CONTRACT REPORT

Joint Report

of the Board of Management of

Dürr Aktiengesellschaft

and

the management of

Dürr IT Service GmbH

Pursuant to Section 293a German Stock Corporation Act
on the Control and Profit Transfer Agreement
between Dürr Aktiengesellschaft and Dürr IT Service GmbH

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I. PREAMBLE

Dürr Aktiengesellschaft (hereinafter called "**Dürr AG**") holds all the shares of Dürr IT Service GmbH. Since January 31, 2011, a profit transfer agreement between both companies had been in place which was terminated on January 31, 2021 by mutual consent. Dürr AG and Dürr IT Service GmbH now intend to enter into a control and profit transfer agreement (**Agreement**). The Agreement is attached as an **Appendix** to this contract report.

Pursuant to Section 293 of the German Stock Corporation Act (*Aktiengesetz [AktG]*), for the Agreement to come into effect it is necessary that shareholders of both parties of the Agreement approve the conclusion of the Agreement. This concerns both the Annual General Meeting of Dürr AG and the shareholders meeting of Dürr IT Service GmbH. In accordance with Section 293a (1) sentence 1, 2nd half sentence AktG, in order to inform both the shareholders of Dürr AG and the shareholders of Dürr IT Service GmbH the Board of Management of Dürr AG and the management of Dürr IT Service GmbH will jointly issue the following report on the control and profit transfer agreement between Dürr AG and Dürr IT Service GmbH (collectively referred to as the contracting parties).

II. DESCRIPTION OF THE CONTRACTING PARTIES

1 Dürr AG and Dürr Group

1.1 Overview

Dürr AG is a listed stock corporation which has its registered office in Stuttgart and is entered under reference HRB 13677 in the Commercial Register at the Stuttgart district court.

1.2 Fiscal year, object of the company

The fiscal year of Dürr AG is the current calendar year.

It is the object of the Company to acquire, hold, manage and exploit shares of companies of all kinds in Germany and abroad.

In order to promote its business purpose, the company is also authorized to establish and lease subsidiaries and branch offices in Germany and abroad and to participate in them in any form, as well as to enter into cooperation and similar agreements. The company is also authorized to engage in all business activities that are suitable to directly or indirectly serve the object of the company.

1.3 Share capital, shares, shareholders and stock exchange trade

The share capital of Dürr AG amounts to € 177.157.324,80 and is divided in 69.202.080 no-par value bearer shares (ordinary shares). To the knowledge of Dürr AG, Heinz Dürr GmbH holds approximately 25,5% of these shares and Heinz and Heide Dürr Stiftung GmbH hold approximately 3,5%. Candriam Luxembourg holds 3,8% of Dürr shares, Alecta Pensionsförsökring holds 3,2% of

Dürr shares, Credit Suisse Fund Management S.A. holds 3% of the shares. The remaining shares are in free float.

The shares are admitted to trading on the stock exchange.

1.4 Bodies of Dürr AG

The Board of Management of Dürr AG consists of Mr. Ralf Dieter (chairman), Dr. Jochen Weyrauch (deputy chairman) and Mr. Dietmar Heinrich.

The Supervisory Board of Dürr AG consists of twelve members, six of them are elected by the shareholders and the other six are elected by the employees in accordance with the co-determination act. Mr. Gerhard Federer is the Chairman of the Supervisory Board. Since 2013, the supervisory board has an honorary chairman in Dr.- Ing. E. h. Heinz Dürr.

1.5 Business activities

Dürr Group is one of the world's leading mechanical and plant engineering firms. Products, systems and services of Dürr facilitate highly efficient manufacturing processes in different industries. The automotive industry is responsible for around 50% of the sales. Further customer industries include among others woodworking, mechanical engineering as well as chemical, pharmaceutical and electronic technology. Dürr runs more than 120 sites in 33 countries and in 2020 annual sales amounted to approximately € 3.3 billion with around 16.500 employees. The Group operates in the market with five divisions:

- Paint and Final Assembly Systems
- Application Technology
- Clean Technology Systems
- Measuring and Process Systems
- Woodworking Machinery and Systems

1.6 Business development and earnings of Dürr AG and Dürr Group

1.6.1 Key data for fiscal years 2018, 2019 and 2020

The following table shows the key data of Dürr Group for the fiscal years 2018, 2019 and 2020.

		2020	2019	2018
Order intake	Mio. €	3.283,2	4.076,5	3.930,9
Sales	Mio. €	3.324,8	3.921,5	3.869,8
EBIT margin	%	0,3	5,0	6,0
EBIT margin before extraordi nary effects	%	3,0	6,7	7,1
ROCE	%	1,1	16,9	24,0
earnings after taxes	Mio. €	-13,9	129,8	163,5
Cashflow from business activi-ties	Mio. €	215,0	171,9	162,3
Free Cashflow	Mio. €	110,7	44,9	78,4
Net financial status (31.12.)	Mio. €	-49,0	-99,3	32,3

1.6.2 Business developments in fiscal years 2018, 2019 and 2020

Fiscal year 2018

Order intake
In 2018, order intake in the Dürr Group rose by 3.4% to reach a new record of € 3,930.9 million. The effects on order intake arising from the sale of Dürr Ecoclean (2017) and the acquisition of MEGTEC/Universal (2018) largely cancel each other out, meaning that the two years, 2018 and 2017, are fully comparable. On the basis of like-for-like exchange rates, order intake would have been 5.2% higher in 2018.

