



Invitation to
the Annual General
Meeting
2018

JOST Werke AG

Invitation to the Annual General Meeting 2018

**JOST Werke AG
Neu-Isenburg**

**WKN JST400
ISIN DE000JST4000**

We invite our shareholders of our company to the

Annual General Meeting

on Friday, May 4, 2018, at 11:00 (CEST)

at the

Mercure Hotel Frankfurt Airport Neu-Isenburg

Frankfurter Strasse 190

63263 Neu-Isenburg, Germany.

I. AGENDA

- 1. Presentation of the adopted annual financial statements and the approved consolidated financial statements, the combined management report (including the explanatory report of the Management Board on information related to takeovers), the report of the Supervisory Board, and the proposal of the Management Board for the appropriation of the net retained profits, all for the fiscal year ending on December 31, 2017**

These documents will be available on the company's website at ir.jost-world.com/hv from the day that the Annual General Meeting is convened. They will also be displayed during the Annual General Meeting.

The annual financial statements for the 2017 fiscal year drawn up by the Management Board on March 14, 2018 were approved by the Supervisory Board in accordance with Section 171 Sentence 1 of the Aktiengesetz (AktG – German Stock Corporation Act) on March 20, 2018; the annual financial statements are thus adopted. The Supervisory Board approved the consolidated financial statements at the same time. A resolution of the Annual General Meeting to adopt the annual financial statements or to approve the consolidated financial statements pursuant to Section 173 AktG is therefore not required. The other documents mentioned above only have to be made available to the Annual General Meeting in accordance with Section 176(1) Sentence 1 AktG without a resolution – with the exception of the resolution on the appropriation of the profits, which is made under Item 2 of the agenda – being required.

2. Resolution on the appropriation of the net retained profits for the 2017 fiscal year

The Management Board and the Supervisory Board propose that the net retained profits of EUR 7,450,000.00 reported in the annual financial statements for the 2017 fiscal year be appropriated as follows:

Distribution of a dividend of EUR 0.50 per no-par share entitled to dividends	
totaling	EUR 7,450,000.00
Carryforward to new account	EUR 0.00
<hr/>	
Net retained profits	EUR 7,450,000.00

Upon the adoption of the proposed resolution, the following shall apply to the payment of the dividend: As the dividend will be paid out in full from the contribution account for tax purposes within the meaning of Section 27 of the Körperschaftsteuergesetz ([KStG – German] Corporation Income Tax Act), the payment is made without deducting withholding tax and the solidarity surcharge. For shareholders in Germany, the dividends are not subject to tax. A tax refund or tax credit option is not associated with the dividend.

In accordance with Section 58(4) Sentence 2 AktG, the dividend is paid on the third business day following the resolution of the Annual General Meeting, i.e. on May 9, 2018.

3. Resolution on the formal approval of the actions of the members of the Management Board for the 2017 fiscal year

The Management Board and the Supervisory Board propose granting formal approval of the actions of the members of the Management Board in office during the 2017 fiscal year for this period.

4. Resolution on the formal approval of the actions of the members of the Supervisory Board for the 2017 fiscal year

The Management Board and the Supervisory Board propose granting formal approval of the actions of the members of the Supervisory Board in office during the 2017 fiscal year for this period.

5. Election of the auditor for the 2018 fiscal year

Supported by the recommendation of the Audit Committee, the Supervisory Board proposes that PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, be elected as the auditor of the annual and consolidated financial statements for the 2018 fiscal year.

In its recommendation, the Audit Committee states that PricewaterhouseCoopers is free from improper influence by third parties and no clause of the type specified in Article 16(6) of the EU Audit Regulation (Regulation (EU) No 537/2014 of the European Parliament and of the Council of April 16, 2014 on specific requirements regarding

statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC) has been imposed upon it.

6. Resolution on the issuing of authorization to acquire and to use treasury shares

The company has to date not had any authorization to acquire and to use treasury shares as provided in Section 71(1) No. 8 AktG. In order to keep all courses of action open to the company as required in the future, authorization of this kind is now to be created.

The Management Board and the Supervisory Board propose the following resolution:

- a) The company is authorized pursuant to Section 71(1) No. 8 AktG to acquire treasury shares of the company in the scope of up to 10 per cent in total of the share capital existing at the time the resolution is adopted or at the time the authorization is exercised – whichever is the lower – up to May 3, 2023 within the framework of the statutory limits. No more than 10 per cent of the share capital may be allotted at any time to shares acquired on the basis of this authorization together with other treasury shares that are in the possession of or are to be attributed to the company pursuant to Sections 71a et seq. AktG. The authorization may not be used by the company for the purposes of trading in treasury shares.
- b) The authorization under a) may be exercised by the company in whole or in part, on one or more occasions, in pursuit of one or more purposes. It may also be exercised by companies controlled by the company or in which the company directly or indirectly holds a majority share or by third parties engaged by the company or by these companies.
- c) At the discretion of the Management Board, the shares may be acquired (1) on the stock exchange or (2) through a public purchase offer of the company addressed to all shareholders or through a public invitation to submit an offer of this kind.
 - (1) In the event that the acquisition is made on the stock exchange, the equivalent value per share of JOST Werke AG (excluding incidental acquisition costs) paid by the company may be no more than 10 per cent higher and no more than 20 per cent lower than the average closing price per share of JOST Werke AG in the XETRA trading system (or a comparable successor system) on the Frankfurt Stock Exchange on the last three trading days before the obligation to acquire the shares. The Management Board of the company determines the more detailed organization of the acquisition.
 - (2) If the acquisition is made through a public purchase offer by JOST Werke AG or through a public invitation to submit a purchase offer, the purchase price offered or the threshold value of the purchase price range per share of JOST Werke AG (excluding incidental acquisition costs) may be no more than 10 per cent higher and no more than 20 per cent lower than the average closing price of the JOST Werke AG share in the XETRA trading system (or a comparable successor system) on the Frankfurt Stock Exchange on the last three trading days before the day that the public purchase offer or the public invitation to submit a purchase offer is published. The Management Board of the company determines the further details of the organization of the offer or of the public invitation addressed to all shareholders to submit purchase offers.

If there are substantial deviations in the price from the purchase price offered or the threshold values of the purchase price range after a purchase offer or the public invitation to submit a purchase offer has been published, the offer or the invitation to submit an offer of this kind may be adjusted. In this event, the average of the closing prices on the last three trading days before any adjustment was published shall be taken as the basis. In addition to the option to adjust the purchase price or the purchase price range, the purchase offer or the invitation to submit an offer of this kind can stipulate a time period for acceptance or submission of an offer as well as other conditions.

If the number of the JOST Werke AG shares that the company offers to purchase or that the shareholders offer for sale exceeds the available buyback volume, the acquisition can take place based on the proportion of shares offered for purchase or sale per shareholder subject to the partial exclusion in this regard of any preemptive right that may exist. Preferential consideration or acceptance of small volumes of up to 100 of the shares offered for acquisition per shareholder as well as commercial rounding can be stipulated.

- d) The Management Board is authorized, with the approval of the Supervisory Board, to sell treasury shares of the company that are acquired on the basis of the above authorization or otherwise on the stock exchange or through an offer to all shareholders in proportion to their equity interest. Furthermore, the shares of the company acquired on the basis of the above authorization or otherwise may be used for all purposes permitted by law and especially also as follows:
- (1) They can be sold to third parties in exchange for cash at a price that is not significantly lower than the stock market price of shares of the company of the same structure at the time of sale. In this event, the number of the shares to be sold may not exceed in total 10 per cent of the share capital at the time the resolution is adopted by today's Annual General Meeting or 10 per cent of the share capital at the time the shares of the company are sold – whichever is the lower. Shares that are issued or used during the term of this authorization subject to the exclusion of the subscription right in direct application or application mutatis mutandis of Section 186(3) Sentence 4 AktG are to be credited to the limit of 10% of the share capital. Furthermore, shares that are issued or have to be issued to serve option and/or convertible bonds if the bonds are issued during the term of this authorization in application mutatis mutandis of Section 186(3) Sentence 4 AktG subject to the exclusion of the subscription right are to be offset against the limit of 10 per cent of the share capital.
 - (2) They can be issued to fulfill obligations arising from bonds with option and/or conversion rights or option and/or conversion obligations that are issued by the company and/or by companies controlled by the company or in which the company directly or indirectly holds a majority share.
 - (3) They can be issued in return for assets, including claims against the company, especially in the context of business combinations or in connection with the acquisition of companies, parts of companies or equity interests in companies.
 - (4) They can be offered or promised and transferred to employees of the company or companies affiliated with the company as well as members of

executive bodies of companies affiliated with the company in connection with share-based remuneration or employee share programs.

