Report on agenda item 10 pursuant to Section 203 (2), Section 186 (3) and (4) sentence 2 AktG

The Managing Board has issued the following report on agenda item 10 pursuant to Section 203 (2), Section 186 (3) and (4) sentence 2 AktG.

The company does not currently have any authorised capital. Authorised capital should be created for the coming five years to provide flexibility in the course of any future capital adjustments or to service employee share issues. The authorised capital is limited to 10 per cent of the current capital stock.

The authorisation granted to the Managing Board allows the subscription rights of shareholders to be excluded in certain circumstances. This should enable the Managing Board to exercise the authorised capital while also excluding the subscription rights of the shareholders, if needed.

The authorisation allows the statutory subscription rights of shareholders to be excluded if a capital increase against cash contribution does not exceed 10 per cent of the available capital stock after utilising the authorised capital and the issue price of the new share is not significantly below the market price of already listed shares. This authorisation should allow the administration to exploit any short-term favourable conditions on the stock exchanges. Due to the organisational measures they entail and the subscription period that needs to be granted, subscription right issues take a lot more time than a placement that excludes subscription rights. Furthermore, with such placements it is possible to avoid the usual charges that a rights issue entails. Consequently, the company’s own funds can be strengthened to a greater degree by excluding subscription rights than would be the case under a rights issue. However, the scope of a capital increase against cash contribution is limited to ten per cent of the stock capital entered in the commercial register upon entering the authorised capital 2024 in the commercial register and at the time of its utilisation. Due to this restriction, there is practically no reason for the shareholders to fear a dilution of the (value of) existing shares or their influence.

The exclusion of subscription rights for fractional amounts allows the authorised capital to be used to round off amounts to create uncomplicated subscription ratios. The exclusion of subscription rights is necessary to remedy any fractional amounts.

Under certain circumstances, the attractiveness of the existing shares may be enhanced if the company’s shares are admitted to trading on foreign stock exchanges. In this case, the IPO and listing should be able to be combined with a new share offer.

Furthermore, the subscription rights of shareholders can be excluded in the event of a capital

increase against a non-cash contribution with the approval of the Supervisory Board, particularly in the case of an acquisition or equity investment that is settled with shares. This is becoming an increasingly common form for business acquisitions. Practice has shown that in many cases the owners of attractive acquisition targets expect to receive shares in the acquiring company as consideration for the sale of their shares or their business.

To be in a position to purchase such acquisition targets, the Company must have the ability to increase its capital stock against non-cash contribution excluding the subscription rights of shareholders, possibly at very short notice. Furthermore, the Company is enabled to purchase companies, equity investments and other assets, such as receivables from the Company without needing to drain its cash reserves unnecessarily. In each case, the Managing Board will diligently examine whether it should use its authorisation to increase capital excluding the subscription rights of the shareholders in the event of any acquisition opportunities that may arise. The subscription rights may only be excluded if it is necessary in the interests of the company to settle the acquisition by issuing shares in the company.

Further, the authorisation enables the subscription rights of the shareholders to be excluded in order to allow employees of the company and its subsidiaries to participate in the stock capital of the company by issuing employee shares.

If the shareholders have a fundamental right to subscribe to new shares issued in the course of a capital increase, the Managing Board will additionally be empowered to exclude the shareholders' subscription rights, subject to approval from the Supervisory Board, when this is necessary to grant the bearers of conversion rights and/or warrants or the bearers of conversion obligations and/or warrant obligations arising from convertible bonds or warrant bonds issued by the company, a right to subscribe to new shares of a sufficient scope to exercise their conversion or warrant rights or settle their conversion or warrant obligations respectively. To facilitate their placement on the capital markets, convertible bonds or warrant bonds are generally protected from dilution. As protection against dilution, it is common practice to issue cash compensation or, alternatively, reduce the conversion or strike price or adjust the conversion ratio. In addition, the terms and conditions of convertible bonds and warrant bonds typically require that in the case of a capital increase that grants the shareholders subscription rights, the bearers/creditors of conversion or warrant rights, or the bearers/debtors of conversion or warrant obligations are granted a right to subscribe to new shares commensurate to the subscription rights granted to the shareholders, in lieu of protection against dilution using the mechanisms referred to above. Should the Managing Board make use of this structure, the bearers will be put in the same position as if they had already exercised their conversion or warrant right or settled their conversion or

warrant obligation respectively. For the company, this has the advantage that – in contrast to dilution protection involving a reduction of the conversion or strike price or conversion ratio – it can realise a higher issue price for the shares issued upon the exercise of a conversion right or warrant and does not have to pay any cash compensation. To realise this, it is necessary to exclude the subscription rights of the existing shareholders.

At the Shareholders' Meeting the Managing Board will report on the details of any utilisation of authorised capital related to corporate acquisitions settled by issuing shares in the Company.

The Managing Board and Supervisory Board undertake to set the issue price for new shares in the best interests of the company and its shareholders.