Report of the Executive Board to the Annual Shareholder's Meeting on the exclusion of subscription rights with regard to item 10 of the agenda in accordance with Sections 203 (2), 186 (3), (4) clause 2 AktG

The objective of granting the authorisation to increase the share capital (authorised capital 2023) is to give the management the option for the next five years to be able to obtain equity quickly and flexibly if needed. The availability of financing instruments regardless of the cycle of Annual Shareholders' Meetings is of particular importance, as the timing of funding requirements cannot be determined in advance. In addition, competition with other companies means that transactions can frequently only be carried out successfully if secure financing instruments are already available at the start of negotiations. Lawmakers have taken the resulting needs of companies into account and granted stock corporations the option of authorising the management for a limited period to increase the share capital up to a certain amount without another resolution of the Annual Shareholders' Meeting. The Executive Board and Supervisory Board therefore propose that such an authorisation be granted.

Generally, shareholders must be granted subscription rights if the authorisation to issue new shares is utilised, thus allowing all shareholders to participate in a capital increase in proportion with their interest and maintain both the influence they exert through their voting right and the value of their shareholding in the company. This applies in particular even if the new shares are not offered to the shareholders directly for subscription, but through one or more banks, provided that the latter are obliged to offer the assumed shares to the shareholders for subscription by way of so-called indirect subscription rights. The proposed resolution therefore contains a provision to this effect.

The authorisation of the Executive Board proposed under a) (to exclude any fractional amounts from shareholder subscription rights, with the consent of the Supervisory Board) serves to present a practical subscription ratio in relation to the amount of the capital increase in question.

The authorisation to exclude subscription rights proposed under b) is intended in particular to enable the company to acquire companies, parts of companies or investments in companies, licence rights or other receivables in return for shares. This is a common form of acquisition. Experience shows that the owners of attractive acquisition targets often demand shares in the acquiring company, in particular in return for the sale of their shares or of a company. To be able to purchase such acquisition targets, the company must have the option to increase its share capital in exchange for contributions in kind, potentially at very short notice, and to exclude the shareholders' subscription rights. In addition, the proposed arrangement makes it possible for the company to acquire companies, parts of companies or investments in companies, as well as other assets, including licence rights or receivables owed by the company, without having to utilise its own liquidity to an undue extent.

The authorisation proposed under c) (when new shares are issued in exchange for cash contributions, to exclude the shareholders' subscription rights on one or more occasions for a proportional amount of the authorised capital that does not exceed 10 % of the current share capital (EUR 651,227.00) and 10 % of the share capital existing at the time the authorisation becomes effective and at the time the authorisation is first exercised) is based on the provision in Section 186 (3) clause 4 AktG. The fact that the amount of the authorisation for such a capital increase is limited to 10 % of the share capital and that the issue price of the new shares is not permitted to be significantly lower than the respective market price of the already listed shares at the time of the issue ensures that the extent to which the subscription rights are to be protected, namely preventing a loss of influence by shareholders and a dilution in value, is not affected or is only affected to a reasonable degree. The influence of the shareholders whose subscription rights are excluded can be secured through the purchase of additional shares on the stock exchange. For the company, the capital increase without subscription rights leads to the largest possible creation of capital and to optimum proceeds. In particular, it enables the company to respond quickly and flexibly to favourable situations on the stock exchange. Section 186 (2) clause 2 AktG permits the publication of the subscription price no later than three days before the expiry of the (at least two-week) subscription period. However, the volatility on the stock markets means that a market risk in the form of a risk of price changes must be charged over several days in this case too. This market risk may lead to safety margins being included when determining the selling price and therefore to conditions that are not in line with the market. Furthermore, if the company grants subscription rights, it cannot respond at short notice to favourable market conditions due to the length of the subscription period. As a result, the authorisation to exclude subscription rights is in the interests of the company and its shareholders.