- (5) They can be issued to members of the Management Board as an element of the variable compensation in fulfillment of applicable remuneration agreements. In this event, the responsibility lies with the Supervisory Board of JOST Werke AG and this authorization is valid for the Supervisory Board.
 - (6) They can be redeemed without the redemption or its implementation requiring a further resolution of the Annual General Meeting. The Management Board can decide that the share capital will be reduced upon redemption; in this case, the Management Board is authorized to reduce the share capital by the amount of the share capital allotted pro rata to the redeemed shares and to amend the number of shares and the share capital indicated in the Articles of Association accordingly. The Management Board can also decide that the share capital remains unchanged during the redemption and that the proportion of the other shares in the capital is instead increased by the redemption in accordance with Section 8(3) AktG. The Management Board is also authorized in this case to amend the indication of the number of shares in the Articles of Association accordingly.
- e) The subscription right of the shareholders shall be excluded to the extent that treasury shares are used in accordance with the above authorizations in d) (1) to (5). Furthermore, the Management Board is authorized in the event of a sale of treasury shares by an offer to the shareholders to grant with the approval of the Supervisory Board a subscription right to the shares to holders or creditors of bonds with conversion and/or option rights or corresponding conversion and/or option obligations that are issued by the company or by companies controlled by the company or in which the company directly or indirectly holds a majority share to the extent to which they would be entitled after exercising the conversion or option right or after fulfilling the conversion or option obligation; the subscription right of the shareholders is excluded to this extent.

This authorization is limited to the extent that after the authorization is exercised the sum of the shares used in this way may not exceed 20 per cent of the share capital existing at the time the authorization comes into effect or at the time the authorization is utilized, whichever is the lower. Shares that are issued from authorized capital during the term of the above authorization while excluding the subscription right are also to be credited to this 20 per cent limit; furthermore, shares that are issued as a result of the exercising of option and/or conversion rights or option/conversion obligations attached to bonds are to be credited if the related bonds are issued during the term of this authorization subject to the exclusion of the subscription right.

- f) The above authorizations under d) and e) Sentence 2 can be utilized by the company in whole or in part, on one or more occasions, individually or jointly, the authorizations under d) (1) to (4) and e) Sentence 2 also by companies controlled by the company or in which the company directly or indirectly holds a majority share or by third parties acting for their account or for the account of the company. If shares are used as consideration in accordance with the authorization pursuant to d) (3), this can also take place in combination with other forms of consideration. Treasury shares that have been acquired can also be transferred to companies controlled by the company or in which the company directly or indirectly holds a majority share.

7. Resolution on the cancellation of the existing Authorized Capital 2017 and the creation of new Authorized Capital 2018 and the corresponding amendments to the Articles of Association

The Articles of Association currently provide authorized capital in the amount of EUR 5,000,000.00 (Authorized Capital 2017). This Authorized Capital 2017 has not been utilized to date.

The Authorized Capital 2017 contains some special features that were required as a result of the IPO and for which there is no more need. Against this background, the Management Board and the Supervisory Board consider it appropriate to replace the Authorized Capital 2017 by new authorized capital with an increased total volume, in which the option to exclude the subscription right will now be limited to a maximum of 20 per cent of the share capital (Authorized Capital 2018).

The Management Board and the Supervisory Board propose the following resolution:

- a) The current authorization of the Management Board to increase the share capital by issuing new shares in accordance with Article 5 of the Articles of Association shall be canceled from the time that the new authorization pursuant to b) comes into effect.
- b) The Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital of the company up to May 3, 2023 on one occasion or in partial amounts by a total of up to EUR 7,450,000.00 by issuing new no-par bearer shares in return for cash and/or non-cash contributions (Authorized Capital 2018). In the case of cash contributions, the new shares can also be taken over, with the approval of the Supervisory Board, by one or more banks or another company fulfilling the requirements of Section 186(5) Sentence 1 AktG with the obligation to offer them exclusively to the shareholders for subscription (indirect subscription right). A subscription right is to be granted to the shareholders in principle. However, the Management Board is authorized to exclude the subscription right of the shareholders with the approval of the Supervisory Board:
 - in order to remove fractional amounts from the subscription right;
 - if the capital increase is carried out in return for cash contributions and the issue amount of the new shares does not significantly fall below the stock market price of the shares already listed at the time the issue amount is finally determined, which should be carried out as close as possible in time to the placement of the shares. The number of shares issued while the subscription right is excluded pursuant to Section 186(3) Sentence 4 AktG may in total not exceed 10 per cent of the share capital either at the time this authorization takes effect or at the time this authorization is exercised. Shares that are issued or are to be issued on account of option or convertible bonds are to be credited to this number if the bonds are issued during the term of this authorization in application mutatis mutandis of Section 186(3) Sentence 4 AktG subject to the exclusion of the subscription right; furthermore, shares that are issued or sold during the term of this authorization in direct application or in application mutatis mutandis of Section 186(3) Sentence 4 AktG are to be credited to this number;

- if it is necessary in order to grant a subscription right to holders or creditors of option and/or conversion rights or corresponding option and/or conversion obligations arising from bonds that are issued by the company and/or by companies controlled by the company or in which the company directly or indirectly holds a majority share to the extent to which they would be entitled after exercising their option and/or conversion right or after fulfilling the option and/or conversion obligation;
- if the capital increase is carried out in return for non-cash contributions, in order to grant shares within the framework of business combinations or for the purpose of acquiring companies, parts of companies, equity interests in companies or other assets;
- in order to issue new shares up to a pro rata amount of the share capital of EUR 447,000.00 in total as employee shares to employees of the company or affiliated companies within the meaning of Sections 15 et seq. AktG;
- in order to grant a scrip dividend, in which the shareholders are offered the option of depositing their dividend entitlement (in full or in part) in the company as a non-cash contribution in return for the granting of new shares from the authorized capital.

The Management Board is further authorized, with the consent of the Supervisory Board, to determine all other details of the share rights and the terms and conditions of the share issue. The Supervisory Board is authorized to amend the wording of the Articles of Association in line with the respective utilization of the Authorized Capital 2018 or after the authorization period expires.

This authorization is limited to the extent that after the authorization is exercised the sum of the shares issued under this authorized capital while excluding the subscription right may not exceed 20 per cent of the share capital existing at the time the authorization comes into effect or at the time the authorization is utilized, whichever is the lower. Treasury shares that are sold during the term of the above authorization subject to the exclusion of the subscription right and shares that are issued from any other authorized capital during the term of the above authorization subject to the exclusion of the subscription right are also to be credited to this 20 per cent limit; furthermore, shares that are issued as a result of the exercising of option and/or conversion rights or option/conversion obligations attached to bonds are to be credited if the related bonds are issued during the term of this authorization subject to the exclusion of the subscription right.

- c) Article 5 of the Articles of Association shall be revised as follows when this resolution comes into effect through entry in the commercial register:

“The Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital of the company up to May 3, 2023 on one occasion or in partial amounts by a total of up to EUR 7,450,000.00 by issuing new no-par bearer shares in return for cash and/or non-cash contributions (Authorized Capital 2018). In the case of cash contributions, the new shares can also be taken over from the Management Board, with the approval of the Supervisory Board, by one or more banks or another company fulfilling the requirements of Section 186(5) Sentence 1 AktG with the obligation to offer them exclusively to the shareholders for subscription (indirect subscription right). A subscription right is to be granted to

the shareholders in principle. However, the Management Board is authorized to exclude the subscription right of the shareholders with the approval of the Supervisory Board:

- in order to remove fractional amounts from the subscription right;
- if the capital increase is carried out in return for cash contributions and the issue amount of the new shares does not significantly fall below the stock market price of the shares already listed at the time the issue amount is finally determined, which should be carried out as close as possible in time to the placement of the shares. The number of shares issued while the subscription right is excluded pursuant to Section 186(3) Sentence 4 AktG may in total not exceed 10 per cent of the share capital either at the time this authorization takes effect or at the time this authorization is exercised. Shares that are issued or are to be issued on account of option or convertible bonds are to be credited to this number if the bonds are issued during the term of this authorization in application mutatis mutandis of Section 186(3) Sentence 4 AktG subject to the exclusion of the subscription right; furthermore, shares that are issued or sold during the term of this authorization in direct application or in application mutatis mutandis of Section 186(3) Sentence 4 AktG are to be credited to this number;
- if it is necessary in order to grant a subscription right to holders or creditors of option and/or conversion rights or corresponding option and/or conversion obligations arising from bonds that are issued by the company and/or by companies controlled by the company or in which the company directly or indirectly holds a majority share to the extent to which they would be entitled after exercising their option and/or conversion right or after fulfilling the option and/or conversion obligation;
- if the capital increase is carried out in return for non-cash contributions, in order to grant shares within the framework of business combinations or for the purpose of acquiring companies, parts of companies, equity interests in companies or other assets;
- in order to issue new shares up to a pro rata amount of the share capital of EUR 447,000.00 in total as employee shares to employees of the company or affiliated companies within the meaning of Sections 15 et seq. AktG;
- in order to grant a scrip dividend, in which the shareholders are offered the option of depositing their dividend entitlement (in full or in part) in the company as a non-cash contribution in return for the granting of new shares from the authorized capital.

