

STABILUS S.A.
SOCIÉTÉ ANONYME
(THE "COMPANY")

REGISTERED OFFICE: 2, RUE ALBERT BORSCHETTE, L-1246 LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG

R.C.S. LUXEMBOURG: B 151589

EXPLANATORY REPORT OF THE MANAGEMENT BOARD OF THE COMPANY IN RELATION TO THE CONTEMPLATED CONVERSION OF THE COMPANY TO A SOCIETAS EUROPAEA

The present explanatory report in respect of the conversion of the Company into a *Societas Europaea* ("SE") has been drawn up by the management board (the "**Management Board**") in connection with the proposed change of the legal form of the Company from a public liability company (*société anonyme*) into a *Societas Europaea* (the "**Conversion**") pursuant to the provisions of article 420-21 of the law on commercial companies dated 10 August 1915, amended from time to time (the "**Law**") as well as article 37 (4) of the Council Regulation (EC) No. 2157/2001 of 8 October 2001 on the statute for a European company (the "**SE Regulation**"), explaining and justifying the legal and economic aspects of the Conversion and indicating the implications of the Conversion for the Company's shareholders and for the employees. The Company has further drawn up draft terms of conversion which set forth the terms of the proposed Conversion and which will be published on or about the date hereof.

I. Stabilus S.A.

a. The Company

The Company is a Luxembourg public limited company (*société anonyme*). It was incorporated in the form of a private limited liability company (*société à responsabilité limitée*) under the name Servus Group HoldCo S.à r.l., pursuant to a deed of Maître Edouard Delosch, notary residing then in Rambrouch, Grand Duchy of Luxembourg, on 26 February 2010, published in the *Mémorial C, Recueil des Sociétés et Associations* n° 731 on 8 April 2010. On 5 May 2014, the legal form of the Company has been changed from a private limited liability company (*société à responsabilité limitée*) into a public limited company (*société anonyme*) and the name of the Company has been changed from Servus Group HoldCo S.à r.l. to Stabilus S.A., pursuant to a deed of Maître Francis Kessler, notary residing in Esch-sur-Alzette, Grand Duchy of Luxembourg, published in the *Mémorial C, Recueil des Sociétés et Associations* n° 1250 on 16 May 2014. The Company's articles of association (the "**Articles**") have been amended for the last time pursuant to a deed of Maître Jacques Kessler, residing in Pétange, Grand Duchy of Luxembourg, dated 13 February 2019 published on the *Recueil Electronique des Sociétés et Associations* under n° RESA_2019_057.87 on 11 March 2019.

The Company is existing under the laws of the Grand Duchy of Luxembourg, having its registered office at 2, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of

Luxembourg and is registered with the Luxembourg Trade and Companies' Register under number B 151589.

The Company's accounting year begins on the first day of October of each year and ends on the last day of September of the following year.

b. Purpose and Business Description

The purpose of the Company is (i) the acquisition, holding and disposal, in any form, by any means, whether directly or indirectly, of participations, rights and interests in, and obligations of, Luxembourg and foreign companies, including but not limited to any entities forming part of the Stabilus group (the "**Group**"), (ii) the acquisition by purchase, subscription, or in any other manner, as well as the transfer by sale, exchange or in any other manner of stock, bonds, debentures, notes and other securities or financial instruments of any kind (including notes or parts or units issued by Luxembourg or foreign mutual funds or similar undertakings) and receivables, claims or loans or other credit facilities and agreements or contracts relating thereto and (iii) the ownership, administration, development and management of a portfolio of assets (including, among other things, the assets referred to in (i) and (ii) above).

The Company may borrow in any form. It may enter into any type of loan agreement and it may issue notes, bonds, debentures, certificates, shares, beneficiary parts, warrants and any kind of debt or equity securities including under one or more issuance programmes. The Company may lend funds including the proceeds of any borrowings and/or issues of securities to its subsidiaries, affiliated companies or any other company.

The Company may also give guarantees and grant security interests over some or all of its assets including, without limitation, by way of pledge, transfer or encumbrance, in favour of or for the benefit of third parties to secure its obligations or the obligations of its subsidiaries, affiliated companies or any other company.