At 56.6%, the greatest growth in new orders was achieved by Clean Technology Systems; even adjusted for the contribution from MEGTEC/Universal, the division still achieved high growth of 28.6%. As the growth rates of 13.8% (Paint and Final Assembly Systems) and 7.8% (Application Technology) indicate, demand in paint systems business was also encouraging. After extremely strong growth in the previous year (up 17.2%), Woodworking Machinery and Systems sustained a small 2.2% decline. The drop in order intake in Measuring and Process Systems (down 25.7%) was due to the sale of the Dürr Ecoclean Group in 2017. Moreover, the division had received an extraordinarily large number of big-ticket contracts in the previous year. The strong order intake ensured full capacity utilization for the Group.

Sales

Consolidated sales rose by 4.2% in 2018 to € 3,869.8 million, translating into an increase of 6.1% before currency conversion. As with order intake, acquisition and divestment effects nearly cancelled each other out. The consolidation of MEGTEC/Universal (from October 5, 2018) caused sales in Clean Technology Systems to widen by 22.1%. The decline in sales in Measuring and Process Systems (down 10.7%) was almost solely due to the sale of the Dürr Ecoclean Group. The other three divisions each posted gains in sales in the mid-single digits.

Gross margin

Total costs (cost of sales, selling, administrative and R&D costs plus other operating expenses) grew by 4.7% and, hence, slightly more quickly than sales, coming to € 3,668.1 million in 2018.

The increase in the cost of sales also outpaced sales growth slightly (up 5.5%). However, it should be borne in mind that the cost of sales came under pressure from substantially higher extraordinary expenses than in the previous year (2018: € 30.7 million / 2017: € 19.3 million). As a result, the gross margin narrowed from 23.1% in the previous year to 22.1% in 2018. Adjusted for the corresponding extraordinary effects in both years, the gross margin came to 22.9% in 2018 and 23.6% in 2017. Group gross profit dropped by € 1.7 million to € 855.5 million.

EBIT

EBIT dropped by 18.6% to € 233.5 million in 2018. However, this decline was primarily due to the high extraordinary expenses of € 41.4 million. By contrast, EBIT had benefited from the net positive extraordinary effect of € 3.3 million in the previous year. On the basis of like-for-like exchange rates, EBIT would have been € 5.5 million higher in 2018 and the decline in EBIT 1.9 percentage points smaller. The EBIT margin contracted by 1.7 percentage points to 6.0%.

Net finance expense

Net finance expense improved substantially to € 13.8 million in 2018 (2017: € 19.8 million). In particular, net investment income was up significantly due to investment income of € 3.1 million, arising primarily in connection with the Chinese HOMAG sales company. Moreover, the negative currency translation effects, which left traces on dividend income, among other things, receded.

Earnings after tax
The 17.8% decline in earnings before tax is chiefly due to the high extraordinary expenses (€ -41.4 million) following the positive extraordinary effect of the previous year (€ 3.3 million). Tax expense contracted by € 11.5 million to € 56.2 million. At 25.6%, the tax rate was only marginally higher than in the previous year, since the US tax reform as well as the remeasurement of deferred taxes in China exerted a dampening effect. In 2017 the tax rate had dropped to 25.3% because, for one thing, the extraordinary income from the sale of the Ecoclean Group was largely tax-free and, for another, tax provisions that had been recognized in earlier years were released as they were no longer required. Earnings after tax dropped to € 163.5 million in 2018 (2017: € 199.6 million), primarily as a consequence of the extraordinary effects.
The return on sales after tax came to 4.2%, down from 5.4% in the previous year. Net of non-controlling interests, earnings per share declined to € 2.27 (2017: € 2.78).

Fiscal year 2019

Order intake
In 2019, order intake in the Dürr Group rose by 3.7% to € 4,076.5 million, thus exceeding the threshold of € 4 billion for the first time. On the basis of like-for-like exchange rates, new orders would have climbed by 2.1%. At 74.0%, Clean Technology Systems posted the greatest growth in new orders. This was primarily due to the full-year consolidation of Megtec/Universal. However, even adjusted for this effect, the division still achieved an increase at a percentage rate in the high single digits. Painting technology business also expanded despite the challenging market conditions facing the automotive industry, as demonstrated by the growth of 3.1% in Paint and Final Assembly Systems and 1.3% in Application Technology. Measuring and Process Systems posted the second-highest increase in orders of 5.6%. By contrast, order intake for Woodworking Machinery and Systems dropped by 8.8% due to the contraction of the furniture industry market. However, it should be noted that, after muted conditions in the first half of the year, order intake picked up in the second half of the year, falling only slightly short of the comparison figure for the previous year.

Sales
Sales rose by 1.3% in 2019 to a new record of € 3,921.5 million. Adjusted for currency-translation effects, it would have remained steady at the previous year’s level. Paint and Final Assembly Systems continued on its growth trajectory with a moderate increase of 0.7%. Sales in Clean Technology Systems climbed by 74.4%, primarily as a result of the fullyear inclusion of Megtec/Universal; adjusted for this effect, it would have expanded by a percentage rate in the low double digits. The declines posted by Application Technology (down 9.2%) and Measuring and Process Systems (down 10.1%) reflected temporarily weaker order intake in the second half of 2018. The more muted market in business with the furniture industry left traces on Woodworking Machinery and Systems (down 1.5%).

Gross margin
Total costs (cost of sales, selling, administrative and R&D costs plus other operating expenses) grew by 2.2% in 2019 and, hence, somewhat more quickly than sales, coming to € 3,748.3 million. The cost of sales increased by 2.3% to € 3,083.3 million. However, it should be borne in mind that this includes higher extraordinary expenses than in the previous year (2019: € 44.2 million / 2018: € 30.7 million). Gross operating profit was down in three out of five divisions. Against this backdrop, Group gross profit fell by € 17.3 million to € 838.2 million despite the slightly higher sales, causing the gross margin to shrink to 21.4% (2018: 22.1%).

EBIT
EBIT dropped by 16.1% to € 195.9 million in 2019. However, the decline is largely due to high extraordinary expenses, which rose by € 25.8 million over the previous year, to € 67.2 million. Aside from purchase price allocation effects, they also included, in particular, the cost of the optimization measures implemented to secure the future viability of Woodworking Machinery and Systems.

