CONVENIENCE TRANSLATION
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TeamViewer

Report pursuant to §§ 203 (2) sentence. 2, 186 (4) sentence 2 AktG (on Agenda Item 7)

The Management Board submits the following report on Agenda Item 7 on the exclusion of subscription rights in accordance with § 203 (2) sentence 2 in conjunction with § 186 (4) sentence 2 AktG.

General information

Under Agenda Item 7, the Management Board and Supervisory Board propose to the Annual General Meeting the cancellation of the Authorized Capital 2019 and the creation of new Authorized Capital 2024/I in the total amount of up to EUR 34,800,000.00. The proposed volume of the new authorized capital would correspond to an increase in the share capital of 20% of the current share capital if fully utilized. It is intended to replace the Authorized Capital 2019, which would expire on 2 September 2025. The new Authorized Capital 2024/I is to be available for both cash and non-cash capital increases and can also be used in partial amounts, whereby the total amount may not be exceeded. This is intended to provide the Management Board with a flexible instrument for shaping corporate policy for the next five years.

The proposed Authorized Capital 2024/I is intended to enable the Management Board to continue to raise the capital required for the strategic development of the company on the capital markets at short notice by issuing new shares or to quickly and flexibly take advantage of any favorable market conditions to cover future financing requirements without either having to wait until the next Annual General Meeting with a corresponding delay and thus not being able to take advantage of attractive market conditions at short notice or having to hold a costly Extraordinary General Meeting. In addition, the Management Board is to be put in a position to be able to take advantage of attractive acquisition opportunities at short notice and flexibly without having to use the capital markets or to acquire companies, parts of companies or interests in other companies from third parties in return for the issue of shares.

Shareholders' subscription rights

When using the Authorized Capital 2024/I, shareholders generally have a subscription right so that shareholders can participate in the capital increase in proportion to their shareholding and thus avoid a dilution of their shareholding. In addition to a direct issue of the new shares to shareholders, it is also possible for the technical processing of the share issue to have the new shares taken over by banks or companies determined by the Management Board within the meaning of § 186 (5) sentence 1 AktG with the obligation to offer them to the shareholders for subscription (indirect subscription right).

However, with the authorization to increase the capital, the Management Board shall also be authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights, in particular in the cases explained below:

Exclusion of subscription rights for fractional amounts

The authorization to exclude subscription rights for fractional amounts resulting from the subscription ratio makes it possible to determine simple and practicable subscription ratios for the capital increase. Fractional amounts arise if, as a result of the subscription ratio or the amount of the capital increase, not all new shares can be distributed equally among the shareholders. The fractional amounts are of minor importance in relation to the total capital increase, and due to the restriction to fractional amounts, the potential dilution effect for shareholders is generally very low. This is another reason why the exclusion of subscription rights in this case is standard market practice. The new shares excluded from subscription rights as so-called "free fractions" are utilized in the best possible way for the companies.

Exclusion of subscription rights for outstanding convertible bonds or bonds with warrants and convertible profit participation rights

An exclusion of subscription rights should also be possible if it is necessary in order to grant holders or creditors of convertible bonds or bonds with warrants and convertible profit participation rights issued by the company and/or its direct or indirect majority shareholdings a subscription right to new shares to the extent to which they would be entitled after exercising their conversion or option rights or after fulfilling their option exercise or conversion obligations. The exclusion of subscription rights in favor of holders or creditors of convertible bonds or bonds with warrants and convertible profit participation rights allows them to participate in the capital increase to the extent to which they would be entitled to participate if they had subscribed to shares on the basis of their option or conversion rights or conversion obligations. This counteracts dilution as a result of the capital increase. As a rule, such protection against dilution is already provided for in the corresponding issue conditions of the bonds in order to meet investor expectations and achieve a better placement on the capital market. At the same time, this generally leads to a higher issue price for the shares to be issued upon conversion or exercise of the option, as a reduction in the conversion or option price is avoided. However, the aforementioned advantages can only be utilized if the shareholders' subscription rights are excluded for this case. The exclusion of subscription rights therefore enables an optimal financing structure for the company and is therefore in the interests of the company and its shareholders.

Simplified exclusion of subscription rights pursuant to § 186 (3) sentence 4 AktG

Furthermore, the Management Board is to be permitted to exclude subscription rights if the new shares are issued at an amount that is not significantly lower than the stock market price in the case of cash capital increases in accordance with § 186 (3) sentence 4 AktG. This will continue to enable the Management Board to flexibly cover future financing requirements at short notice and by taking advantage of any favorable capital market conditions to the benefit of the company and its shareholders. This is only possible to a very limited extent when subscription rights are granted due to the costly and time-consuming processing of subscription rights. As a rule, capital increases excluding subscription rights lead to higher cash inflows than capital increases with shareholders' subscription rights. In this way, the company benefits from higher issue proceeds, while the shareholding of existing shareholders is diluted to a small extent.