The Company may enter into, execute and deliver and perform any swaps, futures, forwards, derivatives, options, repurchase, stock lending and similar transactions. The Company may generally use any techniques and instruments relating to investments for the purpose of their efficient management, including, but not limited to, techniques and instruments designed to protect it against credit, currency exchange, interest rate risks and other risks.

In general, the Company may take any controlling and supervisory measures and carry out any operation or transaction which it considers necessary or useful in the accomplishment and development of its purpose.

The Company may carry out any commercial, industrial, and financial operations, which are directly or indirectly connected with its purpose or which may favor its development.

The Group, in which the Company is a holding, is a leading manufacturer of gas springs and dampers, as well as electric tailgate opening and closing equipment. The products are used in a wide range in automotive and industrial applications, as well as in the furniture industry.

c. Share Capital – Place of Listing

The current issued share capital of the Company amounts to two hundred forty-seven thousand euro (EUR 247,000) represented by twenty-four million seven hundred thousand (24,700,000) shares having a nominal value of one eurocent (EUR 0.01) each. The Company has an authorised capital of (EUR 271,000) represented by twenty-seven million one hundred thousand (27,100,000) shares having a nominal value of one eurocent (EUR 0.01). The Management Board is authorised, during a period expiring on 13 February 2024, to increase the current share capital up to the amount of the authorised capital, in whole or in part from time to time, (i) by way of issuance of shares in consideration for a payment in cash, (ii) by way of issuance of shares in consideration for a payment in kind and (iii) by way of capitalisation of distributable profits and reserves, including share premium and capital surplus, with or without an issuance of new shares.

The Company's shares are admitted to trading on the Frankfurt Stock Exchange.

d. Organs of the Company

The Company's management structure follows a two-tier system. The organs of the Company are (i) the Management Board (management organ), (ii) the supervisory board of the Company (supervisory organ) (the "**Supervisory Board**") and (iii) the general meeting of the shareholders of the Company.

The articles of association of the Company provide for a maximum term of office of management board members of up to three (3) years, with the CEO being eligible for four (4) years, and a term of office of the Supervisory Board members of up to six (6) years.

The composition of the Management Board and the Supervisory Board will remain unchanged upon the Conversion and existing mandates will be continued.

e. Employees

The Company has five (5) employees.

II. Reasons for the Conversion

The Group has a global footprint. It is segmented into the regions EMEA (Europe, Middle East and Africa), Americas (North and South America) and APAC (Asia Pacific), whereas EMEA is the largest region. The revenue in EMEA is around fifty percent (50%) of the Group's total revenue. Major operations in Europe are in Germany and Romania. Also, sales offices are located all over Europe, e.g. in Italy and France. The SE is a European Company emphasizing this international orientation and global activities, rather than being a purely Luxembourg. The legal form of an SE is today well accepted by capital markets and market participants. Therefore, the Company considers this as a suitable legal form and the conversion of the Company into an SE

would facilitate and emphasize the importance of the European and international business activities and promote the image of the Company.

The SE allows the Company to maintain its two-tier system with separate organs for management (Management Board) and supervision (Supervisory Board).

After the Conversion, the Company would benefit from express rules set out in respect of a migration of the SE from the Grand Duchy of Luxembourg to the Federal Republic of Germany, as a second step.

The transfer of the registered office of the Company from the Grand Duchy of Luxembourg to Germany, following the Conversion, would be another step to further simplify the overall group structure.

The Company's shares are listed on the Frankfurt Stock Exchange. After the transfer, the seat of the Company would be in the same country where its shares are listed.

Furthermore, after the transfer the Company, as ultimate parent company of the Group, would have its registered office in the same country where some of its major subsidiaries are registered.

The transfer of the registered office to Germany would reduce administrative complexity and cost, e.g. in the areas of accounting, financing, legal and tax. This will facilitate the management of the Company and the Group.

It is the intention of the Management Board to propose such transfer in the future, as a second step.

