



Report of the Executive Board to the Annual General Meeting in accordance with Sections 203 (2) sentence 2, 186 (4) sentence 2 AktG on agenda item 7

The reason for creating the new authorised capital proposed in agenda item 7 is to enable the Executive Board, subject to consent by the Supervisory Board, to promptly satisfy any requirements for additional funding that might arise in order to maintain or enlarge the equity base. It is in the interests of the Company to have as much flexibility as possible in respect of financing. The structure of this proposed authorisation is largely comparable to the current authorisation it replaces.

The authorisation proposed in agenda item 7 shall create authorised capital of EUR 8,176,667 with shareholders entitled to subscription rights, in general, when exercised. The proposed authorisation does, however, also allow for the possibility of exclusion of shareholders' legally specified subscription rights.

The exclusion of subscription rights to compensate for fractional amounts (letter a) is necessary for technical reasons to ensure all investments comprise whole shares, which eases the processing of shareholders' subscription rights.

If and to the extent that subscription rights can be excluded in order to issue employee shares (letter b), this exclusion is governed by the objectives specified in Section 71 (1) no. 2 AktG and Section 192 (2) no. 3 AktG, in particular the retention and motivation of employees. The issue price shall be determined on the basis of the listed share price at the time of issue and shall consider the interests of the Company and its shareholders.

The proposed resolution to exclude subscription rights for the purpose of acquiring investment interests and other companies, parts of companies, or other assets in exchange for shares (letter c) shall enable the Company, in particular, to hold treasury shares that can be used at short notice to acquire companies or stakes in companies without having to resort to the stock exchange and is thus in the interests of shareholders.

Excluding subscription rights when increasing capital against cash considerations in a ratio that does not exceed 10% of the share capital and where the issue price is not materially lower than the listed price of the shares (letter d)), ensures reasonable protection of the investment and voting interests of shareholders pursuant to Section 186 (3) sentence 4 AktG as the issue price is tied to the listed price and the authorisation is restricted to a maximum of ten percent of the Company's share capital. Shares acquired during the term of this authorisation based on authorisation by an Annual General Meeting to purchase treasury shares pursuant to Section 71 (1) no. 8 AktG up to the time of exercise and sold for cash with subscription rights excluded pursuant to Section 186 (3) sentence 4 AktG shall count against this cap, as shall shares that have been, or must be, issued to service bonds with conversion or option rights (and/or conversion obligations) if issued with shareholders' subscription rights excluded in respect of bonds by corresponding application of Section 186 (3) sentence 4 AktG. Subscription rights shall, however, only be excluded to the extent that contingent capital is not available to fund the shares for holders of bonds with conversion or option rights (and/or conversion obligations).

Finally, the Executive Board shall be authorised, subject to consent by the Supervisory Board, to exclude subscription rights to the extent necessary to protect against dilution when granting holders of future issues of bonds with conversion and/or option rights as many subscription rights as they would be entitled to as shareholders upon exercising their conversion or option rights (letter e). In the event of a capital increase during the term of a bond with conversion and/or option rights, with shareholders being granted subscription rights, this reduces the risk of having to lower the conversion or option price in compliance with rules normally specified in bond terms and conditions to protect against dilution.
