

Mutares SE & Co. KGaA (formerly mutares AG), Munich

Balance sheet as at 31 December 2019

Assets			31 Dec. 2019	31 Dec. 2018	Equity & Liabilities			31 Dec. 2019	31 Dec. 2018
	EUR	EUR	EUR	EUR		EUR	EUR	EUR	EUR
A. Non-current assets					A. Equity				
I. Intangible assets					I. Capital issued				
Purchased software		14,303		31,985	1. Share capital	15,496,292		15,496,292	
					(Conditional capital)	(4,549,626)		(1,500,000)	
II. Tangible fixed assets					2. Less calculated value of treasury shares	<u>-261,875</u>		<u>-261,875</u>	
Other equipment, operating and office equipment		416,853		455,975		15,234,417		15,234,417	
					II. Capital contribution of the personally liable shareholder - without contribution -		0		0
III. Financial assets					III. Capital reserves		36,145,026		36,145,026
1. Shares in affiliated companies	30,653,431			25,959,239	IV. Retained earnings				
2. Loans to affiliated companies	11,873,388			8,627,937	Legal reserve	131,688		131,688	
3. Participations	<u>36,000</u>			<u>0</u>	V. Balance sheet profit	<u>27,350,598</u>		<u>20,045,692</u>	
		<u>42,562,819</u>		<u>34,587,176</u>			78,861,729		<u>71,556,823</u>
			42,993,975	35,075,136	B. Provisions				
B. Current assets					1. Provisions for taxes	70,902		73,000	
I. Receivables and other assets					2. Other provisions	<u>4,442,300</u>		<u>4,425,633</u>	
1. Receivables from affiliated companies	41,040,386			21,546,894			4,513,202		4,498,633
2. Other assets	<u>237,195</u>			<u>748,416</u>	C. Liabilities				
		41,277,580		22,295,310	1. Trade payables	606,043		975,978	
II. Cash on hand and bank balances					2. Liabilities to affiliated companies	5,968,622		697,522	
		<u>9,206,973</u>		<u>20,684,630</u>	3. Liabilities to companies in which participations are held	3,377,467		0	
			50,484,553	42,979,940	4. Other liabilities	<u>345,897</u>		<u>457,787</u>	
C. Accruals and deferred income							10,298,029		<u>2,131,287</u>
			194,433	131,667			<u>93,672,961</u>		<u>78,186,743</u>
			<u>93,672,961</u>	<u>78,186,743</u>					

Disclaimer

The translation of this document was prepared for convenience purposes only. The German original version prevails.

Mutares SE & Co. KGaA (formerly mutares AG), Munich

Statement of profit and loss for the financial year from 1 January to 31 December 2019

	EUR	2019 EUR	Previous year EUR
1. Revenue		19,336,134	10,564,369
2. Other operating income		10,577,858	4,543,871
3. Cost of material			
Cost of purchased services		1,821,404	2,088,196
4. Personnel expenses			
a) Wages and salaries	8,640,136		9,294,891
b) Social contributions	552,218		444,582
		9,192,354	9,739,472
5. Amortization of intangible assets and depreciation of property, plant and equipment		130,208	115,850
6. Other operating expenses		18,128,013	21,364,487
Thereof from currency translation: EUR 196 (previous year: EUR 60)			
7. Income from subsidiaries and gains from the sale of subsidiaries thereof from affiliated companies: EUR 21,951,500 (previous year: EUR 43,886,170)		21,951,500	43,886,170
8. Income from loans of financial assets thereof from affiliated companies: EUR 63,209 (previous year: EUR 61,784)		63,209	61,784
9. Other interest and similar income thereof from affiliated companies: EUR 408,154 (previous year: EUR 256,737)		441,879	257,745
10. Depreciation of financial assets		500,000	5,898,947
11. Interest and similar expenses thereof to affiliated companies: EUR 2,959 (previous year: EUR 0)		16,350	41,186
12. Taxes on income and earnings		42,955	0
13. Earnings after taxes		22,539,296	20,065,801
14. Other taxes		-27	1,903
15. Net income for the year		22,539,323	20,063,898
16. Profit carried forward from the previous year		4,811,275	2,725,921
17. Offsetting in connection with the acquisition of treasury shares		0	-2,744,126
18. Balance sheet profit		27,350,598	20,045,692