In order to adequately protect shareholders against dilution, it is stipulated that the shares issued with the exclusion of subscription rights in accordance with § 186 (3) sentence 4 AktG may not exceed a total of 10% of the share capital at the time the authorization becomes effective or - if this value is lower - at the time the authorization is exercised. If other authorizations for the simplified exclusion of subscription rights are used during the term of this authorization until it is exercised, this limit of 10% of the share capital must be taken into account. Thereafter, the authorization volume is reduced and it should be ensured that the 10% limit provided for in § 186 (3) sentence 4 AktG is complied with, taking into account all authorizations with the possibility of excluding subscription rights in direct, corresponding or analogous application of § 186 (3) sentence 4 AktG. This includes any sale of treasury shares and any issue of shares from other (future) authorized capital. In addition, shares issued or to be issued to service bonds or profit participation rights with conversion or option rights or a conversion obligation must also be included. This ensures that, in accordance with the statutory provisions of § 186 (3) sentence 4 AktG, the financial and voting interests of shareholders are adequately safeguarded when using the authorized capital with the exclusion of subscription rights, while the company is given further scope for action in the interests of all shareholders.

When exercising the authorization, the Management Board will set the discount as low as possible in accordance with the market conditions prevailing at the time of placement. The Management Board will set the issue price per new no-par value share in such a way that the discount on the market price is not expected to be more than 3%, but in any case not more than 5% of the then current market price of the company's no-par value share. This takes account of the shareholders' need for protection against dilution of their shareholding. As the new shares will be placed close to the market price, every shareholder will be able to acquire shares on the market at approximately the same conditions as those provided for in the issue in order to maintain their shareholding.

Exclusion of subscription rights in the event of a capital increase against contributions in kind

It should be possible to exclude shareholders' subscription rights in the event of capital increases against contributions in kind, in particular in the form of companies, parts of companies, interests in companies, receivables or other assets. This option to issue shares significantly increases the Management Board's scope for action in international competition, as the consideration to be paid is often in the form of shares in the acquisition, particularly in the case of mergers or the acquisition of companies, parts of companies or interests in companies and other attractive assets. Time and time again, sellers demand such consideration in order to be able to participate indirectly in an increase in the value of the sold company after the sale. Also, with the ever-increasing size of business units in a rapidly growing IT sector, it is often not possible to pay the consideration in cash, or not in full, without straining the company's liquidity or increasing the level of debt to an undesirable extent. Shares are therefore an important alternative form of financing acquisitions. As a rule, such acquisitions cannot be planned in terms of time. The opportunity to acquire attractive companies, parts of companies or interests in companies or other attractive assets regularly arises at short notice and must then be seized quickly in an often competitive environment. In order to be able to act at short notice in such cases without holding an Annual General Meeting and to be able to acquire interests in companies, the company must be able to increase its capital against the exclusion of subscription rights in order to be competitive in the interests of its shareholders. The authorization takes this into account. The reduction in the shareholders' participation resulting from such a capital increase with the exclusion of subscription rights is offset by the fact that, although they hold a smaller share than before, they participate in a company with a higher overall value, without having to provide the funds required for this increase in value themselves. The company's stock market listing also allows each shareholder to restore their previous shareholding by purchasing additional shares.

Limitation of the total volume of capital increases without subscription rights

The authorizations described above are also limited to the extent that the total number of shares issued under Authorized Capital 2024/I with the exclusion of subscription rights may not exceed 10% of the share capital after their exercise. This additionally limits the total volume of shares issued without subscription rights. In this way, shareholders are additionally protected against a possible dilution of their shareholding. Offsetting clauses ensure that the Management Board does not exceed the 10% limit by also making use of other authorizations to issue shares or to issue rights that enable or oblige the subscription of shares and also exclude shareholders' subscription rights.

Utilization of the authorized capital

There are currently no plans to utilize the Authorized Capital 2024/I. The Management Board will carefully examine in each individual case whether the use of the authorization to increase the capital and a possible exclusion of subscription rights is in the best interests of the company, also taking into account the interests of the existing shareholders.

The Management Board will report on each utilization of the Authorized Capital 2024/I at the next Annual General Meeting.