The Management Board is further authorized, with the consent of the Supervisory Board, to determine all other details of the share rights and the terms and conditions of the share issue. The Supervisory Board is authorized to amend the wording of the Articles of Association in line with the respective utilization of the Authorized Capital 2018 or after the authorization period expires.

This authorization is limited to the extent that after the authorization is exercised the sum of the shares issued under this authorized capital while excluding the

subscription right may not exceed 20 per cent of the share capital existing at the time the authorization comes into effect or at the time the authorization is utilized, whichever is the lower. Treasury shares that are sold during the term of the above authorization subject to the exclusion of the subscription right and shares that are issued from any other authorized capital during the term of the above authorization subject to the exclusion of the subscription right are also to be credited to this 20 per cent limit; furthermore, shares that are issued as a result of the exercising of option and/or conversion rights or option/conversion obligations attached to bonds are to be credited if the related bonds are issued during the term of this authorization subject to the exclusion of the subscription right.”

- d) The Management Board is instructed to register the cancellation of the existing Authorized Capital 2017 in accordance with a) of the resolution under this Item 7 of the agenda and the creation of new Authorized Capital 2018 with the corresponding amendment to Article 5 of the Articles of Association in accordance with c) and b) with the companies register subject to the proviso that the entry of the cancellation of the existing Authorized Capital 2017 in accordance with a) of the resolution is carried out only when it is ensured that the resolution on Article 5 of the Articles of Association is entered in accordance with c) of the resolution immediately afterwards.

8. Resolution on the authorization to issue option and/or convertible bonds, participation rights and/or participating bonds (or combinations of these instruments) as well as the creation of new Contingent Capital 2018 and the corresponding amendment of the Articles of Association

Suitable capital resources provide an essential basis for the development of the company. One possible financing instrument is represented by option and convertible bonds, through which the company attracts low-interest debt capital that may in certain circumstances remain available to it later in the form of equity. In order to keep all courses of action open to the company as required in the future (including the issuing of participation rights or participating bonds), the Management Board and the Supervisory Board consider it advisable to create appropriate authorization to issue instruments of this kind as well as Contingent Capital 2018, which serves to operate the authorization if required. The possibility of excluding the subscription right should be limited here in such a way that shares that are issued as a result of option and conversion rights being exercised may not exceed 20 per cent of the share capital.

The Management Board and the Supervisory Board propose the following resolution:

a) Authorization to issue option and/or convertible bonds, participation rights and/or participating bonds (or combinations of these instruments)

The Management Board is authorized, with the approval of the Supervisory Board, to issue bearer and/or registered option and/or convertible bonds, participation rights and/or participating bonds (or combinations of these instruments) (together referred to as “bonds”) in a total nominal amount of up to EUR 350,000,000.00 with or without a maturity restriction on one or more occasions up to May 3, 2023 and to grant the holders or creditors of bonds option and/or conversion rights (also with option or conversion obligations or options to sell on the part of the company) for a total of up to 7,450,000 new no-par value bearer shares of the company with a pro rata amount of the share capital of up to EUR 7,450,000.00 under the more detailed terms and conditions of the conditions of the bonds. The bonds can also be issued in return for the performance of a non-cash contribution.

The bonds can be issued in euro or – subject to being limited to the corresponding equivalent value – in a foreign legal currency, for example of an OECD country. They can also be issued by companies controlled by the company or in which the company directly or indirectly holds a majority share (hereinafter referred to as “Group companies”) with the registered office in Germany or abroad. In this event, the Management Board shall be authorized to assume the guarantee for the bonds for the company and to grant the holders of bonds of this kind option or conversion rights (also with option or conversion obligations or options to sell on the part of the company) for no-par bearer shares of the company.

The bonds can be structured with a fixed or variable interest rate.

The bonds can be divided into partial bonds.

In the event that option bonds are issued, one or more warrants shall be attached to each partial bond, which entitle the holder to subscribe for no-par bearer shares of the company in accordance with the option conditions to be established by the Management Board. Furthermore, it can be stipulated that fractions shall be consolidated and if appropriate combined in return for an additional payment so that whole shares can be subscribed for and/or settled in cash. The terms and conditions of options can also stipulate that the option price can be settled by the transfer of partial bonds and, where appropriate, an additional cash payment. The same applies when warrants are attached to a participation right or a participating bond.

In the event that convertible bonds are issued, the holders receive the right to convert their partial bonds into no-par bearer shares of the company in accordance with the terms and conditions of convertible bonds to be defined in more detail by the Management Board. The conversion ratio is produced by dividing the nominal amount or the issue price of a partial bond that is below the nominal amount by the conversion price that has been fixed for a no-par bearer share of the company and can be rounded up or down to a whole number; if appropriate, an additional payment to be made in cash can be set. It can also be stipulated that fractions shall be consolidated and/or settled in cash. The same shall apply for convertible participation rights and convertible participating bonds.

The proportion of the share capital of the company’s no-par shares to be issued per partial bond may not exceed the nominal amount of the partial bond. Section 9(1) AktG and Section 199 AktG remain unaffected.

The terms and conditions of the bonds can also stipulate an option or a conversion obligation or a right of the company at the end of the maturity or at another time (both also referred to as “final maturity”) to grant shares in the company or in another listed company in full or in part in lieu of the payment of the monetary amount that is due to the holders of the bonds upon the final maturity of the bonds.

The terms and conditions of the bonds can also stipulate the right of the company not to grant new shares in the event that the option or conversion is exercised or an option of the company to sell is exercised, but to pay the equivalent value in cash. The bond terms and conditions can further stipulate that the bonds can be converted at the discretion of the company into new shares from authorized capital, into existing shares of the company, or into shares of another listed company instead of into new shares from contingent capital or that an option right or option obligation can be fulfilled by delivering shares of this kind or the offer of shares by the company can be carried out using shares of this kind.

The option or conversion price to be set each time must, with the exception of cases in which an option or conversion obligation or an option to sell on the part of the company is provided, amount to no less than 80 per cent of the weighted average of the stock market prices of the shares of the company in the XETRA trading system (or a comparable successor system) on the Frankfurt Stock Exchange during the last 10 trading days before the day that the decision to issue the bonds is taken by the Management Board or – in the event that a subscription right is granted – no less than 80 per cent of the weighted average of the stock market prices of the shares of the company in the XETRA trading system (or a comparable successor system) on the Frankfurt Stock Exchange in the period from the commencement of the subscription period up to (and including) the third day before the final conditions are announced in accordance with Section 186(2) Sentence 2 AktG. This also applies in the event of a variable conversion ratio or a variable conversion price. In the case of bonds with an option and/or conversion obligation or an option to sell on the part of the company to deliver shares, the option or conversion price of a share can be equivalent to the weighted average of the stock market prices of the shares of the company in the XETRA trading system (or a comparable successor system) on the Frankfurt Stock Exchange during the 10 trading days before or after the date of final maturity or another time that has been set, even if this average price is lower than the minimum price stated above (80 per cent). Section 9(1) AktG in conjunction with Section 199(2) AktG has to be complied with.

If the company increases its share capital or sells treasury shares, in each case while granting a subscription right to its shareholders, during the option or conversion period, or if it issues, grants, or guarantees further option or convertible bonds or option or conversion rights while granting a subscription right to its shareholders and does not in the above-mentioned cases grant to the holders of existing option or conversion rights a subscription right for these as they would be entitled to as shareholders after exercising the option or conversion right or fulfilling their option or conversion obligations or after tendering shares, or if the share capital is increased as a result of a capital increase from company funds, it can be ensured through the terms and conditions of the bonds that the financial value of the existing option and conversion rights remains unaffected by adjusting the option or conversion rights to preserve their value if this adjustment is not already regulated as mandatory by law. This applies *mutatis mutandis* in the event of a capital reduction or other capital measures, of restructuring, of third parties gaining control, of the payment of a dividend, or other comparable measures that lead to a dilution of the value of the option or conversion rights or obligations. Section 9(1) AktG and Section 199 AktG remain unaffected.

The shareholders are entitled to a subscription right in principle, i.e. the bonds have to be offered in principle to the shareholders of the company for subscription. The bonds can also be taken over by one or more banks or companies within the meaning of Section 186(5) Sentence 1 AktG specified by the Management Board with the obligation to offer them to the shareholders of the company for subscription (indirect subscription right). If bonds of Group companies of the company are issued, the company ensures for the shareholders of the company that the subscription right is granted accordingly.