Mutares SE & Co. KGaA (formerly: Mutares AG)

Notes for the financial year from 1 January to 31 December 2019

General information on the annual financial statement

Mutares SE & Co. KGaA, Munich (hereinafter also referred to as "the Company" or "Mutares"), was formed by way of a change of legal form from Mutares AG, Munich. At the Annual General Meeting held in Munich on 23 May 2019, a resolution was passed to change the legal form of Mutares AG to a partnership limited by shares (KGaA), with Mutares Management SE joining as a personally liable partner. The change of legal form was completed by entry in the commercial register on 24 July 2019.

The Company is domiciled in Munich and is entered in the commercial register of the local court in Section B under number 250347. The registered office and at the same time the headquarters of the Company is Arnulfstrasse 19, 80335 Munich, Germany.

The annual financial statements as of 31 December 2019 were prepared on the basis of the German Commercial Code and the German Stock Corporation Act. The size-dependent relief for small capital companies is partially taken advantage of. In addition to these regulations, the provisions of the Articles of Association had to be observed. For reasons of clarity, some of the legally required additional information is provided in the notes to the financial statements.

The financial year is the calendar year.

The balance sheet was structured in accordance with § 266 HGB. The profit and loss account was structured in accordance with the total cost method in application of § 275 Para. 2 HGB.

The principle of consistency of presentation was considered.

The figures in these notes are generally given in thousands of euros (EUR thousand) or in millions of euros (EUR million).

Accounting and valuation methods

Notes to the balance sheet

Non-current assets

Intangible assets were capitalized at cost and amortized on a straight-line basis over their expected useful life of three years.

Tangible fixed assets were capitalized at acquisition or production cost and depreciated according to schedule.

Tangible fixed assets were depreciated by scheduled straight-line depreciation in accordance with their expected useful lives of three to fifteen years. Additions during the financial year were generally depreciated pro rata temporis.

Since 1 January 2018, tangible fixed assets with acquisition costs of up to EUR 800.00 have been fully depreciated in the year of acquisition. Previously, from 1 January 2011, assets with acquisition costs of up to EUR 410.00 in the year of acquisition were fully depreciated.

The valuation of financial assets is based on the acquisition costs and, if necessary, unscheduled depreciation in accordance with § 253 (3) sentence 5 HGB in the event of an expected permanent impairment. If the reasons for an impairment in value made in the past no longer exist, appreciations are made up to a maximum of the historical acquisition costs.

The total amount of impairment losses on financial assets in FY 2019 amount to EUR 500 thousand (previous year: EUR 5,899 thousand) and were made on shares in affiliated companies (previous year: EUR 2,654 thousand). No impairment losses were recorded on loans to affiliated companies (previous year: EUR 3,245 thousand).

Current assets

Receivables from affiliated companies were carried at nominal value and valued considering all identifiable risks. Individual value adjustments of receivables from affiliated companies were made to the lower attributable value where necessary. Receivables from affiliated companies include trade receivables (EUR 8.070 thousand; previous year: EUR 1.707 thousand), loans (EUR 4.956 thousand; previous year: EUR 2.775 thousand) and receivables from dividend payments (EUR 28.015 thousand; previous year: EUR 17.065 thousand). As in the previous year, the receivables from affiliated companies do not include any receivables with a remaining term of more than one year.

Other assets and cash and cash equivalents were carried at their nominal value. Other assets include receivables with a remaining term of more than one year amounting to EUR 229 thousand (previous year: EUR 229 thousand).

Accruals and deferred income

Prepaid expenses and deferred charges were calculated pro rata temporis in accordance with the nominal amount.

Equity

The subscribed capital is stated at nominal value.

By resolution of the Annual General Meeting on 23 May 2019 a portion of the balance sheet profit amounting to EUR 15,234,417.00 was distributed in the form of a dividend of EUR 1.00 per eligible share and the remaining amount of EUR 4,811,275.31 was carried forward to new account.

