ENCAVIS AG

Hamburg

Report of the Management Board to the Annual General Meeting on item 10 of the agenda pursuant to sections 203 (2), 186 (4) sentence 2 AktG

The Management Board has submitted a written report on item 10 of the agenda for the Annual General Meeting on 27 May 2021 on the reasons for the exclusion of subscription rights pursuant to sections 203 (2), 186 (4) sentence 2 AktG. The content of this report is as follows:

In order to maintain the ability to act flexibly and quickly in the context of further business developments without convening the Annual General Meeting again, in particular to take advantage of new acquisition opportunities or to strengthen the Company's equity, the Management Board and the Supervisory Board propose the creation of new authorised capital. Authorised Capital 2021 is to be available for both cash and non-cash capital increases and is to enable the Company, among other things, to finance acquisitions – whether in return for cash or shares. It replaces Authorised Capital 2017 resolved by the 2017 Annual General Meeting.

The other companies mentioned in section 186 (5) sentence 1 AktG are companies operating under section 53 (1) sentence 1 or section 53b (1) sentence 1 or (7) of the German Banking Act (KWG).

In principle, shareholders are entitled to a subscription right when the Authorised Capital 2021 is utilised. However, an exclusion is possible as follows:

Firstly, the proposed authorisation provides that the administration shall be entitled to exclude the shareholders' subscription right if fractions arise as a result of the subscription ratio. The exclusion of the subscription right with regard to the possible fractional amounts only serves to enable the utilisation of the authorisation by round amounts. The new shares excluded as free fractions from the subscription right of shareholders will be utilised in the best possible way for the Company.

Secondly, the administration is to be authorised to exclude the subscription right if the capital is to be increased against contributions in kind. This possibility of excluding subscription rights is intended to enable the Management Board, with the approval of the Supervisory Board, to acquire companies or shareholdings in companies or other assets in appropriate cases in exchange for Encavis AG shares or to combine with other companies, in particular by way of merger. This is intended to enable the Company to respond quickly and flexibly on national and international markets to advantageous offers or other opportunities that arise to acquire companies or shareholdings in companies operating in related business areas. It is not uncommon for the need to arise to provide shares rather than money as consideration. The administration will only use the possibility of a capital increase against contributions in kind with exclusion of subscription rights from the Authorised Capital 2021 for acquisitions if the value of the newly issued shares and the value of the consideration, i.e. the company to be acquired or the shareholding to be acquired or other assets, are appropriately proportional.

Thirdly, the Management Board is to be able, with the consent of the Supervisory Board, to exclude the subscription right in the case of cash capital increases if the shares are issued at an amount that is not significantly lower than the stock exchange price. This possibility provided for by section 186 (3) sentence 4 AktG is designed to enable the Company to take advantage of market opportunities quickly and flexibly and to cover a capital requirement at short notice. The exclusion of the subscription right enables a placement close to the stock exchange price, so the discount customary for subscription issues does not apply. In the case of such an exclusion of the subscription right close to the stock exchange price, the cash capital increase may not exceed 10 % of the existing share capital at the time of its exercise. This takes into account shareholders' need for dilution protection with regard to their shareholdings. Each shareholder can acquire shares on the market at approximately the same conditions in order to maintain their shareholding quota.

Fourthly, it is to be possible to exclude the subscription right to the extent necessary to grant the holders of conversion and option rights a subscription right to new shares, providing the terms and conditions of the respective conversion and option right allow for this. Such conversion and option rights are subject to dilution protection to facilitate placement on the capital market, which provides that holders may be granted a subscription right to new shares in subsequent share issues, as is shareholders' entitlement. In this way, their status is the same as if they were already shareholders. In order to be able to provide the conversion and option rights with such dilution protection, the shareholders' subscription rights to these shares must be excluded. This serves to facilitate the placement of the conversion and option rights and therefore the interests of the shareholders in an optimum financial structure of the Company.

In total, the shares issued under the exclusion of subscription rights in the case of capital increases on the basis of the aforementioned authorisations may not account for more than 20 % of the share capital either at the point at which the resolution is made or, if the share capital is lower at the time, the point at which the authorisations are exercised. Shares that are (i) issued under other authorisations with the exclusion of subscription rights during the term of the authorised capital or (ii) issued or are to be issued to service rights issued with the exclusion of subscription rights under other authorisations during the term of the authorised capital that entitle to oblige the holder to subscribe to shares are to be deducted from the 20 % limit. Limiting the total volume of shares issued with the exclusion of subscription rights from authorised capital, taking into consideration any other share issues or granting of conversion or option obligations with the exclusion of subscription rights under other authorisations restricts the potential dilution of existing shareholders.

The Management Board will carefully examine in each individual case whether it will make use of the authorisation to increase the capital with the exclusion of the shareholders’ subscription rights. It will only do so 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.

By its very nature, the amount to be spent cannot be determined at present. The determination of the respective issue amount is therefore incumbent on the Management Board by law with the approval of the Supervisory Board.

When weighing up all the above circumstances, the Management Board – as well as the Supervisory Board of Encavis AG – considers the exclusion of the subscription right in the above cases to be objectively justified and appropriate, also taking into account the dilution effect to the detriment of the shareholders.

Hamburg, April 2021

ENCAVIS AG

The Management Board