However, the Management Board is authorized to exclude the subscription right of the shareholders for bonds with the approval of the Supervisory Board:

- for fractional amounts that result on account of the subscription ratio;
- if after conducting an examination with due care and diligence the Management Board comes to the opinion that issue price is not significantly lower than the theoretical market value of the bonds calculated using recognized methods of financial mathematics. However, this authorization to exclude the subscription right applies only for bonds that are issued in exchange for cash with an option or conversion right (also with an option or conversion obligation or an option to sell on the part of the company) for shares accounting in total for a proportion of the share capital of no more than 10 per cent of the share capital existing at the time that this authorization comes into effect or the time that this authorization is exercised, whichever is the lower. The proportion of the share capital that is allotted to shares that are issued or sold during the term of this authorization in direct application or in application mutatis mutandis of Section 186(3) Sentence 4 AktG has to be taken into account in this ceiling of 10 per cent of the share capital; shares that are issued to service option and/or conversion rights or option and/or conversion obligations that have been established during the term of this authorization as a result of the issue of bonds on account of any other authorization while excluding the subscription right in application mutatis mutandis of Section 186(3) Sentence 4 AktG are also to be taken into account in the above-mentioned ceiling;
- if it is necessary in order to grant to holders or creditors of bonds with option and/or conversion rights or option and/or conversion obligations or options to sell that are issued by the company or its group companies a subscription right to bonds to the extent to which they would be entitled as shareholders after exercising their option and/or conversion right or after fulfilling option and/or conversion obligations or after tendering shares;
- if the bonds are issued in exchange for non-cash contributions, in particular in connection with business combinations or for the purpose of acquiring companies, parts of companies, equity interests in companies, or other assets, if the value of the non-cash contribution is in reasonable proportion to the value of the bonds; the theoretical market value of the bonds to be calculated using recognized methods of financial mathematics is the key factor here;
- if participating bonds and/or participation rights are issued without option or conversion rights or option or conversion obligations when these participating bonds and/or participation rights are structured in a similar way to bonds, i.e. when they do not establish any membership rights in the company, do not grant any share in the liquidation proceeds, and the level of the interest rate is not calculated on the basis of the amount of the net income, the net retained profit, or the dividend; furthermore, the interest rate and the issue amount of the participating bonds and/or participation rights must be consistent with the market conditions prevailing at the time of the issue.

This authorization is limited to the extent that the shares issued under this authorization after the option and conversion rights and option and conversion obligations have been exercised while excluding the subscription right may not

exceed 20 per cent of the share capital existing at the time the authorization comes into effect or at the time the authorization is utilized, whichever is the lower. Treasury shares that are sold during the term of the above authorization subject to the exclusion of the subscription right and shares that are issued from authorized capital during the term of the above authorization subject to the exclusion of the subscription right are also to be credited to this 20 per cent limit; furthermore, shares that are issued as a result of the exercising of option and/or conversion rights or option/conversion obligations attached to bonds are to be credited if the related bonds are issued during the term of this authorization on the basis of another authorization while excluding the subscription right.

The Management Board is further authorized, with the approval of the Supervisory Board, to stipulate the further details of the issuance and structure of the bonds, in particular the interest rate and type of interest, issue price, term and denomination, anti-dilution provisions, option or conversion period, and the option and conversion price or to define these details in agreement with the executive bodies of the group companies issuing the bonds.

b) Creation of Contingent Capital 2018 plus corresponding amendments of the Articles of Association

The share capital of the company will be contingently increased by up to EUR 7,450,000.00 through the issue of up to 7,450,000 new no-par bearer shares (Contingent Capital 2018). The contingent capital increase serves to grant bearer shares when option and/or conversion rights are exercised (or when corresponding option and/or conversion obligations are fulfilled), or when the company decides to exercise an option to grant no-par shares in full or in part in lieu of payment of the monetary amount that is due, to the holders or creditors of option and/or convertible bonds, participation rights and/or participating bonds (or combinations of these instruments) with option and/or conversion rights or option and/or conversion obligations or options to sell on the part of the company that are issued in accordance with the above authorization under a). The contingent capital increase is to be carried out only in the event that bonds that are structured with option and/or conversion rights and option and/or conversion obligations are issued, in accordance with the above authorization under a), and only if use is made of option or conversion rights, or option or conversion obligations arising from bonds of this kind are fulfilled, or if the company exercises an option to grant no-par shares of the company in full or in part in lieu of payment of the monetary amount that is due, and in each case if a cash settlement is not granted or treasury shares or shares from another listed company are not used for servicing. The new shares are issued at the option or conversion price to be determined in each case in accordance with the above authorization under a). The new shares participate in the profit from the beginning of the fiscal year in which they are created; if permitted by law, the Management Board can, with the approval of the Supervisory Board, lay down that new shares also participate in the profit in deviation from this for a fiscal year that has already closed. The Management Board is authorized to stipulate the further details of the implementation of the contingent capital increase with the approval of the Supervisory Board.

Article 6 of the Articles of Association shall be reworded as follows:

“Contingent Capital

The share capital is contingently increased by up to EUR 7,450,000.00 through the issue of up to 7,450,000 new no-par bearer shares (Contingent Capital 2018). The contingent capital increase is carried out only insofar as the holders or creditors of option and/or conversion rights, participation rights and/or participating bonds (or combinations of these instruments) with option and/or conversion rights or option and/or conversion obligations or options to sell on the part of the company that the company or companies controlled by the company or in which the company directly or indirectly holds a majority share has or have issued by May 3, 2023 on the basis of the authorization resolution of the Annual General Meeting of May 4, 2018 make use of their option or conversion rights arising from these bonds or fulfill their obligation to exercise their option or convert them if the company exercises an option to grant no-par shares of the company in full or in part in lieu of payment of the monetary amount that is due and in each case if a cash settlement is not granted or treasury shares or shares from another listed company are not used for servicing. The new shares are issued at the option or conversion price to be determined in each case in accordance with the authorization resolution described above. The new shares participate in the profit from the beginning of the fiscal year in which they are created; if permitted by law, the Management Board can, with the approval of the Supervisory Board, lay down that new shares also participate in the profit in deviation from this for a fiscal year that has already closed. The Management Board is authorized to stipulate the further details of the implementation of the contingent capital increase with the approval of the Supervisory Board.”

The Supervisory Board is authorized to amend the wording of the Articles of Association in accordance with the relevant utilization of the Contingent Capital 2018 and in the event that the authorization to issue bonds is not utilized after the authorization period has expired and also in the event that the Contingent Capital 2018 is not utilized after the periods for exercising option and conversion rights or for fulfilling option or conversion obligations have expired.

II. REPORTS OF THE MANAGEMENT BOARD

Report of the Management Board on Item 6 of the agenda pursuant to Section 71(1) No. 8 Sentence 5 and Section 186(3) Sentence 4, (4) Sentence 2 AktG

The company has to date not had any authorization to acquire and to use treasury shares as provided in Section 71(1) No. 8 AktG. In order to keep all courses of action open to the company as required in the future, authorization of this kind is now to be created.

The resolution proposed on Item 6 of the agenda intends to authorize the company pursuant to Section 71(1) No. 8 AktG to acquire treasury shares of the company in the scope of up to 10 per cent in total of the share capital existing at the time the resolution is adopted or at the time the authorization is exercised, whichever is the lower, up to May 3, 2023. No more than 10 per cent of the share capital may be allotted at any time to the shares acquired in accordance with the proposed authorization together with other treasury shares that have to be attributed to it pursuant to Sections 71a et seq. AktG. The proposed authorization can here be exercised in whole or in part, on one or more occasions, in pursuit of one or more purposes directly by the company or also by companies controlled by the company or in which the company directly or indirectly holds a majority share or by third parties engaged by the company or by companies controlled by the company or in which the company directly or indirectly holds a majority share. The acquisition can be carried out at the discretion of the Management Board (1) on the stock exchange or (2) through a public purchase offer addressed to all shareholders or through a public invitation to submit an offer of this kind.

If the acquisition of the shares is carried out in accordance with the proposed resolution on the stock exchange, the equivalent value per share of the company (excluding incidental acquisition costs) paid by the company may be no more than 10 per cent higher and no more than 20 per cent lower than the average closing price of a share in the XETRA trading system (or a comparable successor system) on the Frankfurt Stock Exchange on the last three trading days before the obligation to acquire the shares.

