GRAMMER AG

Annual General Meeting 2018

Report of the Executive Board of GRAMMER AG in accordance with section 289a and section 315a HGB

Composition of the subscribed capital: GRAMMER AG's subscribed capital amounts to EUR 32,274,229.76 and is divided into 12,607,121 bearer shares.

Restrictions on voting rights or the transfer of shares: The Executive Board is aware of no restrictions on the exercise of voting rights or the transfer of shares.

Direct or indirect shares in the share capital exceeding 10% of the voting rights: The notes to GRAMMER AG's annual financial statements for 2017 set out detailed information on the voting right notifications received in accordance with section 21 WpHG.

Shares with special rights conveying control powers: There are no shareholders with special rights.

Type of voting right control if employees hold a share of the Company's capital and do not directly exercise their control rights: There are no employee participation programs.

Statutory provisions and stipulations in the articles of association governing the appointment and dismissal of members of the Executive Board or amendments to the Articles of Association: The members of GRAMMER AG's Executive Board are appointed and dismissed in accordance with the statutory provisions (section 84 and 85 AktG and section 31 MitBestG). Article 8 et sec. of the Company's articles of association stipulates that the Executive Board must be composed of at least two members. Any amendments to the Company's articles of association are executed in accordance with section 119 (1), number 5 and 179 (2) AktG; article 25 of the articles of association governs the passing of resolutions by the Annual General Meeting. Under article 13 (3) of the Company's articles of association, the Supervisory Board may amend the articles of association, provided that such amendments are confined to the wording of the provision in question.

Executive Board's powers to issue or buy back shares: The Executive Board is authorized to issue profit-participation rights with or without an option or conversion right or obligation and/or option and/or convertible bonds on or before May 27, 2019. The share capital has been increased on a contingent basis by up to EUR 14,777,182.72 for this purpose (Contingent Capital 2014/I). Following partial utilization, Contingent Capital 2014/I now stands at EUR 12,057,318.40 as of December 31, 2017. GRAMMER holds 330,050 own shares, all of which were acquired in 2006. The 330,050 own shares are non-voting and non-dividend-entitled. The Company is authorized until May 27, 2019 to acquire treasury stock in accordance with section 71 (1) No. 8 AktG and to use it for all the purposes specified in the authorization.

Company compensation agreements with the members of the Executive Board or employees in the event of a take-over bid: The service contracts entered into with the member of the Executive Board include a change-of-control clause, under which each member of the Executive Board has a special right of termination which may be exercised within three months of a change of control. If the special right of termination is exercised, the terminating party may claim 150% of the settlement cap agreed upon in the service contract equaling the total remuneration for a two-year period. In addition, there are change-of-control compensation agreements with individual members of the Company's senior management.

Material Company agreements contingent upon a change of control as a result of a takeover bid: GRAMMER AG and two other domestic Group companies are parties to a syndicated loan agreement, under which each creditor has the right to demand premature repayment in the event of a change of control. For the purposes of these contracts, a change of control is deemed to arise as soon as one or several persons acting jointly acquire at least 30% of the voting capital of GRAMMER AG or the other borrowers. As described above, the agreements governing the bonded loans include change-of-control clauses up to the full amount. If these termination rights are exercised jointly in particular, the funding required by the GRAMMER Group for its ongoing business operations may be jeopardized, forcing it to seek alternative sources of funding.