

Joint Report

of the Executive Board of KION GROUP AG

and

the Management Board of Dematic Holdings GmbH

pursuant to section 293a German Stock Corporation Act

on the conclusion and content of the

Domination and Profit and Loss Transfer Agreement of 31 January 2020

between KION GROUP AG and
Dematic Holdings GmbH

I. Introduction

In order to notify their shareholders and to prepare for the adoption of a resolution during the Annual General Meeting of KION GROUP AG (“**KGAG**”) on 12 May 2020, the Executive Board of KGAG and the Management Board of Dematic Holdings GmbH (“**Dematic**”) have prepared the following joint report pursuant to section 293a German Stock Corporation Act on the Domination and Profit And Loss Transfer Agreement of 31 January 2020 between KGAG and Dematic. This Domination and Profit and Loss Transfer Agreement is to be presented to the Annual General Meeting of KGAG on 12 May 2020 for approval.

II. Conclusion and entry into force of the Domination and Profit and Loss Transfer Agreement

On 31 January 2020 KGAG, as the controlling enterprise, concluded a Domination and Profit and Loss Transfer Agreement with Dematic, as the dependent company, in accordance with section 291(1), sentence 1 German Stock Corporation Act. In accordance with section 293(1) and (2) German Stock Corporation Act, this Domination and Profit and Loss Transfer Agreement will not enter into force unless both the shareholder’s meeting of Dematic and the general meeting of KGAG give their approval. The shareholder’s meeting of Dematic has already approved the Domination and Profit and Loss Transfer Agreement by means of a notarised shareholder’s resolution of 10 February 2020. The Executive Board and the Supervisory Board of KGAG propose that the Annual General Meeting of KGAG convened for 12 May 2020 also approves the conclusion of the Domination and Profit and Loss Transfer Agreement. Following its approval by the general meeting of KGAG, according to section 294(2) German Stock Corporation Act the Domination and Profit and Loss Transfer Agreement will not enter into force until its existence has been entered into the commercial register at the registered office of Dematic.

III. Parties to the Agreement

1. KION GROUP AG

KGAG, the controlling enterprise, is a listed stock corporation under German law. KGAG has its registered office in Frankfurt am Main and is registered in the commercial register at the Local Court of Frankfurt am Main under HRB 112163. KGAG’s share capital amounts to EUR 118,090,000.00 and is divided into 118,090,000 no-par value bearer shares. KGAG is the ultimate parent company of the KION Group and, in this capacity, holds indirectly and directly interests in Dematic, Linde Material Handling GmbH, STILL GmbH as well as in numerous other companies in Germany and abroad.

The financial year of KGAG is the calendar year.

According to the articles of association, the purpose of KGAG is the holding, acquiring, managing and selling of interests in enterprises of any legal form, in particular enterprises being active in

the development, production and sale of industrial trucks, warehouse equipment (material handling) and mobile hydraulics, software and automation/robotics solutions in the area of logistics, including related services and consulting services and similar activities, as well as assuming management holding functions against consideration, other services against payment, and lease financing vis-à-vis affiliated companies.

The current members of KGAG's Executive Board are Messrs. Gordon Riske (chairman of the Executive Board), Prof. Dr. Eike Böhm and Ching Pong Quek as well as Mrs. Anke Groth.

Pursuant to article 7(1) of the articles of association, KGAG is legally represented by one member of the Executive Board, provided that the Supervisory Board has granted this person the power to solely represent the company; otherwise KGAG is legally represented by two Executive Board members or by one Executive Board member together with a holder of a general commercial power of attorney (*Prokurist*). With respect to power of representation, deputy Executive Board members are regarded as being equivalent to regular Executive Board members. At present none of the Executive Board members has been granted the power to solely represent the company.

2. Dematic Holdings GmbH

Dematic, the dependent company, is a limited liability company under German law. Dematic has its registered office in Frankfurt am Main and is registered in the commercial register at the Local Court of Frankfurt am Main under HRB 113341. Dematic's share capital amounts to EUR 25,000.00. The contributions to the share capital have been fully paid.

The company was established through a change of legal form of DH Services Luxembourg Holding S.à.r.l., Senningerberg, Luxembourg with a simultaneous transfer of its registered office while maintaining its legal personality. The change of legal form and transfer of registered office became effective with the registration in the commercial register at the Local Court of Frankfurt am Main on 16 October 2018.

With agreement dated 26 February 2019 Dematic (Services) Limited with its registered office in Banbury, United Kingdom was merged with Dematic, whereby the 1 December 2018 was considered as effective date of the merger. The merger became effective with the registration in the commercial register on 7 March 2019.

The financial year of Dematic is the calendar year.

According to the articles of association, the purpose of Dematic is the holding, acquiring, managing and selling of interests in enterprises of any legal form, in particular enterprises being active in supply chain-solutions, as well as assuming management holding functions against consideration, other services against payment, and lease financing vis-à-vis affiliated companies.

The sole shareholder of Dematic is KGAG, which directly holds 100 % of the shares in Dematic.