On the basis of like-for-like exchange rates, EBIT would have been € 4.1 million lower, while the decline in EBIT would have been 1.8 percentage points greater. The application of IFRS 16 had a positive effect of € 1.7 million. The EBIT margin came to 5.0% and was thus slightly above the target corridor of 4.4 to 4.9% that we had adjusted in November 2019 to allow for the costs of the optimization measures for Woodworking Machinery and Systems.

At € 263.1 million, operating EBIT (EBIT before extraordinary effects) was down only 4.3% on the previous year (€ 274.9 million). The operating EBIT margin reached 6.7% (2018: 7.1 %) thus exceeding the target range of 6.0 to 6.5 % that had been announced in July 2019.

Net finance expense
Net finance expense increased to € 21.2 million in 2019 (2018: € 13.8 million). Whereas net investment income remained nearly steady, interest expense was higher. One factor in this regard was the additional interest expense of € 0.9 million for the sustainability *Schuldschein* loan issued in July. This was joined by a charge of € 3.0 million from the application of IFRS 16. Finally, non-recurring expense for the purchase of a previously leased property was recognized in interest result.

Earnings after tax
Earnings before taxes decreased by 20.5% to € 174.7 million due to higher extraordinary expenses (€ 67.2 million) and higher net finance expense. Moreover, the growth in operating EBIT in the Paint and Final Assembly Systems and Clean Technology Systems divisions was insufficient to absorb the decline in operating EBIT in the Application Technology, Measuring and Process Systems and Woodworking Machinery and Systems divisions.

Tax expense contracted by € 11.3 million to € 44.9 million. In this connection, we benefited from the tax rate of 25.7%, which was roughly as low as it had been in the previous year. One reason for this was the recognition of unused tax losses of a subsidiary for the first time. In addition, we gained tax credits for R&D expenses abroad. Although earnings after taxes fell by 20.6% to € 129.8 million (2018: € 163.5 million), this marked the upper end of the target range of € 115 to 130 million that had been announced in November. The return on sales after taxes came to 3.3%, down from 4.2% in the previous year. Earnings per share dropped to € 1.79 (2018: €2.27).

Fiscal year 2020

Order intake

In 2020, order intake fell by 19.5 % to € 3,283.2 million, as the corona crisis triggered capital spending restraint in many markets, especially in the first half of the year. After the first wave of the pandemic had subsided, business confidence brightened from the middle of the year, with order intake reaching € 973.8 million in the fourth quarter, by far the largest figure for the year. On the basis of like-for-like exchange rates, new orders would have declined by 17.5 %.

At minus 10.4%, the Woodworking Machinery and Systems division recorded the smallest drop in new orders in 2020, reflecting the very encouraging order intake in the fourth quarter, which at € 329.9 million reached its highest figure since the first quarter of 2019. With orders down 11.6%, the Clean Technology Systems division (environmental technology) was also relatively resilient. Orders for Paint and Final Assembly Systems and for Application Technology fell by 24.6% and 26.5%, respectively, as the automotive industry scaled back its procurement activities sharply, particularly in the first half of the year. However, both divisions benefited from the ongoing trend towards electric mobility. Despite the adverse overall market environment, order intake for production technology for electric cars increased by 67% across the Group to € 649.9 million. Orders in the Measuring and Process Systems division were down 28.4%.

Sales

Sales dropped by 15.2% in 2020 to € 3,324.8 million as a result of the coronavirus crisis. Like order intake, they bottomed out in the second quarter, during which many customer plants and construction sites were closed. A strong quarter-on-quarter improvement underpinned by all five divisions emerged in the third quarter. The upward trend continued in the final quarter of the year, with sales reaching a high for the year of close to € 900 million. On the basis of like-for-like exchange rates, sales would have been 13.2% lower in 2020.

Sales in the Clean Technology System division came close to repeating the previous year’s figure (down 2.3%) despite the coronavirus crisis, but we saw greater declines in automotive activities. They were the most pronounced for Application Technology (down 22.5%), where sales came under pressure from declines in the important service business, especially in the second quarter. Sales in the Paint and Final Assembly Systems and Measuring and Process

Systems divisions fell by 17.1% and 18.9%, respectively. The Woodworking Machinery and Systems division reported a somewhat more muted decline (down 13.1%). However, unlike the other divisions, it did not achieve any sequential improvement in sales in the fourth quarter, as the low order intake in the first half of the year became noticeable.

Gross margin

Prompted by the significant decline in sales in the wake of the coronavirus crisis, we took various measures to reduce costs in 2020, which are described in the chapter "Impact of the coronavirus pandemic." Total costs (cost of sales, distribution, administrative and R&D expenses plus other operating expenses) were lowered by 10.1% to € 3,369.5 million. Although this means that they did not drop as quickly as sales, we consider the savings achieved to be an important contribution to safeguarding earnings. The cost of sales dropped by 11.8% – and thus more quickly than total costs – to € 2,720.6 million. It should be borne in mind that the extraordinary expenses of € 61.4 million included in this item were substantially higher than in the previous year (€ 44.2 million). Reflecting the lower sales and high extraordinary expenses, gross profit fell by 27.9% to € 604.2 million, resulting in a gross margin of 18.2% (previous year: 21.4%).

EBIT

Although EBIT contracted strongly due to the pandemic-induced decline in sales and high extraordinary expenses, it remained in positive territory, coming to € 11.1 million. At 0.3%, the EBIT margin came within the target range of 0 - 0.5% that had been announced in July. In the second quarter, a loss of € 16.4 million from operating business emerged at the EBIT level due, among other things, to the fact that service business with its wide margins dropped far below its normal level. In the third quarter, cost-cutting effects, the nascent recovery in service business and good project execution caused EBIT to reach its highest level for the year (€ 25.0 million). The negative EBIT in the fourth quarter reflects the high extraordinary expenses of € 56.4 million. On the basis of like-for-like exchange rates, EBIT would have been € 7.3 million higher in 2020.