To further protect shareholders from loss of influence and dilution in value, the authorisation to exclude subscription rights is limited by the fact that other capital measures that have an effect similar to a cash capital increase without subscription rights are counted towards the maximum amount up to which a cash capital increase including the exclusion of subscription rights can take place. For example, the authorisation stipulates that any sale of shares acquired by the company on the basis of the authorisation granted by the Annual Shareholders' Meeting in accordance with Section 71 (1) no. 8 AktG, without offering the shareholders the opportunity to subscribe for these shares, reduces the maximum amount in the same way as any future issue of convertible bonds and/or bonds with warrants, if the shareholders have not been granted a subscription right.

However, the aforementioned counting of other capital measures towards the maximum amount should not apply if, following any issue of convertible bonds and/or bonds with warrants in analogous application of Section 186 (3) clause 4 AktG that leads to such a capital measure being counted towards the maximum amount, the Annual Shareholders' Meeting resolves a new authorisation to issue convertible bonds and/or bonds with warrants with the option of the simplified exclusion of subscription rights in analogous application of Section 186 (3) clause 4 AktG or the Annual Shareholders' Meeting again grants an authorisation to acquire and use own shares with the option of the simplified exclusion of subscription rights in analogous application of Section 186 (3) clause 4 AktG. This is because, in these cases, the Annual Shareholders' Meeting has again decided on the authorisation to implement a simplified exclusion of subscription rights, meaning that the reason for counting such a capital measure towards the maximum amount does not apply. In other words, if own shares or convertible bonds and/or bonds with warrants can be issued again while implementing the simplified exclusion of subscription rights, the authorisation to implement the simplified exclusion of subscription rights for the (remaining) term of the authorisation should, in turn, also apply to the issue of new shares from the authorised capital. The reason for this is that once the new authorisation to implement the simplified exclusion of subscription rights enters into force, the prohibition on issuing new shares from the authorised capital that has arisen from the issue of own shares in accordance with Section 71 (1) no. 8, Section 186 (3) clause 4 AktG or from the issue of convertible bonds and/or bonds with warrants with the option of excluding subscription rights in accordance with Section 186 (3) clause 4 AktG does not apply. As the majority requirements for such a resolution are identical to those for a resolution on the authorisation to issue new shares from the authorised capital including the simplified exclusion of subscription rights in accordance with Section 186 (3) clause 4 AktG, the resolution adopted by the Annual Shareholders' Meeting on the creation of a new authorisation to exclude subscription rights in accordance with Section 186 (3) clause 4 AktG as part of the sale of treasury shares or a new authorisation to issue convertible bonds and/or bonds with warrants with the option of excluding subscription rights in accordance with Section 186 (3) clause 4 AktG must also be regarded as an affirmation with regard to the resolution authorising the issue of new shares from the authorised capital in accordance with Section 203 (2), Section 186 (3) clause 4 AktG. In the event that an authorisation to exclude subscription rights is exercised again in direct or analogous application of Section 186 (3) clause 4 AktG, the capital measure in question is again counted towards the maximum amount. As a consequence, this rule means that (i), during the (remaining) term of the authorisation, the Executive Board can, in total, make only one use of the simplified exclusion of subscription rights in accordance with, or in analogous application of, Section 186 (3) clause 4 AktG without a further resolution adopted by the Annual Shareholders' meeting and (ii) in the event that the Annual Shareholders' Meeting adopts a further resolution, the Executive Board is again free to decide during the (remaining) term of the authorisation whether to make use of the simplifications under Section 186 (3) clause 4 AktG within the statutory limits in connection with cash capital increases from authorised capital.

In view of the above statements, the authorisation to exclude subscription rights is necessary and in the company's interests in all three cases, within the limits outlined.

In individual cases, the Executive Board will carefully review whether to make use of the authorisation to increase the capital while excluding subscription rights if tangible opportunities to acquire companies, parts of companies or investments in companies or other assets emerge, and also carefully weigh up whether shares to be transferred as consideration will be created wholly or partially through a capital increase or through the acquisition of own shares. The Executive Board will exclude the shareholders' subscription rights only if the acquisition in return for the issue of shares of the company is in its well-understood interests. The Supervisory Board will grant its required consent regarding the utilisation of the authorised capital, including the exclusion of the shareholders' subscription rights, only if all the described statutory criteria are fulfilled. The Executive Board will report on the details of the utilisation of the authorised capital at the Annual Shareholders' Meeting that follows any utilisation of the authorised capital.

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