The managing directors of Dematic are Mrs. LL.D. Lena Wallenhorst and Mr. Johannes Borsche.

Pursuant to article 6 of the articles of association, Dematic has one or more managing directors. If only one managing director has been appointed, he will solely represent the company. If more managing directors are appointed, the company is legally represented by two managing directors or by one managing director acting jointly with a holder of a general commercial power of attorney (*Prokurist*). The shareholder's meeting is entitled to grant one or more managing directors the power to solely represent the company. Each managing director of the company may by means of a shareholder's resolution be released from the restrictions to represent themselves or a third party without restrictions. At present, the managing directors of Dematic, Mr. Johannes Borsche and Mrs. LL.D. Lena Wallenhorst, have the power to solely represent the company and are released from the restrictions set forth in section 181 German Civil Code.

IV. Legal and economic reasons for the conclusion of the Domination and Profit and Loss Transfer Agreement

The purpose of the Domination and Profit and Loss Transfer Agreement is, in particular, to ensure the uniform corporate management of Dematic and to establish a fiscal unity for income tax purposes between Dematic and KGAG. In addition, the Domination and Profit and Loss Transfer Agreement will allow for even closer cooperation between KGAG and Dematic.

Even without the conclusion of a Domination and Profit and Loss Transfer Agreement, the shareholder's meeting of Dematic has a right to give instructions to the managing director. Whereas the scope of the right of the shareholder's meeting to give instructions is not clearly defined by law, such right can be established in a clear and legally certain manner by means of a Domination and Profit and Loss Transfer Agreement. Since, after the conclusion of the Domination and Profit and Loss Transfer Agreement, a shareholder's resolution for carrying out management measures will not always have to be adopted in order to exercise the right to give instructions, managing Dematic as a subsidiary will become more practical and efficient. Moreover, conclusion of the Domination and Profit and Loss Transfer Agreement will allow for a uniform management of group subsidiaries to be achieved. KGAG can make use of its management mechanisms in a way that is more focused and more economically advantageous for the group than it can without the Domination and Profit and Loss Transfer Agreement.

A fiscal unity for income tax purposes can be established between KGAG and Dematic through the Domination and Profit and Loss Transfer Agreement. Any profits and losses of Dematic can then be consolidated in terms of income tax at the level of KGAG with the latter's results as well as the results of other companies forming a fiscal unity with KGAG. This makes it possible to lower the overall effective tax rate of the KION Group and reduce the risk of losses that are unused in terms of tax. To achieve this, the fiscal unity must in principle exist for at least five years.

In addition, the fiscal unity has a positive liquidity effect since Dematic's profit transfers to KGAG under the Domination and Profit and Loss Transfer Agreement are not subject to capital gains tax. Without the Domination and Profit and Loss Transfer Agreement, capital gains tax and

the solidarity surcharge would initially be deducted from any dividends, with this tax only generally being reimbursed later as part of KGAG's corporation tax assessment.

In addition, the conclusion of the Domination and Profit and Loss Transfer Agreement strengthens the organisational integration of Dematic into KGAG, which is necessary for the companies to be regarded as a fiscal unity for VAT purposes. The existing fiscal unity for VAT purposes is economically advantageous for the KION Group.

V. Explanation of the Domination and Profit and Loss Transfer Agreement

The main content of the Domination and Profit and Loss Transfer Agreement can be summarised and explained as follows:

1. Domination

In accordance with section 1.1 of the Domination and Profit and Loss Transfer Agreement, Dematic submits its management to the control of KGAG, as the controlling enterprise. KGAG is thus entitled to give instructions to the Management Board of Dematic with respect to the conduct of Dematic. In accordance with section 1.2 of the Domination and Profit and Loss Transfer Agreement, Dematic is obliged to follow the instructions given by KGAG. Notwithstanding this right to give instructions, the management and representation of Dematic remains incumbent on Dematic's Management Board.

2. Transfer of profit or loss

In accordance with section 2.1 of the Domination and Profit and Loss Transfer Agreement, Dematic shall transfer its entire profit to KGAG. The scope of the profit transfer is described in greater detail in section 2 of the Domination and Profit and Loss Transfer Agreement.

According to section 2.1 of the Domination and Profit and Loss Transfer Agreement, through the profit which has to be transferred the provision of section 301 German Stock Corporation Act (as amended from time to time) is included in the Agreement accordingly, i.e. by means of dynamic referencing.

According to section 2.2 of the Domination and Profit and Loss Transfer Agreement, Dematic may, with the approval of KGAG, allocate amounts from the annual net income to other profit reserves pursuant to section 272(3) German Commercial Code to the extent that this is permitted under commercial law and is commercially justified from the perspective of a reasonably acting prudent businessman.

Section 2.3 of the Domination and Profit and Loss Transfer Agreement makes it clear that neither amounts from the dissolution of other profit reserves (section 272(3) German Commercial Code) that were established from profits generated before this Domination and Profit and Loss Transfer

Agreement became applicable, nor amounts from the dissolution of capital reserves irrespective as to whether they were established before or after the Domination and Profit and Loss Transfer Agreement became applicable, may be transferred to KGAG as profit or used to compensate an annual net loss.