III. Comparison of the legal forms

a. General description of a public limited liability company (*société anonyme*) (the "SA") and of the SE with its registered office in Luxembourg

Pursuant to article 9 of the SE Regulation, an SE shall be governed (a) by the SE Regulation, (b) where expressly authorised by the SE Regulation, by the provisions of its statutes or (c) in the case of matters not regulated by the SE-Regulation or, where matters are partly regulated by it, of those aspects not covered by it, by: (i) the provisions of laws adopted by Member States in implementation of Community measures relating specifically to SEs; (ii) the provisions of Member States' laws which would apply to a public limited-liability company formed in accordance with the law of the Member State in which the SE has its registered office; (iii) the provisions of its statutes, in the same way as for a public limited-liability company formed in accordance with the law of the Member State in which the SE has its registered office. The provisions of laws adopted by Member States specifically for the SE must be in accordance with Directives applicable to public limited-liability companies referred to in Annex I of the SE-Regulation. If the nature of the business carried out by an SE is regulated by specific provisions of national laws, those laws shall apply in full to the SE.

The SE with registered office in Luxembourg is governed by the SE Regulation and the Law, in which the SE Regulation is reflected under Luxembourg national law (whenever reference is made to “the/an SE” in this Chapter III, this always refers to the/an SE with its registered office in Luxembourg). The SA is governed by the Law. Pursuant to Article 10 of the SE Regulation, an SE will be treated in each Member State – subject to the provisions of the SE Regulation – as a public limited company (*société anonyme* under Luxembourg law), established under the laws of the Member State in which the SE has its registered office so that, subject to the specific provisions of the SE Regulation, the rules applicable to an SE with its registered office in the Grand Duchy of Luxembourg applies already to the Company in its current form. An SE is a corporation with limited liability having one or several shareholders, and which is managed by its board of directors (or management board, as the case may be, in case of a two-tier structure with a supervisory board).

b. Essential legal basis for an SE and SA

(i) Share capital

The minimum share capital of an SE is set at one hundred twenty thousand euro (EUR 120,000). The minimum share capital of an SA is set at thirty thousand euro (EUR 30,000). The Company has a share capital of two hundred forty-seven thousand euro (EUR 247,000) on the date of this explanatory report.

(ii) Registered office and transfer of registered office, change of nationality

The Company’s registered office is set at 2, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg. In accordance with the SE Regulation and the Law, the registered office and the central administration of the Company (*administration centrale*) shall be at the same address while the Company is an SE. The Law makes an assumption for an SA that the registered office and the central administration of the Company are at the same address. The Company has its registered office and central administration at the same address on the date hereof.

The SA can transfer its registered office within the Grand Duchy of Luxembourg by a decision of the management body of the company. The SE Regulation and the Law provide for a procedure to transfer the registered office and central administration of an SE governed by Luxembourg law to another member state of the European Union without loss of its legal personality. Such transfer is expressly regulated in the SE Regulation (article 8) and, in particular, subject to the approval of the general meeting of shareholders at a majority of two thirds of the votes validly cast in a meeting at which at least half the of the shares are present or represented.

(iii) Formation of the Company

In accordance with article 2 of the SE Regulation and articles 100-3 and 420-2 of the Law, an SE may be formed by way of transformation of an existing SA into an SE. Please refer to the below conversion procedure.

(iv) Legal relationships of the Company and the shareholders

The same rules apply to an SE and an SA.

c. Management of the Company

(i) Two-tier management of the Company

Both an SA and an SE can adopt a one-tier structure of management with a board of directors or a two-tier structure of management with a management board and a supervisory board. The director(s) and/or member(s) of the management board of an SE do not need to be (a) shareholder(s) of the company.

In a two-tier structure, the supervisory board is in charge of the permanent supervision and control of the management of the SA or the SE by the management board and has a right of inspection of all transactions of the Company and with respect to any of the Company's records. It shall not interfere with the management of the SA. The members of the supervisory board are appointed for a period of up to six (6) years by the general meeting of shareholders and may be re-elected. A member of the management board cannot be appointed member of the supervisory board at the same time and *vice versa*. The members of the supervisory board can be revoked *ad nutum*, with or without cause by the general meeting of shareholders. The members of the management board can be revoked *ad nutum*, with or without cause by the supervisory board or, if foreseen in the articles of association, by the general meeting of shareholders. The management board has the broadest powers to take any actions necessary or useful to fulfil the corporate purpose, with the exception of the matters reserved by law or by the articles of association to the supervisory board and/or the general meeting of shareholders. The management board represents the two-tier SE towards third parties.