The net extraordinary expenses included in EBIT came to € 88.4 million in 2020, equivalent to an increase of 31.5% over the previous year. Adjusted for extraordinary effects, EBIT came to € 99.5 million. This translates to an operating EBIT margin of 3.0%, which slightly exceeds our target corridor of 2.5% - 2.8%. The extraordinary expenses were largely due to capacity adjustments and other measures for ensuring the Group's continued viability (€ 63.1 million). They also include purchase price allocation effects of € 18.6 million and further expenses totaling € 6.7 million. An overview of the extraordinary effects can be seen in Table 2.47.

At 4.0% in the fourth quarter, the operating EBIT margin was higher than in the first and second quarter (3.9% and -1.2%, respectively) but lower than in the third quarter (4.9%). One reason for this was the weaker margins on orders in the Paint and Final Assembly Systems division. As well as this, the muted order intake in the Woodworking Machinery and Systems division in the second quarter also left traces.

Capacity adjustments mainly entail the elimination of around 600 jobs in European automotive business in response to the muted outlook for European business and the growing importance of non-European markets and locations. They were joined by further adjustments, such as the closure of two small plants in Germany in the first quarter. With the capacity adjustments and measures aimed at ensuring the Group's continued viability in 2020, we are seeking cost cuts of around € 40 million, which should unleash their full effect in 2021. Further savings of around € 20 million should arise in 2021 from the capacity adjustments implemented in 2020 in the Woodworking and Machinery Systems division.

Financial result

Financial result weakened to € -29.7 million in 2020 (previous year: € -21.2 million). In addition to declines in investment income and interest income, this was primarily due to the increased interest expense. This was in part the result of interest and transaction costs for a temporary additional loan as well as the Schuldschein loans and the convertible bond. This was joined by higher interest expense in connection with the domination and profit transfer agreement with HOMAG Group AG. As the agreement was renewed by a further year, the minority shareholders in HOMAG Group AG are entitled to compensation for at least one more year. For this reason, we adjusted the corresponding other financial liability through profit and loss accordingly.

Earnings after tax

The decline in operating earnings, the high extraordinary expenses – particularly in the fourth quarter – and the weaker financial result led to earnings before tax of € -18.5 million. At € -13.9 million, earnings were better after tax than before tax. The tax rate of 25.2% was comparable to the tax rate for 2019 (25.7%). Earnings per share came to € -0.23 for 2020.

1.6.3 Outlook on the current fiscal year 2021

This outlook assumes that growth in the global economy will not be any less than expected, that there are no further macroeconomic dislocations and that political uncertainties do not increase any further. As far as possible, we have taken account of the impact of the coronavirus pandemic in our outlook and described the prevailing risks in the risks and opportunities report. Sales and earnings in 2021 will partially still come under pressure from the more muted order intake in 2020 caused by the pandemic. In system business in particular, there is a time lag between order intake and revenue recognition through profit and loss due to the necessary planning and preparation times. In the Woodworking Machinery and Systems division, the delay is usually between 6 and 12 months and, in the case of Paint and Final Assembly Systems, closer to 12 to 24 months. Accordingly, we initially expect muted sales development in system business in 2021 but anticipate an improvement, especially in the second half of the year.

Looking ahead over the next few years, we expect sales to rebound from the low reached in the crisis year of 2020. This will also be supported by contributions to growth made by the acquisitions we completed in 2020 and at the beginning of 2021. On the basis of these growth drivers, we have defined a target range of € 3,450 - € 3,650 million for sales in 2021. Order intake should grow more substantially in 2021, reaching a corridor of € 3,600 - € 3,900 million; accordingly, the order backlog should recover after its relatively low level at the end of 2020.

Total costs (cost of sales and overheads, other operating expenses) will climb in 2021 due to acquisition- and volume-related factors. The largest cost items will continue to be the cost of materials and personnel expense, although the latter should increase only slightly in 2021 due to the capacity reductions introduced in Europe in 2020. Both gross profit and the gross margin are expected to improve.

Due to the subsequent negative impact of the coronavirus crisis on sales and earnings, we see 2021 as a year of transition on the path to a significant and sustainable increase in earnings by 2023. In 2021, the EBIT margin should exceed the previous year's figure substantially; accordingly, a target corridor of 3.3% - 4.3% has been defined (2020: 0.3%). As things currently stand, the extraordinary expenses included in EBIT should drop appreciably to around € 30 million (2020: € 88.4 million). In addition to purchase price allocation effects of an expected € 22 million, they will also include trailing exceptional expenses for optimization measures that were not yet completed in 2020.

The Dürr Group's EBIT margin adjusted for extraordinary effects should reach a range of 4.2% - 5.2% in 2021 (2020: 3.0%). In particular, the cost-cutting and optimization measures initiated in the automotive and woodworking divisions will leave positive traces on earnings. We expect savings of around € 60 million here.

Earnings after tax should rise to € 40 to 90 million. The ROCE is expected to improve significantly in 2021 compared to the previous year's figure of 1.1% and to reach 9% to 13%.

2 Dürr IT Service GmbH as subsidiary

2.1 Overview

Dürr IT Service GmbH is a limited liability company which has its registered office in Stuttgart and is entered under reference HRB 735913 in the Commercial Register at the Stuttgart district court. It is a 100% subsidiary of Dürr AG and thus part of Dürr Group.

2.2 Fiscal year, object of the company

The fiscal year of Dürr IT Service GmbH is the current calendar year.

