



## Virtual Annual General Meeting 2022 of hGears AG, Schramberg

### Explanatory notes on shareholders' rights

(pursuant to sections 122(2), 136(1), 127, 131(1) German Stock Corporation Act (*Aktiengesetz - AktG*) in conjunction with section 1 of the German Act concerning measures under the law of companies, cooperative societies, associations, foundations and commonhold property to combat the effects of the COVID-19 pandemic of March 27, 2020 (*Gesetze über Maßnahmen im Gesellschafts-, Genossenschafts-, Vereins-, Stiftungs- und Wohnungseigentumsrecht zur Bekämpfung der Auswirkungen der COVID-19-Pandemie vom 27. März 2020; Federal Law Gazette I No. 14, 2020, p. 570*), as amended by the German Act on the further shortening of the residual debt relief procedure and the adjustment of pandemic related provisions under the law of companies, cooperative societies, associations foundations and commonhold property of December 22, 2022 (*Gesetz zur weiteren Verkürzung des Restschuldbefreiungsverfahrens und zur Anpassung pandemiebedingter Vorschriften im Gesellschafts-, Genossenschafts-, Vereins- und Stiftungsrecht sowie im Miet- und Pachtrecht vom 22. Dezember 2020; Federal Law Gazette I No. 67, 2020, p. 3332*), the applicability of which was extended until August 31, 2022 by the German Act of the establishment of a "Development Aid 2021" Fund and on the temporary suspension of the duty to file for insolvency on account of heavy rainfall and flooding in July 2021 and on the amendments of other law of September 10, 2021 (*Gesetz zur Errichtung eines Sondervermögens „Aufbauhilfe 2021“ und zur vorübergehenden Aussetzung der Insolvenzantragspflicht wegen Starkregenfällen und Hochwassern im Juli 2021 sowie zur Änderung weiterer Gesetze; Federal Law Gazette I no. 63, p. 4153*)(hereinafter referred to as the "COVID-19 Act")

The notice convening the Annual General Meeting contains information on the rights of shareholders pursuant to sections 122 (2), 126 (1), 127, 131 (1) AktG and section 1 (1) to (3) COVID-19 Act, in particular on the deadlines for exercising these rights. The following information provides a more detailed explanation of these shareholder rights.

#### 1. ADDITIONS TO THE AGENDA (SECTION 122(2) AKTG)

Shareholders whose combined shares amount to at least one-twentieth of the Company's share capital or a pro rata amount of EUR 500,000 can request that items be placed on the agenda and published. Each new item must be accompanied by grounds or a proposed resolution. The request must be sent to the Management Board in writing. The Company must receive requests for additions to the agenda at least by the end of June 22, 2022 (midnight, CEST), at the following address:

The Management Board of hGears AG  
– Annual General Meeting –  
Brambach 38  
78713 Schramberg, Germany

Applicants must provide evidence that they have held shares for at least 90 days before the date when the request is received and that they will hold the shares until the Management Board makes a decision on the application whereby section 70 AktG applies when calculating the shareholding period. The day of receipt of the request shall not be counted.

A transfer from a Sunday, a Saturday or a public holiday to a preceding or following working day shall not be considered. Sections 187 to 193 of the German Civil Code (*Bürgerliches Gesetzbuch – BGB*) shall not apply mutatis mutandis.

Additions to the agenda that must be disclosed publicly will be published in the Federal Gazette. They will also be published on the Company's website at <https://ir.hgears.com/annual-general-meeting/> and shareholders will be made aware of them according to section 125(1) sentence 3 AktG.

The provisions of AktG on which the underlying rights of the shareholders are based are worded as follows:

**Section 122 AktG: Convening the Meeting at the request of a minority (excerpt)**

*(1) The Annual General Meeting is to be convened whenever shareholders whose shares collectively reach a twentieth of the capital stock call for convocation in writing, indicating the purpose and reasons therefor; the petition is to be addressed to the Executive Board. The Articles of Incorporation can tie the convocation of the Annual General Meeting to some other form and to possession of a smaller share of the capital stock. Petitioners are required to prove that they have held the shares for at least 90 days prior to the date of receipt of the petition and that they shall hold the shares until such time as a resolution has been adopted by the Executive Board on the application. Section 121 (7) is to be applied accordingly.*

