

## *Convenience Translation*

### **Annual General Meeting of Stabilus SE on 15 February 2023**

#### **Report of the Management Board on Agenda Item 10 pursuant to Section 71 (1) no. 8 in conjunction with Section 186 (4) sentence 2 AktG**

The authorization conferred to the Company under Luxembourg law to acquire and use own shares is to be cancelled and replaced by a new authorization under the pertinent provisions of German stock corporation law.

Accordingly, Agenda Item 10 contains the administration's proposal that the Company be authorized for a period ending 14 February 2028 to acquire own shares at a rate of up to 10% of its registered share capital as of the date of the resolution, and to do so itself or through such companies as may be dependent on or directly or indirectly majority-owned by Stabilus SE as well as any third party acting on their account or on the account of the company. If the registered share capital on the date on which such power is exercised is lower, the lower value applies. Taken together, the shares so acquired and such own shares as the Company may already hold must not exceed 10% of the registered share capital at any time. The authorization must not be used to trade in own shares.

At the option of the Management Board, purchases are made on the stock exchange or by means of a public tender offer or a public solicitation of bids. When transacted on the stock exchange, a purchase may be made as part of a structured buyback program – e.g., one entrusted to a credit institution. If shares are purchased on the stock exchange, the equivalent value paid per share (excluding transaction costs) must not deviate from the price determined on the trading day by means of the opening auction in Xetra trading (or a comparable successor system in use at the Frankfurt Stock Exchange) by more than 10%.

Section 71 (1) no. 8 AktG provides for the option to allow forms of acquisition and divestment other than acquisition and divestment via the stock exchange. For instance, the Company is to be permitted to acquire own shares by means of a public tender offer or a public solicitation of bids. In this context, consideration must be given to the equal-treatment principle under stock corporation law (Section 53a AktG). With this option, shareholders decide how many shares they wish to tender at what price and within what price range. Here, the purchase price offered or the limits of the purchase-price range per share (excluding transaction costs) must not deviate from the average closing prices of Stabilus SE stock in Xetra trading (or a comparable successor system in use at the Frankfurt Stock Exchange) of the last three trading days preceding the publication date of the public tender offer or public solicitation of bids by more than 10%. Should significant price deviations occur following publication, the offer may be adjusted. If the number of shares tendered or offered for purchase exceeds the total intended acquisition volume, the purchase may be transacted on the

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basis of shares tendered or offered per shareholder (tender quota) rather than on the basis of participation quotas. This is done in the interest of simplifying the allotment process. It is permissible to arrange for the preferred acceptance of up to 100 units of shares tendered per shareholder as well as to round up or down on the basis of commercial principles in order to avoid fractional shares. In such cases, any further right to tender on the part of shareholders is excluded. This serves the purpose of avoiding fractional amounts when determining the quotas or number of shares to be acquired, along with small balances, which makes the share buyback easier to transact in technical terms. The Management Board deems an exclusion inherent therein of any further shareholder right to tender to be materially justified as well as reasonable vis-à-vis shareholders.

Own shares acquired may be used for all purposes permitted by law, including but not limited to the following purposes:

Own shares acquired may also be divested by means other than the stock exchange or a tender offer to all shareholders – against payment in cash and to the exclusion of the subscription right – so long as the shares are sold against payment in cash at a price that does not fall significantly short of the market price of the Company's stock at the time of sale. This authorization makes use of the option to facilitate the exclusion of the subscription right permitted by Section 71 (1) no. 8 AktG, with Section 186 (3) sentence 4 AktG applying *mutatis mutandis*. To such extent, the authorization specifically allows shares to be placed faster and at a lower cost than would be the case if they were sold with shareholders' subscription right intact. The need to protect shareholders against dilution is met by the stipulation that shares may only be sold at a price that does not significantly fall short of the relevant market price. The final determination of the price at which own shares are sold is made just ahead of the sale. The Management Board will keep a possible markdown of the market price as low as possible. Under no circumstances may the markdown exceed 5% of the market price at the time the power is exercised. Interested shareholders may receive their participation quota at essentially identical conditions by making additional purchases on the market. The authorization is further limited to a total of no more than 10% of the registered share capital as of the date of the resolution or the date on which such power is exercised, whichever amount is lower. Such cap is to be adjusted by any share that is issued or sold during the term of the authorization in direct or analogous application of Section 186 (3) sentence 4 AktG. The cap is to be further adjusted by such shares as may have to be issued to service bonds (including profit-participation rights) providing for option and/or conversion rights or obligations so long as the bonds or profit-participation rights are issued during the term of the authorization in analogous application of Section 186 (3) sentence 4 AktG to the exclusion of the subscription right. Such cap as well as the fact that the issue price must be based on the market price ensures that shareholders' financial and voting interests are adequately safeguarded. The cap also serves the Company's own interest as it affords it greater flexibility. For instance, it makes it possible for it to sell own shares to institutional investors or tap into new investor groups.