The object of the company is the provision of services of all kinds in the field of information technology and related areas. This includes, in particular, the planning, support and maintenance of all types of systems for the collection and analysis of information and of information technology-supported business processes, the procurement and sale of IT infrastructure, including all types of services, including training.

2.3 Share capital and shareholders

The share capital of Dürr IT Service GmbH amounts to 25,000.00 €. Dürr AG holds all of the shares.

2.4 Bodies of Dürr IT Service GmbH

The sole managing director of Dürr IT Service GmbH is Ms. Ursula Ziwey.

Dürr IT Service GmbH does not have a supervisory board or other optional bodies.

2.5 Business activities

As a subsidiary, Dürr IT Service GmbH provides all IT services for the globally operating Dürr Group.

2.6 Business development and earnings of Dürr IT Service GmbH

2.6.1 Key data for fiscal years 2018, 2019 and 2020

Key data of Dürr IT Service GmbH		**2020**	**2019**	**2018**
Sales revenue	Mio. €	65,4	62,4	55,7
Material costs	Mio. €	-42,9	-39,7	-35,2
Personnel costs	Mio. €	-15,3	-14,7	-11,8
EBIT	Mio. €	2,0	2,2	1,6
EBIT margin	%	3,1	3,5	2,9

2.6.2 Business development in fiscal years 2018, 2019 and 2020

In fiscal year 2020, sales rose by around 4.8% compared with the previous year. Personnel costs developed at a comparable level. Material costs developed somewhat more negatively, increasing by around 8.0% year-on-year.

In fiscal year 2019, sales rose by around 12.0% compared with the previous year. The higher-than-budgeted increase in 2019 was mainly due to increased utilization by the Group companies. This was accompanied by a disproportionate increase in personnel costs in 2019. Material costs increased by around 12.8% compared with the previous year.

The EBIT margin in the years 2018 to 2020 constantly rose between 2.9% and 3.5%.

2.6.3 Outlook on the current fiscal year 2021

For fiscal year 2021, Dürr IT Service GmbH aims at a sales volume comparable to the levels in 2020. Also the EBIT margin will presumably amount to around 3.0%.

III. REASONS FOR CONCLUDING THE CONTROL AND PROFIT TRANSFER AGREEMENT

1 Retention of Group companies

A profit transfer agreement between Dürr AG and Dürr IT Service GmbH had already been in place since January 31, 2011, which was terminated by mutual agreement on January 31, 2021. This is now to be replaced by a new control and profit transfer agreement.

Dürr IT Service GmbH is closely linked to Dürr AG financially, economically and organizationally. The control and profit transfer agreement takes this into account and is intended to facilitate efficient coordination of the operating decisions of both companies.

Moreover, the Dürr AG, as the holding company managing the Group, can thus better fulfill its tasks of further development, control of results and optimal use of financial resources within the Dürr Group.

The control element of the Agreement enables the Dürr Group to closely manage the Dürr IT Service GmbH if necessary. At the same time, there is the opportunity to provide leeway for the Dürr IT Service GmbH to implement own ideas and concepts.

2 Tax reasons for concluding the control and profit transfer agreement

The termination of the profit transfer agreement and the conclusion of the new control and profit transfer agreement both take place in the financial year 2021 so that the tax conditions of the fiscal unity between Dürr IT Service GmbH und Dürr AG are consistently fulfilled. The fiscal unity includes sales tax as well as corporate income tax and trade tax.

Consequences of fiscal unity

The profit transfer agreement within the meaning of Section 291 AktG is a prerequisite for fiscal unity for corporation and trade tax purposes (income tax purposes) between Dürr AG (controlling company) and Dürr IT Service GmbH (controlled company).

The fiscal unity for income tax purposes further requires that the controlling company has continuously held an interest in the controlled company from the beginning of its financial year to such an extent that it is entitled to the majority of the voting rights from the shares in the controlled company (Section 14 (1) sentence 1 No. 1 sentence 1 German Corporation Tax Act – *Körperschaftsteuergesetz [KstG]*) and that the interest is attributable to a domestic permanent establishment of the controlling company without interruption during the entire period of the fiscal unity. In order for the fiscal unity for income tax purposes to be effective and recognized for tax purposes the profit transfer agreement must also be concluded for at least five years (60 months) (Section 14 (1) sentence 1 No. 3 sentence 1 KStG) and be implemented throughout its entire term.

If the Agreement is entered in the Commercial Register of Dürr IT Service GmbH throughout the fiscal year 2021 the fiscal unity for income tax purposes will continue to exist for 2021 and the following years. If the Agreement is not entered until a later date the fiscal unity for income tax purposes is not established until the beginning of the fiscal year in which the registration takes place.

The fiscal unity for income tax purposes will facilitate to offset tax profits and losses of Dürr AG against tax profits and losses of Dürr IT Service GmbH.

Even with a fiscal unity in place, Dürr IT Service GmbH is still bound by all obligations in line with the tax code. Dürr IT Service GmbH shall continue to determine their tax results according to general obligations separately from Dürr AG. For corporation tax purposes, the income of Dürr IT Service GmbH is determined separately from Dürr AG and uniformly with binding effect. Due to the fiscal unity for income tax purposes, the total income tax of Dürr IT Service GmbH – considering certain legal obligations – is assigned to Dürr AG and will be taxed accordingly.

On the other hand, any unused tax losses of Dürr IT Service GmbH cannot be used for the duration of the profit transfer agreement. Corporate income tax loss and trade tax loss exist as of 31 December 2020 in the amount of less than € 1.000. However, the fiscal unity for income tax purposes has a positive liquidity effect for Dürr AG as profits under commercial law which are transferred from Dürr IT Service GmbH to Dürr AG, unlike profit distributions, are not subject to the deduction of capital gains tax plus solidarity surcharge. If a profit transfer agreement is not concluded and the profits are distributed in form of dividends the capital gains tax plus the solidarity surcharge would generally only be credited or refunded in the course of the corporate income tax assessment after submission of the tax return for the assessment period in which the dividend was received. Furthermore, a profit transfer under commercial law is

– unlike a dividend distribution – not subject to the notional 5% operating expense deduction ban as per Section 8b (5) KStG.