The management board must submit a report to the supervisory board every three (3) months on the business of the company. The management board must have at least two (2) members.

d. General meetings of shareholders

The rights of the shareholders of an SE in a general meeting are alike the rights of an SA.

IV. Alternatives to the Conversion

The Management Board has prior to the form-changing Conversion reviewed possible alternatives in detail. Currently, only the SE is available as a supranational legal form which is comparable in respect of its functioning and rights of stakeholders to the current legal form of the Company, allowing for continued listing on the stock exchange and a certain legal framework for transfers of the seat of the Company in the future. It underlines the importance of the Company's international business of the Company. The Management Board has therefore come to the conclusion that there is no alternative for implementing the objectives pursued with the form-changing conversion and only the conversion into an SE takes the interests of the shareholders and the Company into account.

V. Implementation / procedure of the Conversion

The proposed conversion into an SE will follow the following procedure:

- the involvement of employees (articles L. 441-1 *et seq.* of the Labour Code) has been carried out, in which representatives of the employees from the Member States and the Management Board negotiated on an agreement pertaining to the involvement of employees in the Company.
- the draft terms of conversion shall be published on or around 21 February 2022;
- the general meeting of the shareholders of the Company to approve the conversion shall be convened on or around the same date;
- the present explanatory report drawn up by the management board shall be made available on the website of the Company to the shareholders as from the date of the convening of the general meeting of the shareholders of the Company;
- the report of the independent auditor (*réviseur d'entreprises agréé*) KPMG Luxembourg in view of the confirmation of the net assets of the Company as required under the SE Regulation shall be made available on the website of the Company to the shareholders as from the date of the convening of the general meeting of the shareholders of the Company; and
- upon approval by the general meeting of shareholders, the minutes of the general meeting of the shareholders of the Company shall be filed and published, at which time the conversion becomes effective. The proposed conversion will follow the following procedure.

VI. Explanation of the Draft Terms of Conversion and the Articles of Association of Stabilus SE

The Draft Terms of Conversion which will be published on or around the date hereof relate to the conversion of the Company into an SE in accordance with the Law and the SE Regulation and have been drawn up by the Management Board. The Management Board of the Company has decided to propose to the general meeting of the shareholders of the Company the change of the legal form of the Company from an SA to an SE.

As part of the conversion, the articles of association of the Company shall be fully restated, taking into account some of the specificities of the rules applicable to an SE in comparison to the SA. At the same occasion, certain clarifications are proposed and articles deleted which do not apply any further to the Company (such as references to a “sole shareholder”) or rules relating to the transitory period in which shares are not all in dematerialised form.

The name and the legal form of the Company shall change from “Stabilus S.A.” to “Stabilus SE” (article 1 of the articles of association).

In accordance with the Law and the SE Regulation, the registered office of the Company as well as the central administration shall be and remain in the same member state of the European Union. A change of the articles of association relates to the possibility that it may be transferred in accordance with the SE Regulation and the Law in the future (article 2 of the articles of association).

The share capital of the Company shall, without issuance of new shares, be increased through the incorporation of reserves of the Company by increasing the nominal value of each share from one eurocent (EUR 0.01) to one euro (EUR 1) (article 5.1 of the

articles of association) in order to allow for compliance with German rules in view of a possible future migration to the Federal Republic of Germany.

The authorized capital of the Company, including the share capital, shall be set at twenty-four million seven hundred twenty-four thousand euro (EUR 24,724,000) represented by a maximum of twenty-four million seven hundred twenty-four thousand (24,724,000) shares having a nominal value of one euro (EUR 1) (article 5.5 (a) of the articles of association) as a consequence.

The shares of the Company are in dematerialised form. As it is foreseen to ultimately transfer the Company from the Grand Duchy of Luxembourg to the Federal Republic of Germany, in order to allow the continuation of listing of the shares on the Frankfurt Stock Exchange, article 6.1 of the articles of association is amended to allow for a procedure to change the form of shares in case of a potential transfer.

VII. Consequences for the Company's activities

The Management Board does not anticipate any consequences for the Company's current activities or its Group's upon Conversion.

