Report of the Executive Board to the Annual General Meeting on the Exclusion of Subscription Rights and Rights to Offer Shares for Sale under Agenda Item 9. Pursuant to 186 (3) and (4) sentence 2 in Conjunction with Sec. 71 (1) No. 2 of the AktG

Agenda item 9 contains the proposal to authorise the company again to redeem shares of the company and to subsequently use these shares. For this purpose, the Executive Board provided a written report on the reasons for this authorisation and the exclusions of the subscription right and the right to offer shares for sale associated with such authorisation.

This report will be made available to shareholders on the Internet at

https://www.eqs.com/de/ueber-eqs/investoren/corporate-governance/

from the convocation of the Annual General Meeting. The report will be announced as follows:

In the following cases, it should be possible to sell treasury shares to the exclusion of the shareholders' subscription right.

Public Invitation to Buy or Sell

Initially, it should be possible to buy treasury shares in the stock exchange, through a public invitation to submit purchase offers addressed to all shareholders of the company or a public invitation to submit sales offers for all shareholders.

In case of a public offer or a public invitation to submit offers for selling the shares, a situation might arise in which the number of shares in the company offered by the shareholders exceeds that demanded by the company. In this case, shares must be allotted according to quotas. For this purpose, it should be possible to provide for a preferential acceptances of smaller offers or small lots of offers up to a maximum of 100 shares. This option can be used for avoiding any fractions in the determination of the quotas to be bought and any small remainders and thus for facilitating the technical processing of the share redemption. It also helps avoiding a factual impairment of small shareholders. In addition, the pro-rata allotment can be made on the basis of the ratio of the offered shares (offer ratios), instead of according to participation rates since the purchase process could then be performed technically to an economically reasonable extent. Finally, amounts should be rounded according to commercial principles to avoid any fractions of shares. Insofar, the buying quota and the number of shares to be bought from individual shareholders offering their shares can be rounded to the extent necessary for buying whole shares. The Executive Boards considers the exclusion of any further right to offer shares of shareholders based on this reason to be factually justified and reasonable for shareholders.

Rights to Offer Shares for Sale

In addition to buying shares in the stocks exchange or through a public offer to all shareholders or through an invitation to submit offers for selling shares addressed to all shareholders, the authorisation also provides that the buy can be made on the basis of rights to offer shares for sale provided to the shareholders. Such rights to sell shares will be defined in such a way that the company will only be under an obligation to buy whole shares. Insofar as such rights to sell shares cannot be exercised, they will forfeit. This process ensures an equal treatment of shareholders and facilitates the technical processing of any share redemption.
The company should be enabled to sell treasury shares in the stock exchange. The concept of anti-dilution protection in favour of shareholders is ensured by the fact that shares are sold at the market price and each shareholder thus has the chance to also buy shares on the stock exchange for the market price. This adequately protects the asset and voting interests of the shareholders and safeguards their interest in a non-dilution of the value.

Other Selling Option

The company should be enabled to also sell treasury shares in any other way than through the stock exchange, without the sales price falling essentially below the market price of the shares in the company at the time of sale. The concept of anti-dilution protection in favour of shareholders is ensured by the fact that shares may only be sold at a price not falling essentially below the decisive market price. The final sales price for treasury shares will be determined shortly prior to their sale. The number of shares sold by excluding the subscription right pursuant to Sec. 186 (3) sentence (4) of the AktG, must not exceed a total of 10 % of the share capital, neither at the time when the authorisation takes effect nor at the time it is exercised. This limit shall include shares which were issued or sold during the term of this authorisation by directly or appropriately applying this provision based on other authorisations.

Furthermore, shares shall be included in this limit which were issued or are to be issued based on bonds with conversion or option rights which were issued according to this provision at the time of its use. The volume restricted in this manner and the fact that the sales price of the shares to be sold must not fall significantly below the market price, adequately protect the shareholders' asset and voting rights and safeguard their interest in a non-dilution of the value. This authorisation increases the company's flexibility and is necessary to enable the company, for example, to shortly react to offers or requests for acquiring an interest serving the company's business purpose by financially sound investors, to sell treasury shares to institutional investors or to attract new groups of investors.

Treasury Shares as Compensation

The company should be able to have treasury shares available to grant them as consideration for acquiring a company, parts of companies or an interest in a company or other essential operating resources or assets, including accounts receivable against the company. This form of consideration is increasingly required by the competition and the globalisation of the economy. The authorisation suggested herein should thus provide the company with the necessary flexibility to flexibly and quickly react to any opportunities opening up for acquiring companies, parts of companies or an interest in a company or other essential operating resources or assets, including accounts receivable against the company.