*(2) In the same way, shareholders whose shares collectively reach a twentieth of the capital stock or the pro-rated amount of 500,000 euros can call for items to be placed on the agenda and published. Each new item must be accompanied by justification or a draft resolution. The petition as contemplated by sentence 1 must be received by the Company no later than 24 days (listed companies: at least 30 days) prior to the Meeting; the day of receipt is not to be included.*

**Section 121 AktG: (excerpt)**

*(7) For periods and deadlines counted backwards from the date of the Meeting, that particular day is not to be included. Postponement from a Sunday, Saturday or a public holiday to a prior or subsequent working day will not be taken into consideration. Sections 187 to 193 BGB are not to be applied by analogy. In the case of non-listed companies, the Articles of Incorporation may determine some other calculation of the period in question.*

**Section 70 AktG: Shareholding period calculation**

*If the exercise of rights derived from shares depends on the shareholder having held the shares during a certain period of time, then ownership is equivalent to a claim for transfer thereof against a credit institution, financial service providing institution or an enterprise trading pursuant to section 53 (1) sentence 1 or section 53b (1) sentence 1 or (7) of the German Banking Act. The period of ownership of a predecessor-in-title is assigned to the shareholder if the latter acquired the share non-gratuitously, from his or her trustee, as a universal successor-in-title, on dissolution of a community or transfer of a portfolio pursuant to section 13 of the [German] Insurance Supervision Act or section 14 of the Building Societies Act (Gesetz über Bausparkassen).*

**2. COUNTERMOTIONS AND/OR ELECTION PROPOSALS (SECTIONS 126 (1), 127 AKTG)**

In addition, shareholders are entitled to submit to the Company countermotions to proposals by the Management Board and/or Supervisory Board on specific items on the agenda and nominations for the election of a Supervisory Board member or the auditor.

Should any countermotions or election proposals be made accessible in advance by the Company pursuant to sections 126, 127 AktG, they must be sent no later than June 7, 2022, 24:00h, to the following address:

hGears AG  
– Annual General Meeting –  
Brambach 38  
78713 Schramberg, Germany  
E-Mail: [hv@hgears.com](mailto:hv@hgears.com)

Only countermotions and election proposals received in time at the aforementioned address, including the name of the shareholder and any reasons to be made available, will be made accessible without undue delay via the Company's website at

<https://ir.hgears.com/de/hauptversammlung/>,

provided that the statutory requirements pursuant to sections 126, 127 AktG are otherwise also met. Any comments by the management will also be made available at the aforementioned Internet address.

During the virtual Annual General Meeting, under the COVID-19 Act shareholders may not file any countermotions or election proposals. A counter-motion or election proposal to be made accessible pursuant to sections 126, 127 AktG shall be deemed to have been submitted within the scope of the virtual General Meeting if the shareholder making the motion or election proposal is duly authorised and registered for the General Meeting.

The provisions of the German Stock Corporation Act on which these shareholder rights are based, which also specify the conditions under which countermotions and election proposals may not be made available, are worded as follows:

#### **Section 126 AktG: Motions by shareholders**

*(1) Motions by shareholders, including the name of the shareholder, the reasons and a possible statement from Management are to be made accessible to the authorized persons specified in section 125 (1) to (3) under the relevant prerequisites if the shareholder sent a countermotion to a proposal tabled by the Executive Board or*

*Supervisory Board on a certain item of the agenda at least 14 days prior to the Meeting of the Company along with the relevant reasons to the address stipulated to this end in the notice convening the Meeting. The day of receipt is not to be included in this regard. For listed companies, the relevant information must be made accessible via the Company's website. section 125 (3) applies accordingly.*

*(2) A countermotion and reasons therefor do not need to be made accessible*

- 1. if the Executive Board would incur criminal liability in making the information accessible,*
- 2. if the countermotion would lead to a resolution being adopted at the Annual General Meeting that would be unlawful or contrary to the Articles of Incorporation,*
- 3. if the reasons obviously contain incorrect or misleading information with regard to material items or if they contain any insults,*
- 4. if a countermotion by the shareholder based on the same facts and circumstances regarding an Annual General Meeting of the Company has already been made accessible as contemplated by section 125,*

5. if the same countermotion filed by the shareholder has already been made accessible according to section 125 for more or less the same reasons prior to at least 2 General Meetings in the past five years and less than a twentieth of the capital stock represented voted for it,

6. if the shareholder indicates that he or she will not attend the Annual General Meeting, not even by proxy, or

7. if the shareholder failed to file a countermotion communicated at two Annual General Meetings in the last two years or failed to have such countermotion filed.

