JENOPTIK

MORE LIGHT

Executive Board report to the Annual General Meeting regarding item 6 of the agenda (convenience translation)

The unused authorization resolved upon by the Annual General Meeting on June 12, 2019 to carry out a capital increase from the authorized capital will expire on June 11, 2024. In order to allow the entity to acquire adequate additional equity swiftly and flexibly, the existing authorization is to be canceled and a new authorization in a reduced amount, with a subsequent amendment of the Articles of Association, is to be resolved. The amount of the authorization corresponds to approximately 19.9 percent of the current share capital.

The composition of the new authorized capital essentially corresponds to the provisions applicable to the prior Authorized Capital 2019, but the term of the authorization is to be shortened to three years.

The Executive Board is to be authorized through June 6, 2026, with the consent of the Supervisory Board, to increase the share capital of the company by up to 29,640,000.00 euros through one or multiple issues of new, no-par value bearer shares against cash and/or contributions in kind ("Authorized Capital 2023"). The new shares may also be underwritten by credit institutions or enterprises within the meaning of §186(5)(1) AktG [German Stock Corporation Act] with the obligation to offer them to shareholders (indirect subscription right).

Whenever the authorized capital is utilized, shareholders will generally be granted a subscription right. In order to protect shareholders against the dilution of their investments in the entity, the proposed resolution entails limiting all subsequent authorizations to exclude subscription rights to a total of 10 percent of the share capital available at the time this authorization became effective – or, if this value is lower, to 10 percent of the share capital at the time this authorization is exercised. Shares issued or to be issued on the basis of warrants and/or convertible bonds issued during the term of this authorization in which subscription rights are excluded also count toward this 10 percent limit. Shares sold or used by the entity as treasury shares during the term of the authorized capital in which subscription rights are excluded are also taken into account.

In the following cases, the Executive Board is to be authorized, with the approval of the Supervisory Board, to exclude subscription rights:

a) The authorization to exclude shareholders' subscription rights for fractional amounts serves to facilitate technical implementation of the increase in capital if the setting of an even subscription right ratio gives rise to fractional amounts that cannot be evenly distributed among all shareholders. The shares excluded from subscription rights as fractional shares will either be sold on the stock exchange or otherwise used in the best possible way for the entity. In relation to the overall increase in capital, the fractional amounts are generally of minor importance.

b) Subscription rights are further to be excluded in the event of non-cash increases in capital. In particular and for the purpose of boosting its competitiveness, value, and profitability, the entity would like to continue to acquire companies, expand its existing investments, and partake in mergers whenever suitable opportunities arise. The exclusion of subscription rights envisaged for this purpose aims to enable the Executive Board, with the approval of the Supervisory Board, to carry out such acquisitions in return for company shares without the need to buy back treasury shares in advance. As consideration, granting shares may be expedient or even necessary in order to preserve the entity's liquidity or meet the seller's expectations. The proposed exclusion of shareholders' subscription rights for non-cash investments takes this aspect into account. By contrast, it is not generally possible to wait for the entity's once-annual Annual General Meeting. In the case of such acquisitions, it may also be desirable to acquire further assets in addition to the actual acquisition target, issuing shares as consideration, if, for example, an entity to be acquired is not the owner of industrial or intellectual property rights associated with its business operations. In this light, the proposed resolution provides for the exclusion of subscription rights in order to issue new shares in connection with the acquisition of depositable assets relating to the acquisition of companies, parts of companies, or investments in companies. Subscription rights are also to be excluded so as to grant the holders of claims against JENOPTIK AG or associates in which it holds a majority interest – whether or not they are asset-backed – shares in the entity wholly or in part instead of monetary payments. The entity and its associates thereby gain additional flexibility and can, for example in cases in which the shareholders of JENOPTIK AG are to be offered the option of exchanging their cash dividend claims for shares (share dividends), if the shareholder elects to do so, grant shares instead of a cash payment and thus preserve their liquidity.

   In all cases involving the exclusion of subscription rights in the event of non-cash increases in capital pursuant to item b), the Executive Board will set the issue price with the approval of the Supervisory Board, taking into account the results of the statutory review of the value of a contribution in kind and the appropriate safeguarding of the entity's and its shareholders' interests.

c) The proposed exclusion of subscription rights pursuant to §203(1) and (2), §186(3)(4) AktG in the event of increases in capital against cash contributions enables the entity to boost its capital resources quickly, flexibly, and cost-effectively where necessary. In a constantly evolving market environment, it is important that the Executive Board, with the approval of the Supervisory Board, be in a position to quickly cover the entity's capital requirements to take advantage of any short-term opportunities. There is also the need to make use of favorable market conditions to cover the entity's future financing requirements. As a rule, the increase in capital with the exclusion of subscription rights results in a faster and higher inflow of funds than a comparable increase in capital with subscription rights due to the elimination of time-consuming processing of subscription rights and typical subscription right markdowns. The exclusion of subscription rights is therefore in the interest of both the entity and its shareholders. The authorization is subject to the proviso that the percentage of the share capital attributable to the new shares does not in total exceed 10 percent of the share capital at the time the authorized shares are registered or in total 10 percent of the share capital at the time the new shares are issued, taking into consideration resolutions of the Annual General Meeting or the use of other authorizations to preclude subscription rights in a direct or corresponding application of §186(3)(4) AktG since the effective date of this authorization and the issue price of the new shares is not substantially lower than the stock market price within the meaning of §§203(1) and (2), 186(3)(4) AktG; Shareholders' asset-related and voting rights interests are appropriately protected in the event of the exclusion of subscription rights pursuant to §186(3)(4) AktG. The fact that the shares may only be issued at a price not substantially below the stock market price provides protection against dilution. The selling price for the shares to be issued is set shortly prior to issue. In the process, the Executive Board will endeavor to minimize any markdown on the stock market price in due consideration of current market conditions. Shareholders are protected by the fact that the markdown on the stock market price may not be substantial. In addition, they have the option of maintaining their share of the entity's share capital at any time by purchasing shares on the stock market. When utilizing the authorized capital with an exclusion of subscription rights as set out in the cases in item c), the asset-related and voting rights interests of shareholders are therefore safeguarded pursuant to §186(3)(4) AktG, while the entity can boost its capital resources quickly, flexibly, and cost-effectively.

d) The issue of shares to employees of the entity, associates in which the entity holds a majority interest, and members of representative bodies of associates in which it holds a majority interest, serves to integrate and motivate employees through their participation in the entity and is thus in the entity's own interests. This is only possible if subscription rights are excluded. When issued, the issue price of the shares when issued to employees of the entity, associates in which the entity holds a majority interest, and members of representative bodies of associates in which it holds a majority interest, may be below the current stock market price. This benefit will not be determined on the basis of a formal analysis of the markdown for the individual share. Instead, the total amount of the benefit granted to an employee or a member of a representative body by the more favorable shares should in each case be in reasonable proportion to the remuneration of the employee or a member of a representative body or the expected benefit for the company.

In each case, the Executive Board will carefully review, taking into account the interests of existing shareholders, whether utilization of the authorization to increase the capital and any exclusion of subscription rights is necessary and in both the entity's and its shareholders' best interests.

Following (partial or full) utilization of the Authorized Capital 2023, the Executive Board will report on this utilization to the next Annual General Meeting.

Jena, March 2023

JENOPTIK AG
The Executive Board

Dr. Stefan Traeger
Chairman of the Executive Board

Hans-Dieter Schumacher
Member of the Executive Board

Dr. Prisca Havranek-Kosicek
Mamber of the Executive Board

Dr. Ralf Kuschnereit
Member of the Executive Board