

KION GROUP AG

Annual General Meeting on 16 July 2020

Report of the Executive Board on agenda item 7

The Executive Board is to continue to have the possibility of making use of financing options to strengthen the Company's equity capital base with the consent of the Supervisory Board in the future. It was authorized, by a resolution adopted by the Annual General Meeting on 11 May 2017 under agenda item 9, to increase the Company's share capital with the consent of the Supervisory Board, once or repeatedly up to and including 10 May 2022, by up to a total of EUR 10,879,000.00 by issuing up to 10,879,000 new no-par value bearer shares against cash and/or non-cash contributions (Authorized Capital 2017). The majority of the Authorized Capital 2017 was utilised in the 2017 financial year and has largely ceased to exist.

It is therefore intended to create a new authorized capital.

For this reason, the Executive Board and the Supervisory Board propose to the Annual General Meeting under agenda item no. 7 that new authorized capital of up to a total of EUR 11,809,000.00 be created by the issuance of up to 11,809,000 new no-par value bearer shares against cash contributions in order to acquire new equity capital and liquid funds to ensure and/or improve the Company's capability of refinancing and of servicing borrowings (Authorized Capital 2020). The Executive Board is to be authorized to issue shares on the basis of the Authorized Capital 2020 up to and including 15 July 2025 with the consent of the Supervisory Board.

The issuance of new shares on the basis of the proposed Authorized Capital 2020 is restricted in that the total pro rata amount of the share capital attributable to the shares may not exceed 10% of the share capital, either when this authorization comes into effect or when it is exercised. This restriction to 10% of the share capital is also to include the proportional amount of the share capital that is attributable to shares which may or must be issued in order to service bonds carrying a conversion or option right or a conversion or option obligation, if the bonds are issued during the term of the Authorized Capital 2020. Because of this capital limit, the total extent of any issuance of shares on the basis of the authorized capital and the issuance of bonds is restricted to 10% of the current share capital. In this way, shareholders will be protected to a particularly high degree against dilution of their holdings.

By way of the proposed Authorized Capital 2020, the Executive Board of KION GROUP AG will be enabled to align the equity base of KION GROUP AG to the business requirements at any time within the specified limits and to act quickly and flexibly in the interest of the Company. In order to be able to do so, the Company must always have the necessary instruments for procuring capital available, regardless of the specific utilisation plans. As decisions on the coverage of capital requirements normally need to be made on short notice, it is important that the Company does not have to wait for the next annual general meeting and does not have to call an extraordinary general meeting either. The instrument of authorized capital has been created by the legislator to address the need to procure capital on short notice. Common reasons for utilising authorized capital include to strengthen the equity capital base and to ensure and/or improve the Company's ability to refinance.

If and when the Authorized Capital 2020 is utilised, the shareholders will generally have a subscription right. The proposed authorization provides for the Executive Board to be allowed – in accordance with the legal provisions – to partially exclude the shareholders' subscription rights for fractional amounts only once or

repeatedly with the consent of the Supervisory Board. The subscription right may also be granted to the shareholders such that the new shares are acquired by one or several credit institutions along with the duty to offer them to shareholders for subscription (so-called indirect subscription right) pursuant to section 186(5) German Stock Corporation Act or in part also by way of a direct subscription right, and otherwise by way of an indirect subscription right pursuant to section 186(5) German Stock Corporation Act, if so determined by the Executive Board with the consent of the Supervisory Board.

Exclusion of the subscription right for fractional amounts

An exclusion of the subscription right for fractional amounts shall allow for a practicable subscription ratio and shall thus facilitate the technical implementation of a capital increase. The value of the fractional amounts is normally low, whereas the time and effort required to issue shares without excluding the subscription right for fractional amounts is regularly much higher. The new shares that will be excluded from the shareholders' subscription right as so-called "non-allocable fractional amounts" will be used in the best possible way for the Company. The exclusion of the subscription right in these cases will thus serve to make an issue and its implementation more practicable and feasible.

Further information

The Executive Board will carefully consider whether it would be in the interest of the Company to make use of the Authorized Capital 2020; the Executive Board will consider also and in particular whether a possible exclusion of the subscription right for fractional amounts is objectively justified in each specific case. The Executive Board will report to the next general meeting on any utilisation of the authorization.