Conditional capital

The Annual General Meeting of the Company on 3 June 2016 authorized the Management Board, with the consent of the Supervisory Board, to issue up to 1,500,000 subscription rights ("stock options") to members of the Management Board of the Company, members of the management of affiliated domestic and foreign companies of the Company and to employees of the Company and employees of affiliated domestic and foreign companies until 2 June 2020 ("Mutares Stock Option Plan 2016"). The stock options entitle the holder to subscribe to up to 1,500,000 no-par value registered (previous year: bearer) shares of the Company with a notional interest in the share capital of EUR 1.00 each. Furthermore, the Annual General Meeting resolved to conditionally increase the share capital of the Company by EUR 1.5 million by issuing up to 1,500,000 no-par value bearer shares to service the Mutares Stock Option Plan 2016 ("Conditional Capital 2016/I"). The Annual General Meeting of the Company on 23 May 2019 resolved to cancel Conditional Capital 2016/I to the extent that it relates to the shares not issued under the Mutares Stock Option Plan 2016. As a result, the Conditional Capital 2016/I amounts to EUR 747 thousand after reduction as of the balance sheet date.

The Annual General Meeting of the Company on 23 May 2019 created Contingent Capital 2019/I in the amount of EUR 3,000 thousand to grant shares upon the exercise of conversion or option rights or upon the fulfilment of conversion or option obligations to the holders or creditors of convertible bonds, bonds with warrants, profit participation rights and/or participating bonds or combinations of these instruments issued on the basis of the authorization resolution of the Annual General Meeting of 23 May 2019.

After the partial cancellation of the Conditional Capital 2016/I became effective, the share capital of Mutares SE & Co. KGaA was conditionally increased by up to EUR 802 thousand through the issue of up to 802,176 registered shares ("Conditional Capital 2019/II") by resolution of the Annual General Meeting on 23 May 2019. The Conditional Capital 2019/II serves to grant subscription rights to members of the Management Board and employees of the Company, members of the management and employees of affiliated companies.

On 13 October 2016, the Management Board, with the consent of the Supervisory Board, resolved option terms under which a total of up to 900,000 stock options from Contingent Capital 2016/I may be issued to members of the management of affiliated German and foreign companies of the Company and to employees of the Company and employees of affiliated German and foreign companies until 2 June 2020. The stock options entitle the holder to subscribe to a total of up to 900,000 no-par value bearer shares of the Company with a notional interest in the share capital of EUR 1.00 each, provided that certain exercise conditions are met – in particular a waiting period of at least four years.

Also on 13 October 2016, the Supervisory Board resolved option terms under which a total of up to 600,000 stock options from Contingent Capital 2016/I may be issued to members of the Management Board of the Company until 2 June 2020. The stock options entitle, if certain exercise conditions are met – in particular a waiting period of at least four years – to subscribe to a total of up to 600,000 no-par value bearer shares of the Company with a notional interest in the share capital of EUR 1.00 each.

In four tranches between October 2016 and April 2018, a total of 973,200 stock options were issued under the Stock Option Plan 2016, of which 465,000 stock options were granted to members of the Management Board, 90,000 of which have expired due to their resignation. The stock options granted are not entitled to dividends and do not grant voting rights.

On 9 August 2019, the Management Board resolved option conditions according to which a total of up to 360,979 stock options from Conditional Capital 2019/II may be issued to members of the management of affiliated German and foreign companies of the Company and to employees of the Company and employees of affiliated German and foreign companies until 22 May 2024. The stock options entitle the holder to subscribe to a total of up to 360,979 no-par value registered shares of the Company with a notional share in the share capital of EUR 1.00 each, provided that certain exercise conditions are met – in particular a waiting period of at least four years.

Also on 9 August 2019, the Shareholders' Committee of the general partner of Mutares SE & Co. KGaA, with the approval of the Supervisory Board, resolved option terms under which a total of up to 441,197 stock options from Conditional Capital 2019/II may be issued to members of the Company's Management Board until 22 May 2024. The stock options entitle, if certain exercise conditions are met – in particular a waiting period of at least four years – to subscribe to a total of up to 441,197 registered no-par value shares of the Company with a notional share in the share capital of EUR 1.00 each.

In September 2019, 267,500 stock options were issued under the stock option plan 2019, of which 190,000 stock options were granted to members of the Management Board. The stock options granted are not entitled to dividends and do not grant voting rights.

