

Report of the Management Board on item 10 of the agenda pursuant to sections 221 (4) sentence 2, 186 (4) sentence 2 AktG

Pursuant to sections 221 (4) sentence 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 describing why it would like to be authorised to be able to decide on excluding shareholders' subscription rights. The content of this report is as follows:

Widespread capacity expansion in renewable energy generation is the only sustainable, environmentally friendly and low-cost way of providing energy. Far from being the cause of the current extremely high energy prices, renewable energies are actually the solution to the problem. The more renewable energy facilities are connected to the grid, the quicker existing demand for electricity from sustainable production can be covered and, as a result, costly legacy power stations taken offline. Together, wind and solar power will account for over 90 % of the renewable energy capacity added in the next five years. Solar energy installations and onshore wind parks remain the cheapest options for generating power in most countries. The energy crisis marks a historic turning point towards a cleaner and more secure energy supply. The European Commission's plan to rapidly reduce dependence on Russian fossil fuels and fast forward the green transition, REPowerEU, of 18 May 2022 includes a special EU solar strategy to double photovoltaic capacity by 2025 by installing new PV systems amounting to 320 GW by 2025 and a total of 600 GW by 2030. This means more than four times the volume of new installations per year compared to the average installed capacity per year over the last ten years. The objective of covering 45 % of total final energy consumption using renewable sources by 2030 was adopted by the European Parliament when it revised the Renewable Energy Directive (RED) in September 2022. The 45 % target set by MEPs exceeds the 40 % mark adopted by the member states in June 2022.

Through its new growth strategy for the time between now and 2027, Encavis AG plans to accelerate its profitable growth and expand its own generation capacity to 8 gigawatts (GW) – a significant acceleration of the growth seen in past years. At roughly 5.8 gigawatts (GW), more than 2.5 times the current generation capacity is set to be connected to the grid by the end of 2027, with an additional 2.2 GW under construction. Direct demand for green electricity among industrial customers is rising at a rapid pace. Commercial real estate owners and other investor groups are increasingly looking for green investments. Going forward, Encavis will pay greater attention to the needs of these market participants when expanding its portfolio, thereby making an even more meaningful contribution to achieving the energy transition. As in the past, the main focus in financing the massive investments will lie on the Group's own financial strength. Investments will be funded through own cash flow, with borrowed capital being utilised at various levels of the Group. In some cases, parks are also to be acquired in partnership with minority shareholders. Given the recent turbulence on global financial markets, however, Encavis AG cannot rely solely on these options to accelerate the company's strong growth.

The proposal regarding item 10 of the agenda – which concerns the authorisation to issue registered bonds with warrants/convertible bonds, mezzanine capital and/or profit-linked bonds (or a combination of these instruments) (hereinafter collectively the "bonds") with a total nominal value of up to EUR 500,000,000.00 and to create a corresponding Contingent Capital 2023 of up to EUR 18,000,000.00 – is intended to expand the company's options for financing its activities so as to continue giving the Management Board a way to obtain flexible and prompt financing in the interests of the company with the consent of the Supervisory Board, especially in the event of favourable capital market conditions. The proposed wording is intended to bring the approach into line with current market practices and

achieve further flexibility. In total, the Management Board is to be enabled to issue bonds with a total nominal value of up to EUR 500,000,000.00 that entitle the holders to subscribe to up to 18,000,000 no-par-value bearer shares in the company. For more details, please see the resolution proposed by the Management Board and Supervisory Board in item 10 of the agenda.

Shareholders will be generally entitled to the statutory subscription right to the bonds (section 221 (4) in conjunction with section 186 (1) AktG). In order to facilitate handling, the option to issue the bonds to a bank or a syndicate of banks with the obligation to offer shareholders the bonds in accordance with their subscription rights (indirect subscription right within the meaning of section 186 (5) AktG) may be utilised in accordance with customary corporate financing practices.

Excluding the subscription rights for fractional amounts makes it possible to present a practicable subscription ratio with regard to the total amount of the respectively issued bonds. Not excluding subscription rights for fractional amounts would make the technical execution of the issue and the exercising of the subscription right significantly more difficult, especially when issuing bonds denominated in round amounts. One advantage of excluding subscription rights to the benefit of holders of bonds that have already been issued is that the conversion or option price of the conversion or option rights already issued does not need to be discounted, thereby enabling higher cash inflow overall. Both cases in which subscription rights may be excluded therefore are in the interests of the company and its shareholders.