The reasons do not need to be made accessible if they amount to a total of more than 5,000 characters.

(3) If multiple shareholders file countermotions on the same item of the resolution to be adopted, then the Executive Board may consolidate or summarize the countermotions and the reasons to substantiate them.

### **Section 127 AktG: Election proposals by shareholders**

Section 126 applies *mutatis mutandis* to proposals by a shareholder for the election of Supervisory Board members or auditors of financial statements. The election proposal does not need to be justified. The Management Board does not need to make the election proposal accessible even if it does not contain the disclosures listed in section 124 (3) sentence 4 and section 125 (1) sentence 5.

### **Section 124 (3) sentence 4 AktG: Announcement of supplementary petitions; proposals for resolutions to be adopted (excerpt)**

The proposal for election of Supervisory Board members or auditors must contain their names, exercised profession and place of residence.

### **Section 125 (1) sentence 5 AktG: Notifications for shareholders and to Supervisory Board members**

For listed companies, when submitting a proposal for election of Supervisory Board members information must be submitted on their membership of other supervisory boards required to be set up by law; information on their membership of similar domestic and foreign control bodies of business enterprises are to be attached.

The provisions of the COVID-19 Act on which these shareholders' rights are based are worded as follows:

### **Section 1 Stock Corporations; Partnerships Limited by Shares; European Companies (SE); Mutual Insurance Companies (excerpt)**

(2) The executive board may decide that the meeting shall be held as a virtual general meeting without the physical presence of the shareholders or their proxies, provided that

1. there is a video and audio transmission of the entire meeting

2. the voting rights of the shareholders are exercised by means of electronic communication (postal voting or electronic participation) as well as the granting of a proxy is possible,

3. the shareholders are granted the right to ask questions by means of electronic communication,

4. the shareholders who have exercised their voting right according to number 2 are, in deviation from section 245 number 1 of the Stock Corporation Act, waiving the requirement

*to appear at the general meeting, shall be given the opportunity to object to a resolution of the general meeting.*

*The management board shall decide in its dutiful discretion how to answer questions; it may also specify that questions are to be submitted by electronic communication no later than one day before the meeting. Motions or election proposals by shareholders which are to be made available pursuant to section 126 or section 127 of the Stock Corporation Act shall be deemed to have been made at the meeting if the shareholder making the motion or submitting the election proposal is duly authorised and registered for the general meeting.*

**3. Right to raise questions by way of electronic communication (section 1 (2), sentence 1, No. 3, sentence 2 of the COVID-19 Act)**

Each shareholder who has registered for attendance at the virtual Annual General Meeting is given the right pursuant to section 1 (2) sentence 1 No. 3 COVID-19 Act to raise questions by way of electronic communication. The Management Board may also stipulate that questions must be submitted no later than one day before the Annual General Meeting. The Management Board of hGears AG has made use of this option with the consent of the Supervisory Board. According to section 1 (2) sentence 2 COVID-19 Act, the Management Board decides at its own discretion how to answer questions.

Any questions must be submitted to the internet address <https://ir.hgears.com/de/hauptversammlung/> no later than one day before the Annual General Meeting, i.e. by the end of June 20, 2022 (midnight). Questions may not be submitted by any other means.

Questions submitted after the aforementioned deadline will not be considered. It is intended that the questioners will be mentioned by name when answering the questions.

The provisions of the COVID-19 Act on which these shareholders' rights are based are worded as follows:

**Section 1 Stock Corporations; Partnerships Limited by Shares; European Companies (SE); Mutual Insurance Companies** (excerpt)

*(2) The executive board may decide that the meeting shall be held as a virtual general meeting without the physical presence of the shareholders or their proxies, provided that*

- 1. there is a video and audio transmission of the entire meeting*
- 2. the voting rights of the shareholders are exercised by means of electronic communication (postal voting or electronic participation) as well as the granting of a proxy is possible,*
- 3. the shareholders are granted the right to ask questions by means of electronic communication,*
- 4. the shareholders who have exercised their voting right according to number 2 are, in deviation from section 245 number 1 of the Stock Corporation Act, waiving the requirement to appear at the general meeting, shall be given the opportunity to object to a resolution of the general meeting.*

*The executive board shall decide in its dutiful discretion how to answer questions; it may also specify that questions are to be submitted by electronic communication no later than one day before the meeting.*