With regard to the accounting of stock options, the Company does not follow E-DRS 11 (Accounting for Stock Option Plans and Similar forms of Remuneration) or IFRS 2 (Share-based Payment), but rather a temporary minority opinion in the commercial law commentary literature, according to which stock options are regarded as remuneration granted to the recipient by the shareholders and therefore do not affect the Company level. For this reason, the stock option plans are not recorded in the balance sheet as long as the options have not yet been exercised.

Authorized capital

At the Company's Annual General Meeting on 22 May 2015, the Annual General Meeting resolved to create Authorized Capital 2015/I. By resolution of the Annual General Meeting on 20 July 2018, this resolution was adjusted with regard to the conversion from bearer shares to registered shares. As a result, the Management Board was authorized, with the consent of the Supervisory Board, to increase the Company's share capital by up to a total of EUR 7,000 thousand against cash and/or non-cash contributions by issuing up to 7,000,000 new no-par value bearer shares until 21 May 2020 ("Authorized Capital 2015/I"). The Management Board has partially used the authorization granted to it in the amount of EUR 1,400 thousand as part of the capital increase carried out in October 2015.

By resolution of 23 May 2019, the Annual General Meeting of the Company resolved to cancel Authorized Capital 2015/I and instead authorized the Management Board, with the consent of the Supervisory Board, to increase the share capital of the Company in the period until 22 May 2024 by a total of up to EUR 7,748 thousand by issuing up to 7,748,146 new registered shares against cash and/or non-cash contributions ("Authorized Capital 2019/I").

Authorized capital thus totaled EUR 7,748 thousand as of the balance sheet data (previous year: EUR 5,600 thousand) and consists solely of Authorized Capital 2019/I (previous year: Authorized Capital 2015/I).

Acquisition of treasury shares

The Annual General Meeting of 22 May 2015 had authorized the Management Board of the company by resolution to acquire own shares of up to 10% of the share capital. Together with any treasury shares acquired for other reasons, which are in the possession of the Company or are attributable to

the Company pursuant to Section 71a et seq. of the German Stock Corporation Act (AktG), the acquired shares may at no time exceed 10% of the Company's share capital. The authorization may be exercised in whole or in part, once or several times, by the Company, but also by dependent companies or companies in which the Company holds a majority interest or by third parties for its or their account. The acquisition authorization was originally valid until 21 May 2020 but was revoked by resolution of the Annual General Meeting on 23 May 2019. At the same time, by resolution of the Annual General Meeting of 23 May 2019, the Board of Management was authorized to acquire treasury shares of the Company until the end of 22 May 2024, subject to compliance with the principle of equal treatment (Section 53 AktG), up to a total of 10% of the Company's share capital existing at the time of the resolution or – if this value is lower – of the Company's share capital existing at the time the authorization is exercised. The shares acquired on the basis of this authorization, together with other own shares of the Company which the Company has acquired and still holds or are attributable to the Company pursuant to sections 71a et seqq. of the German Stock Corporation Act, may at no time exceed 10% of the Company's respective share capital.

In the period from 15 January to 6 March 2015, the Executive Board made use of the authorization to acquire treasury shares granted by the Annual General Meeting on 19 March 2010. As of 31 December 2017, Mutares SE & Co. KGaA held 6,012 treasury shares, each representing EUR 1.00 of the share capital.

On 1 June 2018, the Management Board of Mutares SE & Co. KGaA resolved, with the consent of the Supervisory Board, to launch a share buyback program of up to EUR 3,000 thousand (excluding incidental acquisition costs) using the authorization granted by the Annual General Meeting on 22 May 2015 ("share buyback program 2018/I"). Within the framework of the 2018/I share buyback program, a total of up to 283,019 treasury shares could be repurchased in the period from 1 June to 15 July 2018. A total of 255,863 shares were acquired. The difference between the acquisition cost and the nominal value of the treasury shares totals EUR 2,744 thousand and was offset against retained earnings; no gain or loss from the transaction with treasury shares is recognized.

Mutares SE & Co. KGaA therefore holds a total of 261,875 treasury shares as of 31 December 2019 and 31 December 2018. As in the previous year, their share of the share capital amounts to EUR 261,875 or 1.7%.

Provisions

Provisions are recognized in the amount of the settlement amount that is necessary according to sound management judgment.