If the acquisition is made through a public purchase offer or through a public invitation to submit a purchase offer, the company can stipulate a purchase price or a purchase price range at which it is prepared to acquire the shares. The authorization stipulates specific requirements for defining the purchase price or the purchase price range. The purchase price offered or the threshold value of the purchase price range per share of the company (excluding incidental acquisition costs) may be no more than 10 per cent higher and no more than 20 per cent lower than the average of the closing prices in the XETRA trading system (or a comparable successor system) on the Frankfurt Stock Exchange on the last three trading days before the day that the offer or the public invitation to submit an offer is published. If there are substantial deviations in the price from the purchase price offered or the purchase price range defined after a purchase offer or the public invitation to submit a purchase offer has been published, the offer or the invitation to submit an offer of this kind can be adjusted. In this event, the average price on the last three trading days before any adjustment is published shall be taken as the basis in accordance with the proposed authorization. The purchase offer or the invitation to submit an offer of this kind can stipulate further terms and conditions.

In the case of a public purchase offer or a public invitation to submit purchase offers, the situation can arise where the volume of shares in the company offered by the shareholders exceeds in quantity the volume of shares requested by the company. In this event, an allocation must be carried out on a quota basis in order to facilitate the processing. Preferential acceptance of smaller offers or smaller parts of offers up to a maximum of 100 shares can be stipulated in order to limit the administrative expenses in the processing of

this kind of public purchase offer or public invitation to submit purchase offers or to exclude mathematical fractions. It should also be possible to stipulate commercial rounding to this end.

In accordance with the proposed resolution, the Management Board can sell the acquired treasury shares of the company on the stock exchange or through an offer to all shareholders in proportion to their equity interest with the consent of the Supervisory Board. Furthermore, treasury shares of the company that are acquired may be used for all other purposes permitted by law, especially also for the following purposes:

It should also be possible to sell the treasury shares that have been acquired to third parties through off-market trading in exchange for cash contributions while excluding the subscription right. This is in the interests of the company so that it can react quickly and flexibly and cover short-term capital requirements. This enables the Management Board to take advantage of the opportunities presented by favorable stock market conditions and to achieve as high a resale price as possible by setting a price that is close to the market, thus achieving the greatest possible strengthening of the equity and tapping into new groups of investors. The shares that are acquired can be sold here only at a price that is not significantly lower than the stock market price of shares of the company with the same structure at the time of the sale. In this respect, the authorization in particular allows the shares to be placed more quickly and more cost-effectively than when they are sold while a subscription right is granted to the shareholders. The interests of the shareholders with regard to assets as well as voting rights will be suitably protected here in line with Section 186(3) No. 4 AktG. The final determination of the sales price for the treasury shares is made shortly before they are sold. The Management Board will strive here to minimize any discount on the stock exchange price as far as possible, while taking the current market conditions into consideration. Interested shareholders can maintain the proportion of their equity interest on essentially the same conditions by making additional purchases on the market. This authorization is additionally limited to a total of no more than 10 per cent of the share capital existing at the time the resolution is adopted by the Annual General Meeting or at the time the shares of the company are sold, whichever is the lower. Shares that are issued or sold during the term of this authorization in direct application or application mutatis mutandis of Section 186(3) Sentence 4 AktG, e.g. while utilizing an authorization to issue new shares from authorized capital while excluding the subscription right, are to be credited to this limit of 10 per cent of the share capital. Furthermore, shares that are issued or have to be issued to serve bonds with option and/or conversion rights or option/conversion obligations if the bonds are issued during the term of this authorization in application mutatis mutandis of Section 186(3) Sentence 4 AktG while excluding the subscription right are to be credited to this limit of 10 per cent of the share capital.

The proposed authorization additionally provides that the shares that are acquired can also be used to fulfill obligations arising from bonds with conversion and/or option rights or conversion and/or option obligations that are issued by the company and/or by companies controlled by the company or in which the company directly or indirectly holds a majority share. It can be advisable to employ treasury shares instead of new shares from a capital increase in full or in part to fulfill the option and/or conversion rights or option and/or conversion obligations, as, in contrast to when contingent capital is utilized, no new shares have to be created. The Management Board will carefully weigh up the interests of the company and of the shareholders when making the decision on whether treasury shares are delivered or the contingent capital is utilized.

It should also be possible to issue treasury shares in return for assets, including claims against the company, especially in the context of business combinations or in connection with the acquisition of companies, parts of companies, or equity interests in companies. This will enable the company to offer treasury shares as consideration – also in combination with

other forms of consideration – and in particular to settle claims against the company using treasury shares. Expansions of business generally require swift decisions. It should be possible for the Management Board to react quickly and flexibly to opportunities that arise and to take advantage of possibilities for expanding the business. The price at which treasury shares are used in this event depends on the respective circumstances of the individual case and on the respective time. When determining the valuation ratios, the Management Board will ensure that the interests of the shareholders are adequately safeguarded. It will generally take as a basis the stock market price of the company's shares when measuring the value of the shares offered as consideration. However, a mechanical coupling of the valuation to a stock market price is not provided for here, in particular so as to prevent fluctuations in the stock market price from jeopardizing negotiation outcomes once they have been achieved.

It should also be possible to use treasury shares that are acquired in connection with share-based remuneration or employee share programs of the company or of companies affiliated with it. Furthermore, it should be possible to issue treasury shares of this kind to persons who have or have had an employment relationship with the company or a company affiliated with it as well as to members of executive bodies of companies affiliated with the company. The issuing of treasury shares to employees, generally subject to the condition of an appropriate lock-up period of several years, is in the interests of the company and its shareholders, as this promotes the identification of the employees with their company and thus the increase in the enterprise value. The use of existing treasury shares as remuneration elements based on the share price and value instead of a capital increase or a cash contribution can additionally make economic sense for the company. A reasonable benefit that is customary in the case of employee shares and that is based on the company's performance can be granted when measuring the purchase price to be paid by employees. Shares can be offered, promised, and transferred free of charge to the above-mentioned persons also in connection with relevant programs. It is necessary to exclude the subscription right of the shareholders in order to achieve the above objectives.

Furthermore, it should be possible to use treasury shares to issue them to members of the Management Board as an element of the variable compensation. An exclusion of the subscription right of the shareholders is also necessary in this respect.

The current Management Board contracts do not provide for any corresponding variable, share-based compensation elements that require shares of the company to be transferred. However, the company should be given the possibility of providing compensation elements of this kind in the future. This is consistent with current market practice and enables the variable compensation to be linked back to the increase in value of the company. Within the framework of variable compensation in the form of shares in the company, the members of the Management Board take part both in positive and in negative trends in the share price. This or comparable structures can be used in particular to create a genuine penalty effect in the event of negative trends in addition to the bonus effect.

In accordance with its statutory duty arising from Section 87 AktG, the Supervisory Board ensures here that the total remuneration (including the components granted in shares) is in reasonable proportion to the duties and services of the member of the Management Board as well as to the situation of the company and is not greater than the customary remuneration without special reasons for that.

Furthermore, the Management Board should have the option of excluding the subscription right of the shareholders in the event of a sale of acquired treasury shares by an offer to the shareholders with the approval of the Supervisory Board in favor of the holders or creditors of bonds with option and/or conversion rights or option and/or conversion obligations that are issued by the company or by companies controlled by the company or in which the company

directly or indirectly holds a majority share. As a result, a subscription right for shares can be granted to the extent to which the holders or creditors would be entitled after exercising the option and/or conversion right or after fulfilling the option and/or conversion obligation. As a result, it can be prevented that their value is diluted and that other measures to protect against any dilution of value have to be instituted.

Finally the authorization to acquire and to use treasury shares should include reciprocal offsetting with a ceiling of 20 per cent in relation to the exclusion of the subscription rights. This authorization is therefore limited to the extent that after the authorization is exercised the sum of the shares sold subject to the exclusion of the subscription right may not exceed 20 per cent of the share capital existing at the time the authorization comes into effect or at the time the authorization is utilized, whichever is the lower. Shares that are issued from authorized capital during the term of the above authorization while excluding the subscription right are also to be credited to this 20 per cent limit; furthermore, shares that are issued as a result of the exercising of option and/or conversion rights or option/conversion obligations attached to bonds are to be credited if the related bonds are issued during the term of this authorization on the basis of another authorization subject to the exclusion of the subscription right. The total scope of an issue of shares when the subscription right is excluded is limited by this requirement, and the shareholders are therefore additionally safeguarded against excessive dilution of their equity interest.

The company is additionally authorized to redeem treasury shares without a further resolution of the Annual General Meeting. This kind of authorization is also customary and is consistent with the market standard. It allows the company to react appropriately and flexibly to the relevant situation on the capital market. The Management Board will be authorized in this respect to amend the Articles of Association as far as the amended number of no-par shares is concerned. The proposed authorization further provides in accordance with Section 237(3) No. 3 AktG that the Management Board can also redeem the shares without reducing the capital. By redeeming the shares without reducing the capital, the proportion of the other no-par shares in the share capital of the company increases.

