



**INDUS Holding AG**  
**Bergisch Gladbach**  
**WKN 620 010/ISIN DE0006200108**

**Annual Shareholders' Meeting**  
**to be held as a virtual Annual Shareholders Meeting**  
**on Thursday, August 13<sup>th</sup> 2020, 10.30 h (CEST)**

**Report of the Board of Management to the Annual Shareholders' Meeting in accordance with Section 71 (1) No. 8 in conjunction with Section 186 (4) Sentence 2 AktG on agenda item 6**

In item 6 of the agenda, a proposal is made to the Annual Shareholders' Meeting to authorize the company, in accordance with Section 71 (1) No. 8 AktG, to acquire treasury shares in the company corresponding to up to 10% of the company's capital stock at the time the resolution is passed by the Annual Shareholders' Meeting or the company's capital stock at the time the authorization is exercised, whichever is lower, and to sell the treasury shares, in some cases excluding shareholders' subscription rights. It shall be possible to exclude subscription rights in the following cases:

The company shall have treasury shares in order to be able to execute business combinations in a quick and flexible manner. The international competitive environment and the globalization of the economy have created an increasing requirement for this form of acquisition financing. There are no specific plans to make use of this authorization at present. When setting the valuation ratios, the Board of Management will ensure that the interests of the shareholders are safeguarded appropriately, taking into account the stock market price, but without creating any rigid link to it.

The proposed resolution also intends to allow the Board of Management to sell the treasury shares to third parties in return for cash payment in a manner other than on the stock market or by making an offer to all shareholders if the treasury shares are sold at a price that is not significantly lower than the stock market price of the company's share at the time of the obligation to sell. This is designed to allow the company to respond to offers/inquiries from investors regarding investments that serve the company's corporate purpose at short notice. The authorization is limited to a maximum of 10% of the company's capital stock, both at the time it becomes effective and at the time it is exercised. The shares counting toward this 10% threshold include shares that are issued after this authorization becomes effective, making use of an authorization that applied at the time the proposed authorization,

or an authorization replacing it, became effective to issue new shares using authorized capital in accordance with Section 186 (3) Sentence 4 AktG, excluding subscription rights. Those shares which have been, or are to be, issued to service bonds carrying conversion or option rights also count toward the 10% threshold, provided that the bonds were issued after this authorization became effective on the basis of an authorization that applied at the time the proposed authorization, or an authorization replacing it, became effective in analogous application of Section 186 (3) Sentence 4 AktG, excluding subscription rights. The counting of these shares ensures that shareholders' subscription rights are not, under any circumstances, excluded for more than a total of 10% of the capital stock in direct or indirect application of Section 186 (3) Sentence 4 AktG.

Within the context of the aforementioned authorization, the financial interests of the shareholders in the value of their participation not being diluted are safeguarded by ensuring that the selling price is not significantly lower than the stock market price. As a result, the authorization interprets the requirement of a price that is "not significantly lower" as corresponding to a discount of no more than 5% on the arithmetic average share prices (closing auction prices in Deutsche Börse AG's XETRA trading in Frankfurt am Main or in a comparable successor system) on the last ten trading days before the disposal obligation was created.

The Board of Management is also to be authorized to use the acquired treasury shares to service option or acquisition rights or acquisition duties relating to shares in the company granted to employees and members of the Board of Management of the company, or to employees and members of the Board of Management of affiliated companies.

In order to facilitate the processing of the share issues in the aforementioned case, the company is also to be allowed to obtain the shares required for this purpose using security loans and, if necessary, also to use treasury shares to satisfy the lender's rights of restitution.

In addition, the Board of Management is to be authorized to use treasury shares to satisfy rights of holders or creditors, or to satisfy conversion obligations arising from conversion or option rights or conversion obligations granted/created by the company upon the issue of bonds or certificates, in particular, to satisfy convertible bonds granted on the basis of the authorization pursuant to the resolution passed by the Annual Shareholders' Meeting held on May 24, 2018. The proposed exclusion of shareholders' subscription rights is designed to enable the company to make flexible decisions regarding whether, when exercising these rights or obligations, it wishes to grant new shares from contingent capital, treasury shares acquired on the basis of the proposed authorization resolution, or a cash settlement. The company will make any decisions on the options referred to above in the interests of the shareholders and the company in each case, taking the current market and liquidity situation into account. It will also take the other options for using any treasury shares acquired into account in its decisions.

The authorization also creates the option of excluding shareholders' subscription rights in part if shares are sold by making an offer to all shareholders in favor of the holders of subscription warrants, convertible bonds and convertible participation rights. The advantage of this approach is that, in the event that the authorization is exercised, the option or conversion price for the holders of existing

option or conversion rights does not have to be reduced in accordance with the option or conversion conditions in order to ensure the protection against dilution for the holders or creditors of these rights that may be provided for therein.

The authorization to exclude subscription rights for fractional amounts that is also provided for serves to ensure a subscription ratio that is feasible in terms of its technical implementation. The treasury shares excluded from the shareholders' subscription rights as fractional shares will be sold in the manner that is in the company's best interests, either by way of a sale on the stock exchange or in another manner. The potential dilution effect is minimal as the exclusion of subscription rights is limited to fractional amounts.

Finally, the idea is also to allow the company to recall the treasury shares without the need for a new resolution to be passed by the Annual Shareholders' Meeting, with or without a simultaneous capital reduction. In the latter case, the pro rata amount of the capital stock per share increases and the number of shares changes. The Board of Management is therefore to be authorized to make the corresponding adjustment to the Articles of Incorporation that is explicitly provided for in Section 237 (3) No. 3 AktG.

Taking all of these circumstances into account, the Board of Management and the Supervisory Board believe that the exclusion of the shareholders' subscription rights in the cases referred to above is necessary and advisable in the interests of the company and, for the reasons set out above, is both objectively justified and appropriate vis-à-vis shareholders. The Board of Management will exercise the authorization with the consent of the Supervisory Board.

The conditions will be determined in due course in each case in such a way that the interests of the shareholders and the interests of the company are safeguarded appropriately, taking into account the circumstances prevailing in each case. The Board of Management will report to the Annual Shareholders' Meeting on the details of any use of the authorization to repurchase treasury shares or on the use of such shares.

Bergisch Gladbach, June 2020

INDUS Holding Aktiengesellschaft

The Board of Management