Liabilities

Liabilities were carried at their settlement amount. As in the previous year, there are no non-current liabilities with a remaining term of more than five years.

The total liabilities as of 31 December 2019 amount to EUR 10,298 thousand (previous year: EUR 2,131 thousand) and break down as follows:

Trade accounts payable (previous year: EUR 976 thousand) thereof with a remaining term of up to one year (previous year: EUR 976 thousand)	EUR 606 thousand EUR 606 thousand
Liabilities to affiliated companies (previous year: EUR 698 thousand) thereof with a remaining term of up to one year (previous year: EUR 698 thousand)	EUR 5.969 thousand EUR 5.969 thousand
Liabilities to companies in which participations are held (previous year: EUR 0 thousand) thereof with a remaining term of up to one year (previous year: EUR 0 thousand)	EUR 3.377 thousand EUR 3.377 thousand
Other liabilities (previous year: EUR 458 thousand) Thereof from taxes (previous year: EUR 283 thousand) thereof social security (previous year: EUR 7 thousand) thereof with a remaining term of up to one year (previous year: EUR 458 thousand)	EUR 346 thousand EUR 228 thousand EUR 14 thousand EUR 346 thousand

Liabilities to affiliated companies include EUR 3,000 thousand in liabilities from loans (previous year: EUR 0 thousand), EUR 2,315 thousand in advance payments received (previous year: EUR 415 thousand) and EUR 654 thousand in trade payables (previous year: EUR 283 thousand). The liabilities to companies in which participations are held result in total from trade accounts payable.

Notes to the statement of profit and loss

The profit and loss account has been prepared in accordance with the total cost method in scale form. In accordance with § 288 Para. 1 HGB, the breakdown of sales revenues in accordance with § 285 No. 4 HGB was waived.

The sales revenues result from consulting services to affiliated companies and management fees.

Other operating income include EUR 5,799 thousand (previous year: EUR 358 thousand) from the appreciation of financial assets and EUR 2,617 thousand (previous year: EUR 3,882 thousand) from the reversal of impairment losses on receivables written down in previous years. Other operating income also includes EUR 1,876 thousand (previous year: 0 thousand) from payments on receivables whose book value was below the respective nominal amount.

Other operating expenses include depreciation and value adjustments to receivables and losses on receivables of EUR 1,561 thousand (previous year: EUR 4,360 thousand).

Income from subsidiaries includes income from the in phase recognition of gains from subsidiaries. This includes income in the amount of EUR 20,150 thousand from a direct subsidiary in which hidden reserves in the shares of affiliated companies were disclosed in the course of a merger. In this connection, income from the appreciation of shares and loans to affiliated companies (EUR 5,799 thousand) and from the reversal of impairment losses on receivables written down in previous years (EUR 2,617 thousand) was also realized, which is reported under other operating income.

Scheduled amortization of intangible assets and depreciation of tangible fixed assets were carried out using the straight-line method, taking into account the useful lives that are customary in the industry or Company.

Other information

Employees

During the financial year 2019, Mutares SE & Co. KGaA employed on average 40 people (previous year: 34).

Consolidated financial statement

The Company prepares consolidated financial statements as of 31 December 2019. Disclosure is made in the electronic Federal Gazette ("elektronischer Bundesanzeiger"). The general partner is Mutares Management SE.

Contingent liabilities

Guarantees / Letters of comfort

There are guarantees and letters of comfort amounting to EUR 4,645 thousand (previous year: EUR 645 thousand), of which EUR 4,000 thousand (previous year: EUR 0 thousand) are attributable to affiliated companies. The Company is indemnified by a third party for a partial amount of EUR 645,000 thousand (previous year: EUR 645,000 thousand).

Mutares SE & Co. KGaA has given a rental guarantee in connection with the sale of the property of Donges SteelTec GmbH in Darmstadt in such a way that Mutares SE & Co. KGaA guarantees the buyer the actual receipt of a net monthly rent (excluding incidental costs and VAT) of EUR 167,000 for a period of five years from the closing of the transaction on 31 May 2019.