The Management Board will carefully review in each individual case whether it will make use of the authorization to acquire treasury shares while excluding an option to sell as well as to use treasury shares while excluding the subscription right of the shareholders. This possibility will be utilized only if in the opinion of the Management Board and the Supervisory Board it is in the interests of the company and therefore of its shareholders and is proportionate.

The Management Board will report on each and any utilization of this authorization to acquire as well as to use treasury shares to the subsequent Annual General Meeting.

Report of the Management Board on Item 7 of the agenda pursuant to Section 203(2) Sentence 2 and Section 186(4) Sentence 2 AktG

The Articles of Association of June 23, 2017 provide for authorized capital in the amount of EUR 5,000,000.00 (Authorized Capital 2017, Article 5 of the Articles of Association). This Authorized Capital 2017 has not yet been utilized to date.

The Authorized Capital 2017 contains some special features that were required as a result of the IPO and for which there is no more need. To enhance the company's flexibility, the Management Board and the Supervisory Board consider it appropriate to cancel the existing Authorized Capital 2017 and to create new Authorized Capital 2018 with an increased total volume amounting to EUR 7,450,000.00 with the option of excluding the subscription right. The exclusion of the subscription right will be limited here to a maximum of 20 per cent of the share capital. The authorized capital is intended to enable the company to adapt swiftly in

the interests of its shareholders to changing markets. To this end, the company requires the customary and necessary instruments used to raise capital.

The shareholders are entitled in principle to a subscription right when the authorized capital is utilized. Instead of being issued directly to the shareholders, the new shares can also be taken over by one or more banks specified by the Management Board with the obligation to offer them to the shareholders for subscription (indirect subscription right); the interposition of banks simply makes it technically easier to process the share issue. However, the Management Board is authorized to exclude the subscription right of the shareholders in the cases described below.

To begin with, the Management Board should be authorized to remove fractional amounts from subscription right. This authorization is used to be able to present a practical subscription ratio with regard to the amount of the relevant capital increase. If the subscription right concerning the fractional amounts were not excluded, the technical implementation of the capital increase and the exercising of the subscription right would be significantly complicated especially in the event that the capital is increased by rounded amounts. The new shares that are excluded from the subscription right of the shareholders as fractional shares are liquidated in a manner that is most beneficial for the company, either by selling them on a stock exchange or in another way.

The authorization to exclude the subscription right is subsequently intended to apply for the case where the issue amount of the new shares does not significantly fall below the stock market price of the shares already listed at the time the issue amount is finally determined by the Management Board, which should be carried out as close as possible in time to the placement of the shares. When utilizing the authorization, the Management Board will keep the deviation from the stock market price as low as possible given the market conditions prevailing at the time of the placement. The number of shares issued while the subscription right is excluded pursuant to Section 186(3) Sentence 4 AktG may in total not exceed 10 per cent of the share capital either at the time this authorization takes effect or at the time this authorization is exercised. Shares that are issued or are to be issued on account of bonds with option and/or conversion rights or with option and/or conversion obligations are to be credited to this number if the bonds are issued during the term of this authorization in application *mutatis mutandis* of Section 186(3) Sentence 4 AktG subject to the exclusion of the subscription right; furthermore, shares that are issued or sold during the term of this authorization in direct application or in application *mutatis mutandis* of Section 186(3) Sentence 4 AktG are to be credited to this number – e.g. on the basis of authorization to use treasury shares pursuant to Sections 71(1) No. 8, 186(3) Sentence 4 AktG to the exclusion of the subscription right. The interests of the shareholders in having protection against any dilution of their shareholding is taken into account in accordance with the statutory regulations as a result of these requirements. On account of the issue amount of the new shares that is close to the stock market price and on account of the limitation in terms of volume of the capital increase while the subscription right is excluded, each shareholder has in principle the option of acquiring the shares necessary to maintain their equity ratio on the stock market on approximately the same terms and conditions. This authorization pursues the goal of making the corporate financing easier for the company by way of raising equity capital. This will enable the company to cover any emerging requirement for equity capital at short notice. A requirement of this kind can emerge for example on account of market opportunities that arise in the short term or also when new groups of shareholders are acquired. This authorization allows these opportunities to be realized quickly and flexibly; furthermore, higher proceeds from the new shares to be issued can be expected on account of the uncomplicated processing.

Furthermore, it should be possible to exclude the subscription right if it is necessary in order to grant a subscription right to holders or creditors of bonds with option and/or conversion

rights or option and/or conversion obligations that are issued by the company and/or by companies controlled by the company or in which the company directly or indirectly holds a majority share to the extent to which they would be entitled after exercising their option and/or conversion right or after fulfilling the option and/or conversion obligation. The relevant bond terms and conditions generally contain anti-dilution protection in order to make it easier to place bonds on the capital market. One option for anti-dilution protection consists in granting a subscription right to the holders or creditors of the bonds in the case of capital increases, in the same way as shareholders are entitled to, without having to adjust the option or conversion price. They are thus treated as if they were already shareholders. In order to be able to furnish the bonds with dilution protection of this kind, the subscription right of the shareholders to the new shares must be excluded in this respect. Bonds without dilution protection would be significantly less attractive for the market. In this respect, the possibility of excluding the subscription right in future capital increases serves to make it easier to place the bonds and thus serve the interests of the shareholders in the optimal financing structure of the company.

Furthermore, the authorization to exclude the subscription right is intended to apply for the issue of new shares in the context of a capital increase in return for non-cash contributions when the new shares are granted within the framework of business combinations or for the purpose of acquiring companies, parts of companies, equity interests in companies, or other assets. The company faces intense competition. To be able to hold its own in this competition, the company must be able to act quickly and flexibly in the interests of its shareholders. This also includes in particular the possibility of acquiring companies, parts of companies, or equity interests in companies or entering into a business combination or being able to acquire specific other assets, including claims against the company, at short notice when the opportunity presents itself in order to improve the company's own competitive position as a result. The authorized capital and this authorization to exclude the subscription right will enable the company to carry out acquisitions of this kind swiftly and in a way that preserves liquidity, as it is put in a position as a result of this where it can offer shares within the context of a merger or as consideration for the company to be acquired, the part of a company to be acquired, or the equity interest to be acquired, or the asset to be acquired.

Furthermore, the authorization to exclude the subscription right is intended to apply for the case where new shares up to a pro rata amount of the share capital of EUR 447,000.00 in total are issued as employee shares to employees of the company or affiliated companies. This is intended to enable the company to integrate flexible remuneration models in the future without major administrative expense and thus to respond successfully to market requirements. The competences of the executive bodies responsible for granting the remuneration are maintained in any case.

The subscription right can finally be excluded when scrip dividends are distributed, within the framework of which shares of the company are used (also partially and/or alternatively) to satisfy dividend claims of the shareholders. This is intended to allow the company to distribute a scrip dividend on optimal terms and conditions. In a scrip dividend, shareholders are offered the option of depositing their entitlement to the payment of a dividend resulting from the resolution of the Annual General Meeting on the appropriation of the net income in full or in part as a non-cash contribution in the company in order to subscribe for new shares in the company in return. A scrip dividend can be distributed as a subscription right issue especially in accordance with the provisions of Section 186(1) of the AktG (minimum subscription period of two weeks) and Section 186(2) of the AktG (notification of the issue amount no later than three days before the subscription period expires). However, depending on the capital market situation, it can be preferable in the individual case to structure the distribution of a scrip dividend in such a way that the Management Board offers all shareholders who are entitled to a dividend new shares for subscription in return for the contribution of their dividend entitlement while complying with the principle of equal treatment

(Section 53a AktG) and thus grants the shareholders a subscription right in economic terms, but on the whole excludes the subscription right of the shareholders for new shares in legal terms. This kind of exclusion of the subscription right allows the scrip dividends to be distributed without the above-mentioned restrictions of Section 186(1) and (2) AktG and thus on more flexible terms and conditions. In the light of the circumstance that all shareholders are offered the new shares and excess dividend amounts are compensated by the cash payment of the dividend, an exclusion of the subscription right appears justified and reasonable in such a case.