The above-mentioned tax effects do not apply to additional transfers that originated in the period prior to the fiscal unity (Section 14 (3) KStG).

On the whole, the contracting parties estimate that the conclusion of the profit transfer agreement still has positive tax effects on the Group.

3 No viable alternatives

There is no viable economic alternative to the conclusion of the control and profit transfer agreement. Thus, in particular a merger from Dürr IT Service GmbH to Dürr AG or an incorporation of Dürr IT Service GmbH to Dürr AG is not an option.

3.1 Merger of Dürr IT Service GmbH to Dürr AG

A merger from Dürr IT Service GmbH to Dürr AG or to another legal entity is ruled out as an alternative option. In the event of a merger, Dürr IT Service GmbH would cease to exist as an independent legal entity which is not intended by the contracting parties.

3.2 Incorporation of Dürr IT Service GmbH to Dürr AG

The group integration by way of incorporation provided for in Sections 319 et seq. of the German Stock Corporation Act is not possible in the present case because only a company in the legal form of a stock corporation can be incorporated into another stock corporation.

4 No compensation and no settlement payment to external shareholders

As Dürr AG holds all the shares of Dürr IT Service GmbH and as thus Dürr IT Service GmbH does not have any external shareholders the provision of appropriate compensation (as per Section 305 AktG) and appropriate settlement payment (as per Section 305 AktG) for external shareholders is not required. Moreover, for this reason, the control and profit transfer agreement shall not be audited by a contract auditor (as per Section 293b (1) AktG).

5 Suggestion for the conclusion of the control and profit transfer agreement

Due to the reasons for the conclusion of a control and profit transfer agreement explained in sections III.1 bis III. 4 the Board of Management of Dürr AG and the management of Dürr IT Service GmbH unanimously propose to the shareholders of Dürr AG and Dürr IT Service GmbH to approve the conclusion of the control and profit transfer agreement enclosed in the **Appendix**.

IV. EXPLANATION OF THE PROVISIONS OF THE CONTROL AND PROFIT TRANSFER AGREEMENT

1 Management (Section 1 of the Agreement)

Section 1 (1) of the Agreement entails the constitutive regulation for a control agreement stating that as a controlled company, Dürr IT Service GmbH places the management of its firm under the control of Dürr AG, the controlling company. Dürr AG is thus entitled to issue instructions to the directors of Dürr IT Service GmbH with respect to the management of Dürr IT Service GmbH. (Section 1 (2) sentence 1 of the Agreement). Irrespective of the power of direction and instruction Dürr IT Service GmbH continues to be a legally independent company with own bodies. Subject to the power of direction and instruction of Dürr AG, the management and representation of Dürr IT Service GmbH remain the responsibility of the directors of Dürr IT Service GmbH (Section 1 (2) Sentence 4 of the Agreement). If no instructions are issued or if the instructions are inadmissible it is upon the directors of Dürr IT Service GmbH to manage the company independently.

The scope of the power of management and instruction primarily follows Section 308 AktG. The management of Dürr IT Service GmbH are obliged to follow the instructions of Dürr AG (Section 1 (2) sentence 2 of the Agreement). Pursuant to Section 308 (1) Sentence 2 AktG, instructions may also be issued that are detrimental to Dürr IT Service GmbH if they serve the interests of Dürr AG or those of the enterprises forming a group of affiliated companies together with Dürr AG or Dürr IT Service GmbH. The management of Dürr IT Service GmbH are not entitled to refuse to comply with the instructions, unless they manifestly do not serve these interests. The management of Dürr IT Service GmbH does not have to comply with inadmissible instructions, e.g., those in violation of binding legal requirements or obligations pursuant to the articles of association of Dürr IT Service GmbH. Instructions that endanger the existence of Dürr IT Service GmbH are inadmissible in any case. According to the legal opinion of the contracting parties, a controlled company is also not obliged to follow instructions if and as long as the controlling company does not fulfill its obligations under the contract, in particular to assume losses, or is likely to be unable to fulfill these obligations. Furthermore, pursuant to Section 299 AktG, it shall not be possible to instruct the company to amend, maintain or terminate the Agreement (Section 1 (5) of the Agreement).

The power of management and instruction exists only vis-á-vis the management of Dürr IT Service GmbH but not vis-á-vis the employees of Dürr IT Service GmbH and not vis-à-vis the bodies or employees of a subsidiary of Dürr IT Service GmbH.

Dürr AG will issue instructions through its Board of Management or – where legally permissible – through authorized individuals, specifying the scope and duration of their authority to issue such instructions. When issuing instructions Dürr AG must exercise the due care and diligence of a prudent and conscientious manager (Section 1 (3) of the Agreement). Instructions to the directors must be issued in writing or by telefax. If they are issued orally, they must be confirmed in writing or by telefax without delay (Section 1 (4) of the Agreement).

Dürr AG can also request at any time to inspect the books and records of Dürr IT Service GmbH and to receive information on the business affairs of Dürr IT Service GmbH (Section 1 (2) sentence 3 of the Agreement).

The power of management and instruction of Dürr AG pursuant to Section 1 of the Agreement will come into effect, pursuant to Section 294 (2) AktG, Section 4 (1) Sentence 2 of the Agreement, only once it has been entered in the Commercial Register of Dürr IT Service GmbH (see Section 4 of the Agreement).