Obligations from company acquisitions

STS Group AG, a direct subgroup of Mutares SE & Co. KGaA, has taken over part of the business activities of a third party with effect from 30 June 2017. The Company guarantees to the sellers that it has sufficient funds at its disposal to enable its direct subgroup to meet its payment obligations under the purchase agreement. The process of determining the final purchase price was completed in the financial year 2019, without any claim against Mutares under the guarantee.

Mutares SE & Co. KGaA and one of its direct subsidiaries have signed a settlement agreement with the sellers of Balcke-Dürr GmbH and other subsidiaries under which the guarantee issued by Mutares SE & Co. KGaA to ensure the fulfillment of indemnification obligations is increased and again limited to EUR 5.0 million and then reduced to EUR 0 over the period until 31 December 2021. At the present time, it is still not expected that any claims will be made under this guarantee. The further guarantee granted by Mutares SE & Co. KGaA to secure the temporary financing of affiliated companies has expired and has been replaced by a guarantee to make net dividends received until 30 December 2020 available again as financing if required. Both guarantees with regard to the above-mentioned circumstances are still limited to a total of EUR 10.0 million.

Mutares SE & Co. KGaA has issued rental guarantees in connection with the acquisition of Gemini Rail Group to secure the performance of the contractual obligations of this indirect subsidiary, whereby the liability under these guarantees is limited to an amount of approximately EUR 9.7 million and is reduced over time in the amount of the rental payments made by the indirect subsidiary. As of the balance sheet date, the potential obligation under this rental guarantee amounted to EUR 7.3 million.

Mutares SE & Co. KGaA has made a commitment to the seller of keeper GmbH for a limited period of time until 30 December 2020 to make available up to EUR 1.5 million in cash and cash equivalents should this be necessary to avoid insolvency. This obligation will increase if Mutares SE & Co. KGaA receives repayments on an acquired loan or dividends. As of 31 December 2019, the obligation therefore amounted to EUR 2.4 million. To the extent that this financing obligation has not yet been met in the event of insolvency despite the above mentioned obligation, Mutares SE & Co. KGaA has undertaken to indemnify the seller against claims by third parties in connection with this insolvency, whereby this obligation is limited in amount to the financing contribution not yet made and is limited in time to twelve months after completion of the acquisition. In addition, Mutares has undertaken to indemnify the seller in the event of a claim in connection with an earlier financing commitment and earlier issued guarantees, whereby this obligation is limited to an amount of EUR 3.5 million. This obligation ends no later than five years after the completion of the acquisition.

Mutares SE & Co. KGaA has undertaken, in connection with the acquisition of the transport logistics and warehouse business of Q Logistics GmbH, to provide unsecured loans in the amount of EUR 9.0 million to the buyer BEXity GmbH for a limited period of time until 30 December 2020, in particular to finance the operating business. This obligation is increased by payments which Mutares SE & Co. KGaA receives from BEXity GmbH before 31 March 2020. At the same time, Mutares SE & Co. KGaA has undertaken to indemnify the seller against any claims by third parties in connection with the legal relationships assumed and in the event of insolvency of BEXity GmbH. The Vendor's right to exemption is limited in time and amount to EUR 9.0 million until 30 December 2021, EUR 6.0 million until 30 December 2022 and EUR 3.0 million until 30 December 2023. The above mentioned liability limits increase by profit distributions of Bexity GmbH and decrease by loans granted from Mutares SE & Co. KGaA under the above mentioned financing line if they had not been repaid yet.

Donges Teräs Oy, an indirect subsidiary of Mutares SE & Co. KGaA concluded a purchase agreement for the acquisition of Ruukki Building Systems Oy in the financial year 2019. Mutares SE & Co. KGaA guarantees to the seller the payment of a partial amount of the purchase price amounting to EUR 3.5 million.

Mutares SE & Co. KGaA and one of its direct subsidiaries have made a commitment to the seller of Tekfor S.p.A. (now trading as PRIMOTECS S.p.A.) to provide up to EUR 5.0 million in cash and cash equivalents for a limited period of twelve months after the closing date in January 2020, if this is necessary to avoid insolvency.