The previous Authorized Capital 2017 does not provide for reciprocal offsetting in relation to the exclusion of the subscription rights and an appropriate limitation of the exclusion of the subscription right of the shareholders. Setting a limit of this kind at 20 per cent of the share capital existing at the time the authorization comes into effect or at the time the authorization is utilized, whichever is the lower, is consistent with the market standard here. The new Authorized Capital 2018 should accordingly include reciprocal offsetting of this kind with a ceiling of 20 per cent in relation to the exclusion of the subscription rights. This authorization is therefore limited to the extent that after the authorization is exercised the sum of the shares issued under this authorized capital while excluding the subscription right may not exceed 20 per cent of the share capital existing at the time the authorization comes into effect or at the time the authorization is utilized, whichever is the lower. Treasury shares that are sold during the term of the above authorization subject to the exclusion of the subscription right and shares that are issued from authorized capital during the term of the above authorization subject to the exclusion of the subscription right are also to be credited to this 20 per cent limit; furthermore, shares that are issued as a result of the exercising of option and/or conversion rights or option/conversion obligations attached to bonds are to be credited if the related bonds are issued during the term of this authorization on the basis of another authorization while excluding the subscription right. The total scope of an issue of shares when the subscription right is excluded is limited by this requirement, and the shareholders are therefore additionally safeguarded against excessive dilution of their equity interest.

The Management Board will carefully review in each individual case whether it will make use of the authorization to increase capital while excluding the subscription right. This possibility will be utilized only if in the opinion of the Management Board and the Supervisory Board it is in the interests of the company and therefore of its shareholders. The Management Board will report on the use of the Authorized Capital 2018 to the subsequent Annual General Meeting each time.

Report of the Management Board on Item 8 of the agenda pursuant to Section 221(4) Sentence 2 and Section 186(4) Sentence 2 AktG

Suitable capital resources provide an essential basis for the development of the Company. One possible financing instrument is represented by option and convertible bonds, through which the company attracts low-interest debt capital that may in certain circumstances remain available to it later in the form of equity. An authorization with a term of five years to issue option and/or convertible bonds and furthermore participation rights and/or participating bonds (or combinations of these instruments) as well as Contingent Capital 2018 that is used to service the authorization is therefore to be created.

The proposed authorization to issue option and/or convertible bonds, participation rights and/or participating bonds (or combinations of these instruments (jointly referred to as “bonds”) in the total nominal amount of up to EUR 350,000,000.00 as well as to create the appropriate contingent capital of up to EUR 7,450,000.00 provides the administration with additional flexibility to respond swiftly to favorable conditions on the capital market. The bond terms and conditions stipulate the more detailed specifications.

In addition to the right provided by the statutory provisions, the shareholders have a subscription right in principle. They are thus given the opportunity to invest their capital in the company and at the same to maintain their share of equity. To facilitate the processing, the possibility is provided for the bonds to be issued to one or more banks or companies within the meaning of Section 186(5) Sentence 1 AktG with the obligation to offer the bonds to the shareholders for subscription in accordance with their subscription right (indirect subscription right). However, in accordance with the statutory provisions, the Management Board should be authorized in specific cases to exclude the subscription right of the shareholders for bonds with the approval of the Supervisory Board:

It should initially be possible to exclude the subscription right for fractional amounts in the case of issues where the shareholders have a subscription right in principle. An exclusion of the subscription right of this kind is generally customary. This exclusion is also justified in objective terms, because the costs of subscription right trading in the case fractional amounts that would otherwise be necessary is not reasonably proportionate to the advantage that the shareholders would enjoy, while the possible dilution effect is low anyway on account of the limitation to fractional amounts.

Furthermore the Management Board should be authorized, with the approval of the Supervisory Board, to exclude the subscription right of the shareholders insofar as the issue of shares is limited to up to 10 per cent of the share capital of the company on account of option and conversion rights or option and conversion obligations or tenders. This possibility of excluding the subscription right gives the company the flexibility to seize favorable market situations at short notice and, by setting conditions close to the market, to obtain better terms and conditions when determining the interest rate and issue price of the bonds. As the issue price of the bonds in these cases is not set at a level significantly lower than its mathematical market value calculated on the basis of recognized methods of financial mathematics, the need to protect the shareholders in relation to an economic dilution of their shareholding is taken into account. When the issue price is set at the market value, the value of the subscription right falls practically to zero. The Management Board will endeavor to obtain as high an issue price as possible and to minimize as far as possible the economic distance from the price at which the previous shareholders are able to purchase additional shares on the market. Shareholders who would like to maintain their proportion in the share capital of the company can achieve this by making an additional purchase on the stock market on approximately the same conditions. A relevant decrease in the share of equity from the perspective of the shareholders is also eliminated. The authorization is restricted to the issue of option and conversion rights (also with option or conversion obligations or options to sell) on shares accounting for a proportion of up to 10 per cent of the share capital of the company. Any other issue of shares or a disposal of treasury shares is to be credited to this 10 per cent limit if this issue or disposal is carried out during the term of the proposed authorization while excluding the subscription right pursuant to or in accordance with Section 186(3) Sentence 4 AktG. Furthermore, shares that have to be issued to service option and/or conversion rights or option and/or conversion obligations that have been established during the term of this authorization as a result of the issue of bonds on account of another authorization while excluding the subscription right in application *mutatis mutandis* of Section 186(3) Sentence 4 AktG are also to be credited. This more extensive limitation is in the interests of the shareholders who wish to maintain their share in equity as far as possible in the event of corresponding capital measures; their additional investment can be limited in these cases to a maximum of 10 per cent of the shareholding. The Management Board will ensure that the requirements of Section 186(3) Sentence 4 AktG are maintained in respect of the existing authorizations as well as this authorization that is to be newly created.

The subscription right should also be excluded if it is necessary for the purposes of anti-dilution protection in order to grant to the holders or creditors of bonds with option and/or

conversion rights or option and/or conversion obligations or options to sell on the part of the company that have been issued by the company or its group companies in the event that the authorization is issued a subscription right to bonds to the extent to which they would be entitled as shareholders after exercising the option and/or conversion right or after fulfilling an option and/or conversion obligation or after tendering shares. The relevant bond terms and conditions generally contain anti-dilution protection in order to make it easier to place bonds on the capital market. This thus serves the interests of the shareholders in an optimal financing structure of the company. One option for anti-dilution protection consists in granting a subscription right to bonds to the holders or creditors of the bonds in the case of subsequent issues in the same way as shareholders are entitled to, without having to adjust the conversion or option price. They are thus treated as if they were already shareholders. In order to be able to furnish the bonds with dilution protection of this kind, the subscription right of the shareholders to the bonds must be excluded in this respect.

The bonds can also be issued in return for non-cash contributions if this is in the interests of the company. In this event, the Management Board is authorized, with the approval of the Supervisory Board, to exclude the subscription right of the shareholders if the value of the non-cash contribution is in reasonable proportion to the theoretical market value of the bonds to be calculated using recognized principles of financial mathematics. This opens up the possibility that the bonds can also be employed in order to be able to acquire companies, parts of companies, equity interests in companies, or other assets, including loans and other liabilities of the company, for example. Practical experience has shown that it is frequently necessary during negotiations to provide the consideration not in monetary terms, but also exclusively in another form. The option to be able offer bonds as consideration thus creates an advantage in the competition for interesting acquisition targets as well as the necessary room for maneuver to be able to take advantage of the opportunities that present themselves to acquire companies, parts of companies, equity interests in companies, or other assets in a way that preserves liquidity. This can also be sensible from the perspective of an optimal financing structure.

If participating bonds or participation rights should ultimately be issued without option or conversion rights or option or conversion obligations, the Management Board is authorized to exclude the subscription rights of the shareholders with the approval of the Supervisory Board as a whole if these participation rights or participating bonds are structured in a similar way to bonds, i.e. if they do not establish any membership rights in the company, do not grant any share in the liquidation proceeds and if the level of the interest rate is not calculated on the basis of the amount of the net income, the net retained profit, or the dividend. Furthermore, the interest rate and the issue amount of the participating bonds or participation rights must be consistent with the market conditions prevailing at the time of the issue. If these requirements are fulfilled, no disadvantages result for the shareholders from the exclusion of the subscription right, as the participation rights and participating bonds do not establish any membership rights and also do not grant any share in the liquidation proceeds or in the profit of the company.

This authorization is limited to the extent that the shares issued under this authorization after the option and conversion rights and option and conversion obligations have been exercised while excluding the subscription right may not exceed 20 per cent of the share capital existing at the time the authorization comes into effect or at the time the authorization is utilized, whichever is the lower. Shares that are issued from authorized capital during the term of the above authorization while excluding the subscription right and furthermore shares that are issued as a result of the exercising of option and/or conversion rights or option/conversion obligations attached to bonds are to be credited if the related bonds are issued during the term of this authorization subject to the exclusion of the subscription right are also to be credited to this 20 per cent limit. A possible dilution of voting rights of the shareholders for whom the subscription right is excluded will be limited by this offsetting.

The Management Board will carefully review in each individual case whether it will make use of the authorization to issue bonds while excluding the subscription right of the shareholders with the approval of the Supervisory Board. It will do so only if in the opinion of the Management Board and the Supervisory Board it is in the interests of the Company and therefore of its shareholders. The Management Board will report to the subsequent Annual General Meeting each time on the use of the authorization.

