorization becoming effective nor, if this value is lower, at the time of exercising this authorization. Towards this limit shall count the pro rata amount of share capital represented by shares, or to which conversion and/or warrant rights or conversion obligations from bonds relate, that were issued or sold from treasury shares in analogous application of the provisions of Section 186 (3) Clause 4 AktG between the date this authorization was granted and the date on which it is exercised on the basis of another authorization of the Management Board to exclude subscription rights in direct or analogous application of the pro-visions of Section 186 (3) Clause 4 AktG that already existed at the date this authorization was granted, or that were sold from treasury shares in analogous application of the provisions of Section 186 (3) Clause 4 AktG.

The Management Board wishes to explain the authorization to exclude subscription rights for the aforementioned cases as follows:

First of all, provision is to be made to implement exclusions for fractional amounts. This authorization should enable a subscription ratio that can be implemented in technical terms. The exclusion of fractional amounts is reasonable and in line with market conditions in order to be able to establish a practicable subscription ratio. In addition, the potential dilution effect is generally very low due to the limitation to fractional amounts.

The exclusion of subscription rights in favor of the holders or creditors of already issued bonds in line with standard market practice may be advantageous, so that the conversion or option price for already issued bonds, which are normally endowed with an anti-dilution protection mechanism, does not need to be reduced. The exclusion of subscription rights proposed here therefore lies in the interest of the Company and its shareholders.

Furthermore, the Management Board is to be able to exclude shareholders' subscription rights, with the approval of the Supervisory Board, if the bonds are issued against non-cash contributions. In particular, this is intended to enable the Management Board to also utilize the bonds as acquisition currency in order to be able to acquire, in suitable individual cases as part of mergers, or in the course of the (also indirect) acquisition of companies, operations, parts of companies, equity interests or other assets or claims to the acquisition of assets, including claims against the Company or its Group companies. The Company faces global competition and must always be intent on improving its competitive position and on strengthening its profitability. To this end, it can make sense to ac-quire other companies, interests in companies or attractive assets, such as assets connected with acquisition projects. If such an opportunity arises, the Company must be able to realize such an acquisition rapidly, flexibly and in a manner that spares liquidity, including in the interests of its shareholders. The proposed authorization will enable the Management Board to respond quickly and flexibly to advantageous offers or opportunities on the national or international market and to take advantage of opportunities to expand the Company in return for issuing bonds in the interests of the Company and its shareholders. However, the Management Board will only utilize this authorization if the exclusion of subscription rights lies in the well-understood interests of the Company and its shareholders in the specific case. At present, no specific acquisition plans in the aforementioned sense exist.

Finally, it is proposed that the Management Board be authorized, subject to the consent of the Supervisory Board, to exclude shareholders' subscription rights to the extent that the issue of shares based on conversion or warrant rights or conversion obligations is limited to up to 10% of the Company's share capital. Any other issue of shares against cash capital contributions and any sale of treasury shares shall be counted towards this restriction, provided that such sale is effected during the term of this authorization on the basis of another authorization, already existing at the time this authorization is granted, of the Management Board to exclude subscription rights under exclusion of subscription rights in accordance with Section 186 (3) Clause 4 AktG. These deductions ensure that no convertible bonds and/or bonds with warrants shall be issued if this would result in the exclusion of shareholders' subscription rights for a total of more than 10% of the share capital in direct or indirect application of Section 186 (3) Clause 4 AktG. In this case, the exclusion of the subscription right gives the Company the necessary flexibility to take advantage of favorable capital market situations at short notice and to achieve better conditions in determining the coupon rate and issue price of the bond and, if necessary, a significantly higher inflow of funds by fixing the conditions in line with the market. In this context, it must also be taken into account that, in the case of a rights issue of bonds, the issue price can generally only be determined immediately prior to placement in order to avoid risks relating to changes in prices during the subscription period. Furthermore, in the case of an issue of bonds with subscription rights, the successful placement would be jeopardized due to the uncertainty regarding the utilization of the subscription rights, or would in any case be associated with additional expenses and significantly longer lead or preparation times. As market conditions may change during this period as well as during a subscription period, a not inconsiderable safety margin would have to be granted in order to ensure the attractiveness of the conditions, and thereby the prospects of success of the respective issue for the entire offer period. As the Management Board will not set the issue price of the bonds significantly below their notional market value determined in accordance with recognized financial mathematical methods, shareholders will be adequately and sufficiently protected with regard to a dilution of their participation in the share capital. When fixing the price, the Management Board will keep the discount from this market value as low as possible, taking into account the respective situation on the capital market, so that the arithmetical value of a subscription right to the bonds reduces to almost zero. Accordingly, the shareholders cannot suffer any significant economic disadvantage as a result of the exclusion of subscription rights. Shareholders who wish to maintain their interest in the Company's share capital can do so by purchasing additional shares on the market, at approximately the same conditions, promptly after the terms of issue of the bonds have been fixed.

Considering all the aforementioned circumstances, the Company's Management and Supervisory boards regard the exclusion of shareholders' statutory subscription rights in the aforementioned instances as objectively justified and appropriate for shareholders for the reasons set out in each case. The Management and Supervisory boards have also refrained from including in the proposed resolution a general percentage limit to an exclusion of subscription rights based on the level of share capital – for instance to 20% of the share capital. Given the comparatively low level of share capital, such a limit would limit in advance the Company's options, especially to acquire other companies or interests in companies against non-cash capital contributions. At the same time, this would deprive the Company of opportunities to expand the Company's operating activities through an attractive acquisition, and to sustainably enhance the Company's value, including in the shareholders' interests. For this reason, the Management Board is not to be deprived of the opportunity, through an additional wide-ranging restriction of the exclusion of subscription rights extending beyond statutory requirements, to issue convertible bonds or bonds with warrants, including under exclusion of subscription rights, in the legally envisaged framework and pursuant to the considerations presented here.

In each case, the Management and Supervisory boards shall examine carefully whether and to what extent use can be made of the authorization to issue convertible bonds or bonds with warrants under exclusion of subscription rights. Such a possibility will only be utilized if the Management and Supervisory boards believe that it lies in the well-understood interest of the Company and consequently of its shareholders.

The Management Board will inform the next ordinary AGM concerning utilization of the above authorizations to exclude subscription rights.