INDUS Holding AG
Bergisch Gladbach
WKN 620 010/ISIN DE0006200108

Annual Shareholders' Meeting
on Wednesday, May 29, 2019, 10.30 h (CEST)
in the Rheinsaal on the second floor of Congress Centrum Nord Koelnmesse,
Deutz-Mülheimer Straße 111, 50679 Cologne, Germany

Written report of the Board of Management on Agenda Item 6 pursuant to Section 203 (2) sentence 2 and Section 186 (4) sentence 2 AktG concerning the reasons for authorizing the Board of Management to exclude shareholders' subscription rights when utilizing the Authorized Capital 2019:

The Authorized Capital 2019 is designed to allow the company to take fast and flexible action and to put the Board of Management in a position, with the Supervisory Board's approval, to react better to short-term changes in financing requirements to facilitate the implementation of strategic decisions and to preserve the company's ability to react to market conditions while protecting its share price.

If the Authorized Capital 2019 is utilized, shareholders generally have subscription rights in cases involving cash capital increases. The proposed authorization, however, allows the Board of Management to exclude subscription rights for fractional amounts with the Supervisory Board's approval. This sort of exclusion of subscription rights for fractional amounts, which makes sense and is consistent with standard market practice, allows the company to utilize the authorization in rounded amounts, making it easier to process. The potential dilution effect for shareholders is minimal as the exclusion of subscription rights is limited to fractional amounts.

In addition, the Board of Management is to be authorized, with the Supervisory Board's approval, to exclude shareholders' subscription rights in cases involving cash capital increases if the new shares are issued at an amount that is not significantly below the stock market price of those shares in the company that are already authorized. When setting the issue price, the management will endeavor – taking current market conditions into account – to keep any discount as against the stock market price at a minimum. This option to exclude subscription rights is designed to allow the management to exploit favourable short-term stock market situations and market opportunities and, by setting prices that are close to the market level, to achieve the highest possible issue amount and, as a result, strengthen the company’s own funds to the greatest possible degree. Due to the opportunity to take faster action, this sort of capital increase tends, based on experience, to lead to a higher inflow of funds than a comparable capital increase that includes shareholders’ subscription rights. As a result, it is in the recognized best interests of the company and its shareholders. Although this reduces the relative participation ratio and the relative share in the voting rights attributable to the existing shareholders, shareholders who wish to maintain their relative participation ratio and their relative share in the voting rights have the option of acquiring the required number of shares via the stock exchange.

This option of excluding subscription rights is limited to a maximum of 10% of the capital stock. Shares that were sold or issued, or are to be issued, on the basis of other authorizations during the term of this authorization, in direct application or in application mutatis mutandis of Section 186 (3) sentence 4 AktG excluding subscription rights, shall count towards this limit.

Furthermore, within the context of the Authorized Capital 2019, the Board of Management is to be authorized, with the Supervisory Board’s approval, to exclude shareholders’ subscription rights in cases involving capital increases through non-cash contributions in order to grant shares for the purposes of acquiring companies, company divisions, equity investments in companies or other material operating resources. This authorization to exclude subscription rights is designed to facilitate a corresponding acquisition in return for the granting of shares in the company, too. The company is operating in a global competitive environment. It must be in a position to take fast and flexible action on the national and international markets at all times in the interests of its shareholders. This also includes, in particular, the option of acquiring companies, company divisions, equity investments in companies or other material operating resources in order to improve its competitive position. Practical experience has shown that the owners of attractive acquisition targets often demand access to shares carrying voting rights in the acquiring company as consideration for a sale. In order to ensure that the company can also acquire companies like these, it must have the option of granting treasury shares as consideration. It is true that the exclusion of subscription rights reduces the relative participation ratio and the relative share in the voting rights attributable to the existing shareholders. If unlimited subscription rights were granted, however, it would not be possible to acquire companies, company divisions, equity investments in companies or other material operating resources in return for the granting of shares, and nor would it be possible to achieve the advantages that the acquisition was intended to achieve for the company and its shareholders. The Board of Management will perform careful case-by-case checks to determine whether this sort of acquisition, in return for the granting of shares, is in the recognized interests of the company. The Supervisory Board will only grant its necessary approval if this condition is met.

In addition, the Board of Management is to be authorized to exclude shareholders’ subscription rights to grant the holders of warrants/bonds carrying conversion or option rights a subscription right to the extent that would be available to them as shareholders following their exercise of a conversion or option right or the fulfillment of a conversion or option obligation; the company has not issued any warrants or bonds carrying conversion or option rights at present. The Annual Shareholders’ Meeting held on May 24, 2018, however, authorized the Board of Management to issue bonds carrying option and/or conversion rights.

The aggregate number of shares issued, and to be issued, excluding shareholders' subscription rights on the basis of one of these authorizations must not exceed 10% of the capital stock at the time at which this authorization is exercised; shares that were sold or issued, or are to be issued, on the basis of other authorizations during the term of this authorization, excluding subscription rights, shall count towards this limit.

Taking all of these circumstances into account, the Board of Management and the Supervisory Board believe that the exclusion of shareholders' subscription rights in the cases referred to above is objectively justified and appropriate for the reasons set out above, also taking into account the dilution effects at the shareholders' expense.

The Board of Management will report to the Annual Shareholders' Meeting on each utilization of the Authorized Capital 2019.

Bergisch Gladbach, April 2019

INDUS Holding AG

The Board of Management