Furthermore, the Management Board will be authorised, with the consent of the Supervisory Board, to exclude the subscription rights of the shareholders entirely if issuing the bonds meets the conditions in terms of volume as well as the other conditions for the exclusion of subscription rights under sections 221 (4), 186 (3) sentence 4, (4) AktG. Any discounts on the current market price of the bonds are expected to not exceed 3 % and will be limited to no more than 5 %, thereby enabling the company to make use of favourable market situations quickly and at short notice and allowing it to leverage up-to-date market conditions to obtain a better interest rate and achieve a better option, conversion and issue price for the bonds. Up-to-date market terms and conditions and a smooth placement would be possible to only a limited extent when maintaining the subscription right. Although section 186 (2) AktG does not allow the subscription price (and the terms and conditions of bonds) to be made public until the antepenultimate day of the subscription period, a market risk still exists over a period of several days, particularly with regard to increased stock market volatility, which leads to a markdown on the terms and conditions of the bond and to distortion compared to market terms and conditions. Due to the uncertainty as to whether it will be exercised, granting a subscription right puts the successful placement among third parties at risk and leads to additional expenses. On account of the length of the subscription period, granting a subscription right ultimately does not offer the possibility of reacting to favourable market conditions at short notice.

Pursuant to section 221 (4) sentence 2 AktG, the provisions of section 186 (3) sentence 4 AktG will apply mutatis mutandis in the event that subscription rights are excluded. The exclusion will refer to the limit on the exclusion of subscription rights of 10 % of the share capital referred to therein. All shares issued or sold under the exclusion of the subscription right pursuant to or in corresponding application of section 186 (3) sentence 4 AktG from the time of the entry of this authorisation must be counted towards the maximum amount. Furthermore, section 186 (3) sentence 4 AktG states that the issue price may not be significantly lower than the stock exchange price, which is intended to rule out any significant financial dilution of the shares' value. The occurrence of such a dilution effect upon the issuance of bonds without subscription rights can be ascertained by calculating the hypothetical stock exchange price of the bonds using recognised valuation techniques and comparing it with the issue price. Subscription rights may be excluded in accordance with the provisions of section 186 (3) sentence 4 AktG due to the insignificant discount if said issue price is not significantly lower than the hypothetical stock exchange price at the time at which the convertible bond or bond with

warrant is issued, thus lowering the notional market value of a subscription right to nearly zero and ensuring that shareholders would not be subject to any significant financial disadvantage as a result of the exclusion of subscription rights. The Management Board may turn to third parties for support if it believes it to be appropriate to obtain expert advice in the situation at hand. For example, the underwriting banks supporting the issue may assure the Management Board in an appropriate form that no significant dilution of the shares' value is to be expected. An independent bank or expert may also provide such assurance. Regardless of this review by the Management Board, the setting of terms and conditions in line with the market, and therefore the avoidance of significant dilution, is guaranteed in the event of book building. This process involves basing the issue price and/or individual terms of the bonds (such as the interest rate and the conversion or option price) on the purchase orders submitted by investors rather than offering the bonds at a fixed issue price. When utilising this option for excluding subscription rights, the administration will keep any discount on the issue price compared to the identified market value to a minimum and will limit it to no more than 5 %. Taken together, these measures ensure the prevention of any significant dilution of the shares' value through the exclusion of subscription rights.

In addition, it is to be possible to exclude the subscription right to the extent necessary to grant the holders or creditors of holders of bonds a subscription right, provided that 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, under which the holders or creditors may be granted a subscription right that is identical or similar to the one to which shareholders are entitled in subsequent share issues. 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 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 addition, shareholders have the option to maintain their stake in the company's share capital at all times by purchasing shares through the stock market even after the exercise of conversion or option rights.

The company is also to be enabled to offer bonds as consideration in place of payment within the scope of business combinations or the acquisition of companies or parts of companies or shareholdings in companies (including the increase of the ownership interest). The authorisation is intended to give the company the necessary freedom and scope to quickly and flexibly take advantage of opportunities to acquire other companies, shareholdings in companies or parts of companies, as well as to enter into business combinations, as they arise. The proposed exclusion of subscription rights takes this ability into account. When defining the option or exchange terms, the Management Board will ensure that the interests of shareholders are upheld appropriately. As a rule, it will gear its actions towards the company's share price and take into consideration the provisions of the authorisation to set the issue price of bonds with warrants and convertible bonds. However, a systematic link to a stock exchange price is not envisaged, so as to prevent fluctuations in the stock exchange price from calling negotiation results into question once they have been achieved.

Hamburg, April 2023

Encavis AG

The Management Board