Fulfilment of Share Options

Furthermore, the company should be enabled to use treasury shares for fulfilling option rights which are provided to members of the company's Executive Board, members of the management of companies affiliated with this company and employees of the company or of companies affiliated with this company under a share option programme, subject to the conditions set out in such option programme. Precondition for fulfilling option rights under a share option programme with treasury shares is the exclusion of the shareholders' subscription rights. The Executive Board and the Supervisory Board will take the decision whether eligible shares are offered treasury shares from the company's pool based on the prevailing liquidity and market situation. Insofar as option rights of members of the Executive Board are fulfilled, the responsibility lies, in full, with the Supervisory Board. If treasury shares are used to the exclusion of the shareholders" subscription right to fulfil option rights under a share option programme, the authorisation may only be used up to max. 5 % of the share capital prevailing at the time the Annual General Meeting passes the relevant resolution. This 5 % limit shall include the pro-rated share capital allocated to the shares which were issued or sold to members of the company's Executive Board, to members of the management of companies affiliated with this company and to employees of the company or of companies affiliated with this company against cash payment or contribution in kind during the term of the authorisation under another authorisation which also excludes the shareholder's subscription right.

Employee Shares

The company should additionally be able to issue employee shares to staff members of the company and the companies affiliated with it. To facilitate the handling of such issue of employee shares, the company should be enabled to obtain the shares required also by acquiring treasury shares through security loans / lending and to use treasury shares also for fulfilling rights to restitution of lenders / conferrers. The company currently operates the employee participation programme MyEQS Shareplan. The use of acquired treasury shares is, however, not restricted to this programme.

Share Dividend

Finally, it is planned that treasury shares can be used to implement a so-called scrip dividend. In this connection, the Executive Board should be authorised to exclude the shareholders' subscription right to allow for the implementation of a scrip dividend under optimum conditions. In a scrip dividend with treasury shares, shareholders are offered the option to assign to the company their claim to the payment of a dividend arising from the profit appropriation resolution passed by the Annual General Meeting, to obtain treasury shares in return.

A scrip dividend with treasury shares can be implemented as an offer addressed to all shareholders by maintaining their subscription right and by safeguarding the principle of equal treatment (Sec. 53a of the AktG). Shareholders are only offered whole shares for subscription; for the part of the claim to dividend falling below (or exceeding) the subscription price for a whole share, shareholders may obtain a cash dividend but will not receive shares; the company neither plans to offer partial rights nor to trade in subscription rights or their fractions. This seems to be justified and adequate, because shareholders receive a pro-rated cash dividend instead of treasury shares.

In individual cases and depending on the capital market situation it might be preferable to structure the implementation of a share dividend so that the Executive Board offers treasury shares for subscription to all shareholders eligible for dividends, by protecting the principle of equal treatment (Sec. 53a of the AktG), against assignment of their claim to dividend, but formally excludes the shareholders' subscription right as a whole. The distribution of a share dividend by formally excluding the subscription right allows for the implementation of a share dividend under more flexible conditions. The exclusion of the subscription right seems also insofar to be justified and adequate, since treasury shares are offered to all shareholders and since any excessive dividend fractions will be compensated by cash dividend payments.

Redemption

Any treasury shares bought on the basis of this authorisation resolution can be redeemed by the company without another resolution of the Annual General Meeting. In line with Sec. 237 (3) no. 3 of the AktG, the company's Annual General Meeting may resolve on the redemption of its fully paid-in shares without a reduction of the company's share capital being required. The suggested authorisation explicitly includes this alternative, besides the redemption with capital decrease. A redemption of treasury shares without capital decrease leads automatically to an increase of the arithmetic share of the remaining common shares in the company's share capital. In this case, the Executive Board should therefore also be authorised to make the necessary amendments of the Articles of Association regarding the change of the number of common shares required due to the redemption.

Considering all circumstances, the relevant authorisation for excluding the subscription right in the limits described above, is necessary and imperative in the interest of the company. The Executive Board will exercise the authorisation with the consent of the Supervisory Board. The conditions will be determined at the relevant time such that the interests of the shareholders and the interests of the company will be adequately protected by considering the prevailing conditions.

The company has currently no concrete plans for using the authorisation. The Executive Board will inform the next Annual General Meeting about the use of this authorisation.

Notice: *The official version of the EQS Group AG report is in German. The English translation is provided as a convenience to our shareholders. While we strive to provide an accurate and readable version of our report in English, the technical nature of a report often yields awkward phrases and sentences. We understand this can cause confusion. So, please always refer to the German report for the authoritative version.*