3. Assumption of loss

Section 3 of the Domination and Profit and Loss Transfer Agreement governs the assumption of losses by KGAG. According to this, KGAG is obliged, in analogous application of section 302 German Stock Corporation Act, to offset any annual net loss incurred by Dematic during the term of the Agreement. The provision of section 302 German Stock Corporation Act regarding the assumption of losses (as amended from time to time) is included in the Agreement accordingly, i.e. by means of dynamic referencing.

4. Effectiveness, application

Section 4.1 of the Domination and Profit and Loss Transfer Agreement stipulates that, in order to become effective, the Domination and Profit and Loss Transfer Agreement requires approval by the shareholder's meeting of Dematic as well as the general meeting of KGAG. Moreover, the Agreement will not take effect until its existence has been registered in the commercial register of Dematic. The shareholder's meeting of Dematic already approved the Agreement on 10 February 2020.

With the exception of the provisions on domination under section 1 of the Domination and Profit and Loss Transfer Agreement, this Agreement applies, according to its section 4.2, with effect as of the beginning of the business year of Dematic in which the Domination and Profit and Loss Transfer Agreement is registered in the commercial register of Dematic. This means that it is expected to apply as from 1 January 2020.

5. Term, termination

Section 5 of the Domination and Profit and Loss Transfer Agreement contains provisions on the term of the Agreement and termination possibilities. According to section 5.1 of the Domination and Profit and Loss Transfer Agreement, it is concluded for an indefinite term. The Domination and Profit and Loss Transfer Agreement may, pursuant to its section 5.2, be terminated for the first time with effect as of the end of the business year of Dematic that ends no earlier than upon the expiry of five years from the date on which the Agreement became applicable. The termination notice period is six months. After the end of the first five years, the Domination and Profit and Loss Transfer Agreement may, pursuant to its section 5.3, be terminated subject to a termination notice period of six months, with effect as of the end of any business year of Dematic. The termination notice must be given in written form. Moreover, the Domination and Profit and Loss Transfer Agreement may also be terminated, in writing, for good cause without adhering to a notice

period – also during the course of a year. Some examples of good cause are referred to in section 5.5 of the Domination and Profit and Loss Transfer Agreement and are present, for instance,

- if KGAG ceases to hold the majority of voting rights arising from its participation in Dematic within the meaning of section 14(1), sentence 1, no. 1 German Corporation Tax Act;
- in case of a merger or split of KGAG or Dematic;
- in case of the liquidation of either KGAG or Dematic;
- due to other reasons within the meaning of regulation 14.5(6) German Corporation Tax Regulations 2015 or any provision subsequent to this regulation.

6. Final provisions

Section 6.1 of the Domination and Profit and Loss Transfer Agreement specifies that any amendments or supplements thereto must be made in writing unless a notarial deed is required.

Section 6.2 of the Domination and Profit and Loss Transfer Agreement states that the German version of the Agreement is binding.

The “severability clause” in section 6.3 of the Domination and Profit and Loss Transfer Agreement safeguards the effectiveness and enforceability of the Agreement in the event that individual clauses are or become invalid or unenforceable or in the event that there is an omission in the Agreement. In the cases specified, the applicability of the remaining provisions of the Domination and Profit and Loss Transfer Agreement is to remain unaffected. In place of the invalid or infeasible provision or in order to remedy the omission, the parties in this case undertake to agree - in compliance with the requirements of a tax group within the meaning of section 14, 17 German Corporate Income Tax Act and section 2 para. 2 2nd sentence German Trade Tax Act - on an appropriate, valid and feasible provision that comes closest to what the parties intended or would have intended in accordance with the purpose of the Agreement, had they considered the matter at the outset.

For the avoidance of doubt, Section 6.4 of the Domination and Profit and Loss Transfer Agreement stipulates that the provisions of the Domination and Profit and Loss Transfer Agreement shall be construed in a manner, that they comply with the requirements of the recognition of a tax group within the meaning of section 14, 17 German Corporate Income Tax Act and section 2 para. 2 2nd sentence German Trade Tax Act.

VI. No compensation or consideration pursuant to sections 304, 305 German Stock Corporation Act, no review of Agreement

KGAG holds 100% of the shares in Dematic. Since Dematic does not have any external shareholders, appropriate compensation within the meaning of section 304 German Stock Corporation Act does not have to be specified in the Domination and Profit and Loss Transfer Agreement. Nor does, for this reason, consideration within the meaning of section 305 German Stock Corporation Act have to be specified or a valuation of the companies involved carried out to determine an appropriate compensation and appropriate consideration. Since KGAG directly holds all shares in Dematic, it is also not necessary to have the Domination and Profit and Loss Transfer Agreement reviewed by an expert auditor pursuant to section 293b(1) German Stock Corporation Act.