

Joint report
of the Board of Management of INDUS Holding AG,
Bergisch Gladbach

and the management of the
INDUS Omega GmbH,
Bergisch Gladbach

pursuant to Section 293a of the German Stock Corporation Act (AktG)

to the control and profit and loss transfer agreement dated 11 March 2024

between

INDUS Holding AG, Bergisch Gladbach

and

INDUS Omega GmbH, Bergisch Gladbach

I. Preliminary remark

The Board of Management of INDUS Holding AG, registered with the commercial register of the Local Court (*Amtsgericht*) of Cologne under HRB 46360, and the management of INDUS Omega GmbH, registered with the commercial register of the Local Court (*Amtsgericht*) of Cologne under HRB 116100, concluded a control and profit and loss transfer agreement (hereinafter "**Agreement**") on 11 March 2024. Under this Agreement, INDUS Omega GmbH (hereinafter "**INDUS Omega**") places the management of its company under the control of INDUS Holding AG (hereinafter "**INDUS AG**") and undertakes to transfer its profits to INDUS AG. INDUS AG, in turn, undertakes to assume losses from INDUS Omega.

The Board of Management of INDUS AG and the management of INDUS Omega jointly submit the following report in accordance with Section 293a of the German Stock Corporation Act (AktG):

II. Contracting parties

The contracting parties are INDUS AG and INDUS Omega.

1. INDUS AG

INDUS AG is a listed German stock corporation and the parent company of the INDUS Group. INDUS AG is a value-based specialist in the field of sustainable and long-term investment and development for German-speaking SMEs. INDUS AG primarily acquires owner-managed companies in the industrial technology sector and supports them in their entrepreneurial development with a long-term focus. The INDUS Group employed around 9,000 people at the end of the financial year 2023.

The members of the Board of Management of INDUS AG are Dr. Johannes Schmidt (Chairman), Rudolf Weichert (Deputy Chairman), Gudrun Degenhart, Dr. Jörn Großmann and Axel Meyer. INDUS AG is represented by two members of the Board of Management or by one member of the Board of Management together with an authorised signatory.

The members of the Supervisory Board of INDUS AG are Jürgen Abromeit (Chairman), Wolfgang Lemb, Dr. Dorothee Becker, Dorothee Diehm, Pia Fischer, Cornelia Holzberger, Gerold Klausmann, Jan Klingelberg, Stefan Müller, Barbara Schick, Carl Martin Welcker and Prof. Dr. Isabell M. Welpé.

INDUS AG's financial year is the calendar year. INDUS AG is subject to unlimited corporation and trade tax in Germany. INDUS AG's total assets amounted to around EUR 1.53 billion in the 2022 financial year and around EUR 1.66 billion in the 2023 financial year.

2. INDUS Omega

INDUS Omega was founded by notarial deed of the notary Dr. Albert Rabl dated 28 August 2023 under the name "Altstadtsee 586. V V GmbH" with a share capital of EUR 25,000.00. It was entered in the commercial register of the Local Court (*Amtsgericht*) of Cologne on 8 September 2023 under HRB 116100. INDUS AG acquired all shares in INDUS Omega under a purchase and assignment agreement signed by notary Dr. Marc Hermanns. The share capital of EUR 25,000.00 has been fully paid in and no repayments have been made.

Since the acquisition of INDUS Omega by INDUS AG, INDUS AG has held all of the shares in INDUS Omega. There are no outside shareholders.

The company has one managing director, Dr. Johannes Schmidt, who is authorised to represent the company alone. There are no supervisory bodies. INDUS Omega currently has no employees and has not yet commenced any operating activities. It does not hold any portfolio companies in other companies.

The current corporate purpose of INDUS Omega is to acquire portfolio companies of any kind. INDUS Omega is authorised to undertake all transactions and measures that appear suitable to serve the purpose of the company.

The financial year of INDUS Omega is the calendar year.

INDUS Omega is currently a shelf company into which operating business may be contributed or transferred at a later date.

As the future activities of INDUS Omega have not yet been determined, the risk of loss for INDUS AG cannot be concretised at present on the basis of the Agreement.

III. Reasons for concluding the Agreement and its effects

The aim of the Agreement is to establish a consolidated tax group for corporation and trade tax purposes. As a result of the consolidated tax group for income tax purposes, INDUS Omega's net income or net loss for the year as the controlled company is transferred directly to INDUS AG as the controlling company.

Positive and negative income can thus be offset at INDUS AG level. Depending on the earnings situation, this can lead to tax advantages.

Due to the direct profit transfer to INDUS AG, the 5% non-deductible operating expenses assumed for a regular profit distribution and correspondingly taxable are also avoided.