2 Transfer of profits (Section 2 of the Agreement)

Section 2 (1) of the Agreement contains the provision constitutive for a profit transfer agreement, according to which Dürr IT Service GmbH undertakes to transfer all of its profits to Dürr AG during the term of the Agreement. In order to determine the amount of profit to be transferred, the Agreement refers to the applicable statutory provisions in Section 301 AktG: The amount to be transferred is the surplus for the year accruing without the profits being remitted, reduced by a loss carried forward from the preceding year, and by the amount barred from distribution pursuant to Section 268 (8) of the German Commercial Code (*Handelsgesetzbuch [HGB]*).

In particular, the transfer of profits has the effect that from the financial year in which the obligation to transfer profits becomes effective, the annual financial statements of Dürr IT Service GmbH no longer show any net income that could be distributed. The entire profit must be transferred on the basis of the profit transfer obligation.

The amount to be transferred as profit according to Section 2 No. 1 of the Agreement can be reduced in accordance with Section 2 (2) of the Agreement according to which Dürr IT Service GmbH may, with the consent of Dürr AG, transfer amounts from its net income to its other revenue reserves (Section 272 (3) HGB) to the extent that is permitted by commercial law and financially justified on the basis of sound commercial judgement.

Section 2 (3) of the Agreement regulates that other reserves or any profit carried forward from the period prior to the commencement of the Agreement can be neither transferred as profits nor used to offset any net loss. This regulation complies with the requirements of Section 301 AktG as well as the decisions of the highest courts on the use of reserves under a profit transfer agreement.

Pursuant to Section 2 (4) of the Agreement the entitlement of Dürr AG to have profits transferred becomes due at the end of each of the fiscal years of Dürr IT Service GmbH.

3 Assumption of losses (Section 3 of the Agreement)

In Section 3 of the Agreement, Dürr AG undertakes to assume losses in accordance with the provisions of Section 302 AktG, as amended, on the assumption of losses. Accordingly, Dürr AG is to absorb any shortfall for the year of Dürr IT Service GmbH that would otherwise accrue during the term of the Agreement, unless the shortfall is offset by amounts withdrawn from the other revenue reserves that have been allocated to same during the Agreement's term (Section 302 AktG).

This obligation to assume losses ensures that the equity of Dürr IT Service GmbH shown in the balance sheet at the time the profit transfer agreement takes effect is not reduced during the term of the Agreement.

4 Effective date and term of the Agreement (Section 4 of the Agreement)

The Agreement requires the approval of the Annual General Meeting of Dürr AG and the shareholders meeting of Dürr IT Service GmbH to become effective (Section 4 (1) Sentence 1 of the Agreement). The Agreement will come into effect – subject to the granting of the above approval – once it has been entered in the Commercial Register of Dürr IT Service GmbH and will apply – with the exception of the right to issue instructions– retrospectively to the period from the beginning of the fiscal year of Dürr IT Service GmbH in which the Agreement is entered in the Commercial Register (Section 4 (1) sentence 2 of the Agreement).

The entitlement of Dürr AG to have profits transferred or of Dürr IT Service GmbH to have losses assumed will thus apply for the first time to the full fiscal year of Dürr IT Service GmbH in which the Agreement is entered in the Commercial Register (Section 4 (1) sentence 3 of the Agreement). Consequently, with regard to the profit transfer agreement, the Agreement claims retroactive validity for the part of the fiscal year already expired at the time of entry in the Commercial Register.

In order to meet the timing requirements of Section 14 (1) sentence 1 no. 3 sentence 1 of the German Corporation Tax Act (*Körperschaftsteuergesetz [KStG]*), the Agreement, pursuant to Section 4 (2), cannot be terminated until a period of five full years (i.e. 60 months) has elapsed since the beginning of the fiscal year of Dürr IT Service GmbH in which the Agreement came into effect, provided that six months' notice is given and that the fiscal year of Dürr IT Service GmbH ends on this date; otherwise the Agreement cannot be terminated until the end of the fiscal year of Dürr IT Service GmbH in progress on this date if the same period of notice is given. If the Agreement is not terminated it is extended until the end of the following fiscal year of Dürr IT Service GmbH and is subject to the same notice period. In case the Agreement comes into effect retrospectively on the January 1, 2021, the contractual minimum term would run until December 31, 2025.

Pursuant to Section 4 (2) sentence 3 of the Agreement, notice must be given in writing. Compliance with this notice period is determined by the time at which the other party receives the letter of termination (Section 4 (2) sentence 4 of the Agreement).

Pursuant to Section 4 (3) sentence 1 of the agreement, the right of the parties to terminate the Agreement for grave cause without complying with a notice period as per Section 297 (1) AktG shall remain unaffected by the provisions on the minimum term. Such grave cause exists for example if Dürr AG no longer holds the majority of the voting rights in Dürr IT Service GmbH or for any grave cause within the meaning of the latest versions of Section 297 (1) AktG or Section 14 (1) sentence 1 no. 3 sentence 2 KStG (such cause is deemed to include, but is not limited to, the sale or spin-off of Dürr IT Service GmbH by Dürr AG or the merger, demerger or liquidation of either Dürr AG or Dürr IT Service GmbH) (Section 4 (3) sentence 2 of the Agreement). In place of such termination the parties can revoke the agreement by mutual consent with immediate effect if the preconditions for termination for grave cause have been met (Section 4 (3) sentence 3 of the Agreement).

Section 4 (4) of the Agreement declaratory refers to Section 303 AktG according to which Dürr AG must furnish the creditors of Dürr IT Service GmbH with collateral security when the Agreement ends.

5 Final provisions (Section 5 of the Agreement)

Section 5 (1) of the Agreement regulates that the costs of certifying the resolution adopted by the shareholders meeting of Dürr IT Service GmbH to approve this Agreement and the cost of entering the Agreement in the Commercial Register are borne by Dürr IT Service GmbH.

