Convenience Translation

KION GROUP AG

Annual General Meeting on 16 July 2020

Report of the Executive Board on agenda item 8

An adequate capital base and adequate financing are material bases for the further development of KION GROUP AG and for a successful market presence. By issuing convertible and/or bonds with warrants, participation rights and/or participation bonds, the Company can – depending on the market situation and its financing needs – take advantage of attractive financing opportunities at comparatively low interest rates, for example to procure favorable debt capital for the Company. Further, the Company will benefit from the conversion and option premiums obtained when issuing such bonds.

The authorization of the Executive Board resolved in the Annual General Meeting of 11 May 2017 under agenda item 10 to issue bonds with warrants or convertible bonds or participation rights remains in force until 10 May 2022. It has not yet been utilised, but is only very limitedly available for utilisation: According to the resolution of the Annual General Meeting of 11 May 2017 under agenda item 10, the total amount of the shares issued in order to service bonds that are issued on the basis of the authorization may not exceed a pro rata amount of 10% of the then share capital. The shares that were and are issued during the term of the authorization from authorized capital will be counted towards this limit. Since a total of 9,300,000 new shares with a pro rata amount of the share capital of EUR 9,300,000.00 were issued on the basis of the Authorized Capital 2017 in the 2017 financial year, the existing authorization is only available as a basis for issuing up to 1,579,000 shares with which bonds with warrants or convertible bonds or participation rights could be serviced.

The Executive Board and the Supervisory Board consider it reasonable to continue to enable the Company in future to issue convertible bonds and/or bonds with warrants, participation rights and/or participation bonds in a flexible manner. The new authorization to issue bonds which is proposed under agenda item 8 and the Contingent Capital 2020 which is also proposed will enable the Executive Board to issue, once or repeatedly, up to and including 15 July 2025, bearer or registered convertible bonds and/or bonds with warrants and/or participation rights and/or participation bonds carrying a conversion or option right and/or conversion or option obligation (or a combination of these instruments) in the total nominal amount of up to EUR 1,000,000,000.00 with or without a limited maturity term (hereinafter referred to collectively as "**Bonds**") and to grant to or impose on the creditors of Bonds conversion/option rights and/or conversion/option obligations to subscribe to a total of up to 11,809,000 new no-par value bearer shares of the Company with a pro rata amount of the share capital of up to EUR 11,809,000.00 in total in accordance with the terms and conditions of the Bonds (hereinafter collectively referred to as the "**Bond Terms**") in order to acquire new equity linked capital and liquid funds to ensure and/or improve the Company's capability of refinancing and of servicing borrowings. The authorization proposed in agenda item 8 will also enable the Executive Board to issue the Bonds with a variable interest rate, in terms of which the interest rate may be wholly or partially dependent on the amount of the net profit for the year, the balance sheet profit, or the dividend of the Company.

The issuance of Bonds is restricted in that the total amount of the shares issued in order to service Bonds that are issued on the basis of this authorization may not exceed a pro rata amount of 10% of the share capital, either when this authorization comes into effect or when it is exercised. Shares that are issued during the term of this authorization from authorized capital will be counted towards this limit. Because of this capital limit, the total extent of any issuance of shares on the basis of the issuance of Bonds and authorized capital 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.

The possibility provided for in the authorization to the effect that Bonds may also be issued with a conversion or option obligation upon maturity or at other times extends the scope for structuring financing instruments of this kind.

Bonds may only be issued for cash consideration.

When issuing Bonds, the Company shall be able, depending on the market situation, to make use of the German or international capital markets and issue Bonds not only in Euro but also in the legal currency of an OECD country, however, limited to the equivalent value in Euro. The Bonds may also be issued by domestic or foreign companies in which the Company directly or indirectly holds the majority of the votes and capital (hereinafter also a "**Majority-Owned Subsidiary**"); in this case, the Executive Board will, with the consent of the Supervisory Board, be authorized to provide a guarantee for the Bonds on behalf of the Company and to grant the creditors of such Bonds conversion and/or option rights on shares of the Company and/or perform conversion or option obligations in shares of the Company, as well as to make other declarations and take other actions which may be required for a successful issue. When Bonds are issued, they will generally be divided into partial debentures carrying equal rights.

The proposed Contingent Capital 2020 shall enable the Company to issue shares to the creditors of Bonds which are issued on the basis of the authorization that is to be newly created under agenda item 8. The nominal value of the Contingent Capital 2020 corresponds to 10% of the current share capital of the Company. The new shares from the Contingent Capital 2020 shall be issued at the conversion or option price to be determined in each case in accordance with the authorization. Pursuant to section 193(2) no. 3 German Stock Corporation Act, the authorization will merely define the bases for determining the relevant minimum issue price so as to give the Company the necessary flexibility when determining the terms and conditions. The conditional increase of the share capital shall be performed only to the extent that conversion or option rights under issued Bonds are exercised or conversion or option obligations under such Bonds are performed, and to the extent that the conversion or option rights and/or conversion or option obligations are not satisfied through own shares, shares from authorized capital, or other consideration.

When Bonds with a conversion or option right or a conversion or option obligation are issued, the shareholders are generally entitled to a subscription right (section 221(4) German Stock Corporation Act in conjunction with section 186(1) German Stock Corporation Act). If the Bonds are issued by a Majority-Owned Subsidiary of KION GROUP AG, KION GROUP AG must ensure that shareholders are granted the statutory subscription right. To simplify the settlement procedure, the Executive Board may, with consent of the Supervisory Board, grant shareholders the subscription right such that the Bonds are subscribed to by one or several credit institutions pursuant to section 186 (5) German Stock Corporation Act, which must undertake to offer them to the shareholders for subscription (so-called indirect subscription right).

In this regard, the Executive Board shall – with the consent of the Supervisory Board – also be permitted to determine that the subscription right in part shall be a direct subscription right and otherwise an indirect subscription right. In particular, it may be appropriate and in the Company's interest for financial reasons to offer a principal shareholder entitled to subscription, who has committed to the subscription of a fixed number of (partial) Bonds in advance, such Bonds directly for subscription, in order to thus avoid the issuing banks' fees that would be otherwise incurred by the Company in case of an indirect subscription right. This does not entail any restriction of the content of the subscription right for those shareholders to whom the Bonds are offered by way of an indirect subscription right.

In accordance with the legal provisions, the Executive Board is to be authorized only to exclude the shareholders' subscription right in part, once or repeatedly, with the consent of the Supervisory Board, for fractional amounts.

Exclusion of the subscription right for fractional amounts

The exclusion of the subscription right for fractional amounts shall allow for a practicable subscription ratio and shall thus facilitate the technical performance of the issue of Bonds. As a general rule, the value of the fractional amounts is low, whereas the time and effort required to issue Bonds without an exclusion of the subscription right for fractional amounts is regularly much higher. The Bonds that are excluded from the subscription right due to such fractional amounts shall be utilised in the best possible manner 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 in each case whether it would be in the interest of the Company to make use of the proposed authorization to issue Bonds; in this regard, the Executive Board will consider also and in particular whether a possible exclusion of the subscription right for fractional amounts is objectively justified in a specific case. The Executive Board will report to the next general meeting on any utilisation of the authorization.