It is intended that own shares may be sold to the exclusion of the subscription right of shareholders against contributions in kind as well. This allows the Management Board to keep own shares of the Company on hand to be able to use them when appropriate – especially in conjunction with corporate mergers or for the purpose of the acquisition of enterprises, parts of enterprises, stakes in enterprises or other assets or claims. The option to offer own shares as consideration creates a competitive advantage in accessing interesting objects

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of acquisition, along with the leeway needed to seize opportunities – e.g., to acquire enterprises, stakes in enterprises or other assets. This may be sensible from the viewpoint of an optimized financing structure as well. When setting valuation ratios, the Management Board will ensure that the interests of shareholder are safeguarded to an adequate degree and take into account the market price of Stabilus stock.

It may further be expedient (and it is intended to be possible under the proposed authorization) that own shares be used instead of a capital increase and to the exclusion of the subscription right to satisfy obligations under any bonds (including profit-participation rights) providing for option and/or conversion rights or obligations issued by the Company or such companies as may be dependent on or directly or indirectly majority-owned by Stabilus SE, be it wholly or in part; by contrast to the use of contingent capital, no new shares would have to be created in such a case. When deciding whether to supply own shares or using contingent capital, the Management Board will carefully weigh the interests of both the Company and its shareholders. The authorization also creates an opportunity to partially exclude the subscription right of shareholders when selling own shares by way of a public tender offer to all shareholders for the benefit of the holders or creditors of any bonds (including profit-participation rights) providing for option and/or conversion rights or obligations issued by the Company or such companies as may be dependent on or directly or indirectly majority-owned by Stabilus SE with a view to being able to grant the holders or creditors of such bonds a subscription right for shares as protection against dilution to the extent to which they would be entitled thereto by virtue of exercising the option or conversion right, or satisfying the option or conversion obligation, instead of a marked-down option or conversion price.

In the event that own shares are sold by way of a tender offer to all shareholders, the Management Board may exclude the subscription right of shareholders for fractions as well. Excluding the subscription right for fractions is needed in order to be able to depict a technically doable subscription ratio. Own shares that are excluded from the subscription right of shareholders as fractional shares are liquidated for the Company's maximum benefit either by being sold on the stock exchange or otherwise. Given such restriction to fractions, the potential dilutive effect is insignificant.

Ultimately, acquired own shares are supposed to be available for being offered for purchase by, promised or transferred to persons employed by the Company or one of its group divisions, along with members of the management of group divisions. This may represent an economically sensible alternative to a capital increase since the expenditures associated with a capital increase and the listing of new shares of stock as well as the dilutive effect otherwise encountered are avoided. Issuing shares to employees thus serves the interests of both the Company and its shareholders since doing so promotes employee identification with the Enterprise and encourages staff to accept joint responsibility; this represents an important tool to motivate employees and secure their loyalty. In order to be able to offer employees own shares for purchase, the subscription right of shareholders must be excluded for such shares. When setting the purchase price payable by employees, such favorable terms as may commonly be granted in connection with employee shares can be extended. Aside from the employees of the Company and its group divisions, the group of beneficiaries is to include members of the management of group divisions. These executives have a critical impact on the group's development, which is why it is important that they be given a powerful incentive to drive the Company's long-

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term value while their identification with and commitment to the Enterprise is strengthened. The power to offer own shares for purchase by, promise or transfer them to persons employed by the Company or one of its group divisions, along with members of the management of group divisions, is to be limited to a total of 1% of the registered share capital as of the date of the resolution on such authorization or the date on which it is exercised, whichever amount is lower.

Moreover, the Company is to be allowed to redeem acquired own shares without the need for another resolution by the general meeting. This results in a reduction of the registered share capital as a rule. In deviation from the foregoing, however, the Management Board is also authorized to complete the redemption in accordance with Section 237 (3) no. 3 AktG, with the registered share capital remaining unchanged. In such a case, the redemption has the effect of raising the proportion of the remaining shares to the registered share capital pursuant to Section 8 (3) AktG.

The aforementioned options for use are further available with respect to shares that were acquired by such companies as may be dependent on or directly or indirectly majority-owned by Stabilus SE as well as any third party acting on their account or on the account of the company, or pursuant to Section 71d sentence 5 AktG.

The Management Board will report on its use of the authorization on the occasion of the next general meeting.

Koblenz, January 2023

Stabilus SE

Management Board

Dr. Michael Büchsner

Stefan Bauerreis