Section 5 (2) of the Agreement contains a standard severability clause which ensures that if any provision in this Agreement is or becomes ineffective, the remaining provisions will apply nonetheless. Furthermore, it regulates the parties undertaking to replace the ineffective provision with one that corresponds most closely to the commercial purpose of the ineffective provision within the framework of what is legally permissible which applies mutatis mutandis if the Agreement contains an omission.

Bietigheim-Bissingen, 05.03.2021

Dürr AG

The Board of Management

Ralf Dieter	**Dietmar Heinrich**
Chairman of the Board of Management	Chief Financial Officer

Bietigheim-Bissingen, 05.03.2021

Dürr IT Service GmbH

The management

Ursula Ziwey

Managing Director

Appendix

Control and Profit Transfer Agreement between Dürr AG and Dürr IT Service GmbH

Please note:

This is a convenience translation. Only the German text is legally binding.

Control and

Profit Transfer Agreement

between

Dürr Aktiengesellschaft (‘Dürr AG’)

and

Dürr IT Service GmbH (’Company’)

Preamble

(A) The Company has its registered office in Stuttgart and is entered under reference HRB 735913 in the Commercial Register at the Stuttgart district court.

(B) Dürr AG, which has its registered office in Stuttgart and is entered under reference HRB 13677 in the Commercial Register at the Stuttgart district court, holds all of the Company’s shares.

§ 1 Management

(1) The Company places the management of its firm under the control of Dürr AG.

(2) Dürr AG is thus entitled to issue instructions to the Company’s directors with respect to the management of the Company. The Company’s directors are obliged to follow these instructions. Dürr AG can request at any time to inspect the Company’s books and records and to receive information on the Company’s business affairs. The management and representation of the Company remain the responsibility of the Company’s directors.

(3) Dürr AG will issue instructions through its Board of Management or – where legally permissible – through authorised individuals, specifying the scope and duration of their authority to issue such instructions. When issuing instructions they must exercise the due care and diligence of a prudent and conscientious manager.

(4) Instructions must be issued in writing or by telefax or, if they are issued orally, must be confirmed in writing or by telefax without delay.

(5) Dürr AG cannot instruct the Company’s directors to amend, maintain or terminate this Agreement.

§ 2 Transfer of profits

(1) The Company undertakes to transfer all of its profits to Dürr AG in accordance with the provisions of the latest version of Section 301 of the German Stock Corporation Act (*Aktiengesetz [AktG]*).

(2) The Company may, with the consent of Dürr AG, transfer amounts from its net income to its other revenue reserves (Section 272 (3) of the German Commercial Code (*Handelsgesetzbuch [HGB]*) to the extent that is permitted by commercial law and financially justified on the basis of sound commercial judgement.

(3) Other reserves or any profit carried forward from the period prior to the commencement of this Agreement can be neither transferred as profits nor used to offset any net loss.

(4) The entitlement to have profits transferred becomes due at the end of each of the Company's financial years.

§ 3 Assumption of losses

The provisions of the latest version of Section 302 AktG apply *mutatis mutandis* to the assumption of losses.

§ 4 Effective date and term of the Agreement

(1) The Agreement will be concluded subject to its approval by the Annual General Meeting of Dürr AG and the Company's shareholders' meeting. It will come into effect once it has been entered in the Company's Commercial Register and will apply – with the exception of the right to issue instructions as specified in § 1 – retrospectively to the period from the beginning of the Company's financial year in which the Agreement is entered in the Commercial Register. The entitlement to have profits transferred or losses assumed will thus apply for the first time to the Company's full financial year in which the Agreement is entered in the Commercial Register.

(2) In order to meet the timing requirements of Section 14 (1) no. 3 sentence 1 of the German Corporation Tax Act (*Körperschaftsteuergesetz [KStG]*), the Agreement cannot be terminated until a period of five full years (i.e. 60 months) has elapsed since the beginning of the Company's financial year in which the Agreement came into effect, provided that six months' notice is given and that the Company's financial year ends on this date; otherwise the Agreement cannot be terminated until the end of the Company's financial year in progress on this date if the same period of notice is given. If the Agreement is not terminated, it is extended until the end of the Company's following financial year and is subject to the same notice period. Notice must be given in writing. Compliance with this notice period is determined by the time at which the other party receives the letter of termination.

(3) The right to terminate the Agreement for cause without notice remains unaffected. Dürr AG is entitled to terminate the Agreement for cause at any time if it no longer holds the majority of voting rights in the Company or for any other cause within the meaning of the latest versions of Section 297 (1) AktG or Section 14 (1) no. 3 sentence 2 KStG (such cause is deemed to include, but

is not limited to, the sale or spin-off of the Company by Dürr AG or the merger, demerger or liquidation of either Dürr AG or the Company). In place of such termination the parties can revoke the Agreement by mutual consent with immediate effect if the preconditions for termination for cause have been met.

(4) When the Agreement ends, Dürr AG must furnish the Company's creditors with collateral security in accordance with Section 303 AktG.

5 Final provisions

(1) The cost of certifying the resolution adopted by the Company's shareholders' meeting to approve this Agreement and the cost of entering the Agreement in the Commercial Register are borne by the Company.

(2) If any provision in this Agreement is or becomes ineffective, the remaining provisions will apply nonetheless. The parties undertake to replace the ineffective provision with one that corresponds most closely to the commercial purpose of the ineffective provision within the framework of what is legally permissible. This approach applies *mutatis mutandis* if the Agreement contains an omission.

Bietigheim-Bissingen, 15 February 2021	Bietigheim-Bissingen, 15 February 2021
Dürr Aktiengesellschaft	Dürr IT Service GmbH
Dietmar Heinrich	Ursula Ziwey
ppa. Torsten Hartmann	ppa. Konrad Westphal

Please note:

This is a convenience translation. Only the German text is legally binding.