As INDUS AG is the sole shareholder of INDUS Omega, there are no special consequences for the shareholders of INDUS AG other than INDUS AG's obligation to assume losses, as there are no compensation or settlement claims from outside shareholders.

IV. Alternatives to the Agreement

There is no economically reasonable alternative to concluding the Agreement. Pursuant to Section 14 (1) sentence 1 in conjunction with Section 17 (1) of the German Corporate Income Tax Act (KStG), the conclusion of the Agreement is a mandatory prerequisite for the corporate and trade tax grouping between INDUS Omega and INDUS AG. This means that the tax benefits can only be realised by concluding the Agreement.

The conclusion of a simple domination agreement would not be an equivalent alternative because no consolidated tax group for corporation or trade tax purposes can be established without the obligation to transfer profits. Merging INDUS Omega with INDUS AG is also not an alternative, as this would result in the loss of INDUS Omega's legal independence.

The conversion of INDUS Omega into a partnership would not lead to comparable tax income either. In the case of a partnership, its income would be subject to taxation for trade tax purposes, whereas INDUS AG would be taxed with corporation tax. In the case of a consolidated tax group, on the other hand, all income is taxable at the level of the controlling company (INDUS AG) and can be offset against positive or negative income of INDUS AG.

V. Explanation of the Agreement

1. Management

Pursuant to Section 1 of the Agreement, INDUS Omega places the management of its company under the control of INDUS AG. INDUS AG is authorised to issue instructions to the management of INDUS Omega regarding the management of the company. The right to issue instructions also extends to the preparation of INDUS Omega's annual financial statements. The management is obliged to follow the instructions. Notwithstanding the right to issue instructions, the management of business and the representation of INDUS Omega are the responsibility of the management of INDUS Omega. Every instruction must be documented in writing.

2. Profit transfer

Pursuant to Section 3 of the Agreement, INDUS Omega undertakes to transfer its entire profit to INDUS AG as determined in accordance with German commercial law regulations. The maximum amount permitted under Section 301 of the German Stock Corporation Act (AktG), as amended, is to be transferred before the formation or release of reserves. Amounts from the net income for the year may only be transferred to other revenue reserves in accordance with Section 272 (3) of the German Commercial Code (HGB) to the extent that this is permissible under German commercial law and economically justified on the basis of reasonable commercial judgement. Other revenue reserves formed during the term of the Agreement pursuant to Section 272 (3) of the German Commercial Code (HGB) must be released at the request of INDUS AG and used to offset a net loss for the year or transferred as profit.

3. Loss assumption

Pursuant to Section 4 of the Agreement, INDUS AG is obliged to assume the losses of INDUS Omega in accordance with the provisions of Section 302 of the German Stock Corporation Act (AktG). Accordingly, INDUS AG must offset any net loss for the year incurred during the term of the Agreement, unless this can be offset by withdrawing the corresponding amount from the other revenue reserves that were recognised during the term of the Agreement.

4. Effectiveness and term of the Agreement

The Agreement becomes effective upon entry in the commercial register of INDUS Omega. A further requirement for effectiveness is the approval of the Agreement by the Annual Shareholders' Meeting of INDUS AG and the shareholders' meeting of INDUS Omega. The Annual Shareholders' Meeting of INDUS AG will take place on 22 May 2024 and the shareholders' meeting of INDUS Omega is scheduled for the same day.

The Agreement may be terminated by giving three months' notice to the end of any financial year of INDUS Omega, but for the first time to the end of the financial year ending at least five years after the beginning of the financial year in which the Agreement comes into effect. In this respect, a minimum term of five years from the effective date of the Agreement has been agreed.

In addition, the Agreement may be terminated for good cause without notice. Good cause includes, in particular, all measures that lead to the elimination of the conditions required for the tax group to be recognised, in particular the elimination of the financial integration of INDUS Omega into INDUS AG through the disposal of shares in INDUS Omega by way of sale or contribution or through a merger, demerger or dissolution of INDUS AG or INDUS Omega, regardless of whether this takes effect at the end of a financial year or within a financial year of INDUS Omega.

**VI. No compensation and no settlement payments pursuant to Sections 304, 305 of the German Stock Corporation Act (AktG),
No contract audit**

The Agreement does not provide for compensation or settlement payments for outside shareholders because INDUS AG is the sole shareholder of INDUS Omega.

Since INDUS AG holds all shares in INDUS Omega, no audit of the Agreement by expert auditors and no preparation of a corresponding audit report is required in analogous application of Section 293b (1) of the German Stock Corporation Act (AktG).

Bergisch Gladbach, 18 March 2024

INDUS Holding AG

INDUS Omega GmbH

Dr. Johannes Schmidt

Dr. Johannes Schmidt

Gudrun Degenhart

Dr. Jörn Großmann

Axel Meyer

Rudolf Weichert