Mutares SE & Co. KGaA has given a commitment to the seller of the paper serviette business acquired by keeper tableware GmbH to provide the buyer with funds of up to EUR 10.0 million for a period of 24 months after the closing date in February 2020, if this should be necessary to avoid insolvency. Mutares SE & Co. KGaA will also indemnify the seller for a period of four years after the closing date in February 2020 against certain claims of employees assigned to the paper serviette business. The indemnification is limited to EUR 10 million for the first two years, reduced by any funds that Mutares SE & Co. KGaA has provided to keeper tableware GmbH. In the third year, the maximum amount of exemption is reduced to EUR 7.5 million and in the fourth year to EUR 5.0 million.

Mutares SE & Co. KGaA has declared in connection with an irrevocable offer to acquire a majority stake of 80% in Nexive's mail and parcel business in Italy that it will assume liability for obligations arising from the purchase agreement in an amount of up to EUR 5.0 million from the closing of the transaction. The purchase agreement was signed on 23 February 2020. The closing of the acquisition is expected to take place in the second quarter of the financial year 2020.

Obligations from the sale of companies

In connection with the sale of all shares in A+F Automation und Fördertechnik GmbH by a direct subsidiary, Mutares SE & Co. KGaA issued a directly enforceable guarantee for the fulfillment of certain obligations of the direct subsidiary vis-à-vis the acquirer regarding possible warranty claims, possible specific indemnification claims and possible specific cost reimbursement claims, which were issued in a timely manner with respect to regular warranty claims with the exception of fundamental warranties until 30 September 2019 (no claims were made), with regard to these fundamental warranty claims until 31 December 2020, with regard to the indemnification claims until 31 December 2022 and with regard to the reimbursement of costs unlimited in time. With regard to the regular warranty claims, with the exception of fundamental warranty claims, these claims are limited to an amount of EUR 4,000 thousand, with regard to cost reimbursement claims to an amount of EUR 50 thousand and otherwise with regard to all claims in total to the basic purchase price.

Furthermore, Mutares SE & Co. KGaA has also guaranteed that the seller - a direct subsidiary of the Company - will fulfil its obligations in the event of claims under normal warranty obligations. This guarantee is limited to EUR 500 thousand and in time to 18 months after completion of the sale in November 2018.

Other financial obligations

Since April 2016, there are annual financial obligations of EUR 350 thousand from a long-term rental agreement for the fixed basic rental period of ten years.

Supervisory board and management board

Management board

Before the change in legal form, the Management Board of Mutares AG consisted of the following persons:

- Mr. Robin Laik, Chief Executive Officer, Munich
- Mr. Mark Friedrich, Chief Financial Officer, Munich
- Mr. Dr.-Ing. Kristian Schleede, Chief Restructuring Officer, Zurich/Switzerland
- Mr. Dr.-Ing. Wolf Cornelius, Chief Operations Officer, Waldstetten

With the entry in the commercial register on 24 July 2019, a resolution was passed to convert Mutares AG into a partnership limited by shares (KGaA), with Mutares Management SE joining as general partner. The Management Board of Mutares Management SE is composed of the following persons:

- Mr. Robin Laik, Chief Executive Officer, Munich (from 22 February 2019)
- Mr. Mark Friedrich, Chief Financial Officer, Munich (from 9 April 2019)
- Mr. Dr.-Ing. Kristian Schleede, Chief Restructuring Officer, Zurich/Switzerland (from 9 April 2019)
- Mr. Johannes Laumann, Chief Investment Officer, Bonn (from 9 April 2019)

Supervisory board

The following are or were members of the Supervisory Board of the Company:

- Mr. Volker Rofalski, Chief Executive Office of only natural munich GmbH, Munich, Chairman
- Mr. Dr. Axel Müller, independent management consultant, Lahnstein, Deputy Chairman (as of 9 April 2019; previously member)
- Mr. Dr. Lothar Koniarski, Managing Director of Elber GmbH, Regensburg
- Mr. Prof. Dr. iur. Micha Bloching, tax consultant, lawyer, university lecturer, Munich
- Mr. Dr. Ulrich Hauck, independent management consultant, Ottobrunn (until 31 March 2019; Deputy Chairman from 13 August 2018 until 31 March 2019)

Munich, 8 April 2020

Mutares Management SE,
general partner of Mutares SE & Co KGaA

The Management Board

Robin Laik

Mark Friedrich

Dr. Kristian Schleede

Johannes Laumann