VIII. Consequences for the shareholders

The Management Board does not anticipate any negative consequences for the Company's shareholders, as the rights and obligations of the shareholders before the Conversion and upon Conversion shall stay the same. The shares of the Company will continue to be listed on the Frankfurt Stock Exchange. The rights of shareholders remain unchanged, with the proposed amendments to the articles of association pertaining to (i) the suppression of provisions which have become inapplicable and (ii) the implementation of the fact that the Company changes its legal form. Besides the possibility that the Company may in the form of an SE, in accordance with the SE Regulation, transfer its registered office and principle place of management to another member state of the European Union by a decision of the general meeting of shareholders, the existing rights of shareholders before and after the conversion remain unchanged. Each shareholder continues to hold the same number of shares he has held before the conversion.

IX. Legal, economic, tax-related and employment-related implications

1. Legal implications

The conversion of a SA into an SE does not result into the creation of a new legal person or the liquidation of the Company but a continuation of the same legal entity in the form of an SE.

The Management Board notes that no special rights or other advantages will be granted to the members of the Management Board, the Supervisory Board or to the independent auditor (*réviseur d'entreprises agréé*) as a result of the Conversion.

The Conversion is not anticipated to have any adversely effect on the rights of the creditors of the Company. It is not intended to grant any special rights or other

advantages to the Company's shareholders before the Conversion, during the Conversion or upon Conversion.

2. Economic implications

The aim of the Conversion, in conjunction with the contemplated transfer of the seat of the Company from the Grand Duchy of Luxembourg to Germany, is to reduce costs incurred by maintaining the current structure of the Group, as the Group has strong ties to Germany and the rest of Europe and the Company expects to reduce the overall administration cost for the Group as a consequence. The group structure and functions or company strategy will not be impacted by the Conversion.

3. Tax-related implications

At the level of the Company, the Conversion has no tax consequences in Luxembourg.

While the Company does not expect the Conversion to have any tax consequence, it is noted that with respect to tax implications in the respective shareholders' jurisdictions of residence (other than the Grand Duchy of Luxembourg), it is recommended that the respective shareholders consult their own tax advisors regarding the tax implications of the Conversion.

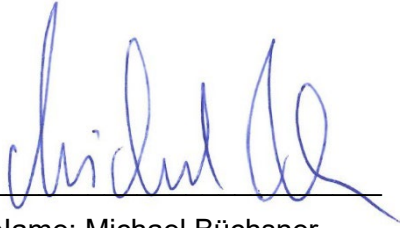
4. Employment-related implications

The Company has five (5) employees.

In the context of the Conversion, a procedure governed by the Luxembourg laws implementing the council directive 2001/86/EC of 8 October 2001 supplementing the Statute for a European company with regard to the involvement of employees (articles L. 441-1 *et seq.* of the Labour Code) has been carried out ("**Employee Involvement Procedure**"), in which representatives of the employees from the Member States and the Management Board negotiated on an agreement pertaining to the involvement of employees in the Company. The employees were represented during this procedure by a special negotiating body. Pursuant to the provisions resulting from article L. 443-1 of the Labour Code, if the special negotiating body and the Management Board are unable to agree on an involvement agreement within six (6) months as from the formation of the special negotiating body as per article L. 442-3 (2) of the Labour Code, statutory standard rules ("**Fallback Provisions**") provided for by the Labour Code has applied. The Employee Involvement Procedure was initiated and ended; the special negotiating body and the Management Board failed to agree on an involvement agreement.

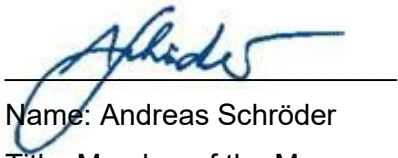
The Conversion will not have any negative impact on employment in the Group.

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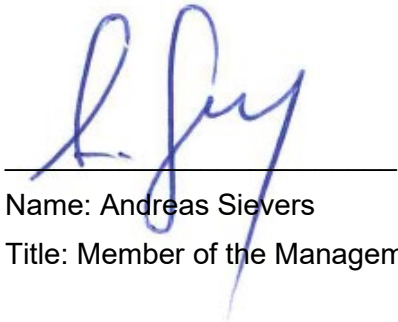
Name: Michael Büchsner

Title: Chairman and Member of the
Management Board



Name: Andreas Schröder

Title: Member of the Management Board



Name: Andreas Sievers

Title: Member of the Management Board



Name: Mark Wilhelms

Title: Member of the Management Board