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The above reports on Items 6, 7 and 8 of the agenda will be available on the company's website at ir.jost-world.com/hv from the day that the Annual General Meeting is convened. They will also be displayed during the Annual General Meeting.

III. ADDITIONAL INFORMATION REGARDING THE CONVENING OF THE ANNUAL GENERAL MEETING

1. Total number of shares and voting rights

At the time that this Annual General Meeting is convened, the share capital of the company amounts to EUR 14,900,000.00 and is divided into 14,900,000 no-par bearer shares, each of which gives one vote. The Company holds no treasury shares at the time that the Annual General Meeting is convened. The total number of shares entitled to participate and vote at the time that the Annual General Meeting is convened therefore amounts to 14,900,000 shares.

2. Requirements for participation at the Annual General Meeting and exercising of voting rights

Only those persons who are shareholders of the company and who register for the Annual General Meeting at the start of the 21st day before the Annual General Meeting, i.e. at 00:00 a.m. on April 13, 2018 (record date), are entitled to participate in the Annual General Meeting – in person or by proxy – and to exercise voting rights. The registration together with proof of the shareholding drawn up by a custodian bank or financial services institution on the record date must be received by the registration office specified below by no later than the end of April 27, 2018. The registration and the proof of shareholding must be submitted in written or electronic form and in German or English.

Registration office:

JOST Werke AG
c/o Deutsche Bank AG
Securities Production
General Meetings
P.O. Box 20 01 07
60605 Frankfurt am Main
Germany
Fax: +49 (0) 69 12012-86045
E-mail: wp.hv@db-is.com

Shareholders are requested to contact their relevant custodian institution as early as possible and to order their admission ticket to the Annual General Meeting at the same time.

3. Importance of the record date

Eligibility to take part and the scope of the voting right are determined exclusively on the basis of the shareholding of the shareholder on the record date. In the relationship with the company, only a person who has furnished this proof is allowed to participate in the meeting and to exercise voting rights as a shareholder. The record date is not accompanied by any block on the ability to sell the shareholding. Even in the event that the shareholding is sold in full or in part after the record date, exclusively the shareholding of the shareholding on the record date is the key factor determining participation and the scope of the voting rights, i.e. disposals of shares after the record

date have no impact on the eligibility to participate or on the scope of the voting rights. The same applies for additional acquisitions of shares after the record date. Persons who do not own any shares on the record date and become shareholders only after the record date are not entitled in principle to participate and to vote in respect of the shares they hold; an exception applies if and insofar as they are appointed as a proxy or are authorized to exercise rights by the previous owner who still held the shares on the record date.

4. Proxy voting procedure

Third-party authorization

Shareholders can arrange to have their voting rights exercised by a proxy, e.g. by a financial institution, a shareholders' association, or another third party. Punctual registration and proof of shareholding are also required for the share ownership in question. A corresponding proxy form is printed on the reverse of the admission ticket. A proxy form is also available on the Internet at ir.jost-world.com/hv.

The granting of the proxy, its revocation and proof of the proxy provided to the company must be issued in written or electronic form. A shareholder or principle issuing a proxy can also revoke the proxy that has been issued without using a form by appearing in person at the Annual General Meeting. Proof that a proxy has been issued can be furnished by the authorized representative by producing the proxy at the registration counter on the day of the Annual General Meeting. If the proxy is issued by making a statement to the company, separate proof that the authorization has been issued is not required.

The address specified below is available for issuing a proxy to the company and revoking it and for transmitting the proof that a proxy has been issued to an authorized representative or revoked:

JOST Werke AG
c/o Link Market Services GmbH
Landshuter Allee 10
80637 Munich, Germany
Fax: +49 (0) 89 21 027 289
E-mail: inhaberaktien@linkmarketservices.de

When financial institutions, equivalent institutions or companies pursuant to Section 135(10) in conjunction with Section 125(5) AktG, shareholders' associations or equivalent persons pursuant to Section 135(8) AktG are appointed as proxies, particular features generally have to be observed, which are to be requested from the proxy in question.

Authorization of company-nominated proxies

Furthermore, the shareholders who have registered properly are offered the option of authorizing voting proxies appointed by the company and of being represented during the voting by issuing instructions. The voting proxies are required to vote in accordance with the instructions; they cannot exercise the voting rights at their own discretion. Please note that the voting proxies can exercise the voting rights only on the items of the agenda for which they have received instructions and that they cannot receive instructions on procedural motions either in advance of or during the Annual General

Meeting. Equally, the voting proxies do not accept requests to take the floor, to submit objections to resolutions of the Annual General Meeting, or to ask questions or to propose motions.

The proxy and the instructions have to be issued in written or electronic form. The personal participation of a shareholder or of an authorized third party (e.g. banks or shareholders' associations) at the Annual General Meeting is regarded as a revocation of the proxy and instructions issued to the voting proxies. Forms for issuing proxies and instructions to the proxies appointed by the company are attached on the reverse of each admission ticket. A proxy and instruction form is also available on the Internet at ir.jost-world.com/hv. Proxies and instructions issued to the voting proxies appointed by the company and any revocation of these must be received by the company at the following address by 24:00 (CEST) on May 3, 2018:

JOST Werke AG
c/o Link Market Services GmbH
Landshuter Allee 10
80637 Munich, Germany
Fax: +49 (0) 89 21 027 289
E-mail: inhaberaktien@linkmarketservices.de

5. Minority amendments to the agenda in accordance with Section 122(2) AktG

Shareholders whose shares together amount to one twentieth of the share capital or of the proportional amount of EUR 500,000.00 (the latter being equivalent to 500,000 no-par shares) can request that items be placed on the agenda and published. Each new item must be accompanied by a statement of grounds or a draft resolution. The request is to be sent in writing to the Management Board and must be received in writing by the company by April 3, 2018:

Motions of shareholders to supplement the agenda can be sent to the company at the following address:

JOST Werke AG
The Management Board
Siemensstrasse 2,
63263 Neu-Isenburg
Germany

The applicants have to prove that they have owned the shares for no less than 90 days prior to the request being received and that they will hold the shares up until the decision of the Management Board on the motion.

Supplements to the agenda that have to be published will be published in the German Federal Gazette immediately after the request has been received and circulated throughout the entire European Union. They will furthermore be made available and notified to the shareholders on the website at ir.jost-world.com/hv.

6. Motions and nominations from shareholders in accordance with Section 126(1) and Section 127 AktG

Countermotions against a proposal by the Management Board and/or the Supervisory Board regarding a particular item on the agenda and proposals from shareholders on

the election of statutory auditors (Item 5 on the agenda), which are to be made available before the Annual General Meeting, are to be sent exclusively to the following address. Countermotions and nominations sent to another addresses will not be considered.

JOST Werke AG
Investor Relations
Siemensstrasse 2,
63263 Neu-Isenburg
Germany
Fax: +49 (0) 6102 295 661
E-mail: ir@jost-world.com

Countermotions and nominations that are received by no later than the end of April 19, 2018 at the above address with evidence of qualification as a shareholder will be published immediately on the Internet at ir.jost-world.com/hv if they have to be made available to the other shareholders. Any responses that may be made by the management will also be published on the above website.

The right of each shareholder to propose countermotions on the various items of the agenda and nominations for the election of statutory auditors during the Annual General Meeting also without have sent these in advance and within the time allowed to the company remains unaffected.

It is pointed out that, even if they have been sent to the company in advance within the time allowed, countermotions and nominations by shareholders can be put to a vote only if they are proposed during the Annual General Meeting.

7. Shareholders' right to information in accordance with Section 131(1) AktG

On request, the Management Board will provide each shareholder at the Annual General Meeting with information on the affairs of the company, including the legal and business relations with affiliated companies, as well as on the situation of the Group and of the companies included in the consolidated financial statements, provided that the information is required to make a proper assessment of the item of the agenda.

The Management Board can refrain from answering individual questions for the reasons specified in Section 131(3) AktG, for example because providing the information is, according to sound business judgment, likely to cause material damage to the company or an affiliated enterprise. In accordance with the Articles of Association, the chairperson is authorized to place reasonable time limits on the right of shareholders to ask questions and hold the floor.

8. Publications on the website / supplementary information in accordance with Section 124a AktG

This invitation to the Annual General Meeting, the documents that have to be made available, and any motions from shareholders, as well as other information, especially relating to participation at the Annual General Meeting and the issuing of proxies and instructions, are also available on the company's website at ir.jost-world.com/hv. The

results of the voting that are established will also be published on the website after the Annual General Meeting.

Neu-Isenburg, March 2018

JOST Werke AG
The Management Board