

# euromicron

Aktiengesellschaft

**2014 General Meeting  
on May 14, 2014**

**Report by the Executive Board  
on partial utilization of the 2011 authorized capital  
with exclusion of the subscription right of shareholders**

The Executive Board hereby issues the following report on the capital increase from authorized capital with exclusion of the subscription rights of shareholders, which was carried out in fiscal year 2013.

Under the resolution adopted by the General Meeting on June 9, 2011, the Executive Board was authorized – with amendment of Section 5 (4) of the Articles of Association – to increase the capital stock of the Company by May 31, 2016, by up to a total of up to €6,552,698.72 on one or more occasions with the approval of the Supervisory Board by issuing new registered shares in exchange for cash or non-cash contributions (authorized capital). The authorized capital was entered in the Company's commercial register on July 22, 2011. A component of the authorized capital is authorization of the Executive Board, with the consent of the Supervisory Board, to exclude shareholders' subscription right in accordance with Section 203 (1) and 2 and 186 (3) Sentence 4 AktG (German Stock Corporation Law) in the case of capital increases in exchange for cash contributions, if the amount at which the new shares are issued is not significantly below the stock market price and the shares issued in making use of this authorization to exclude the subscription right do not exceed a total of 10% of the Company's capital stock.

On December 19, 2013, the Executive Board decided with the consent of the Supervisory Board dated December 19, 2013, to make partial use of the authorized capital adopted by the General Meeting on June 9, 2011, and to increase the Company's capital stock with the exclusion of the subscription right of shareholders in accordance with Section 203 (1) and 2 and 186 (3) Sentence 4 AktG (German Stock Corporation Law) by €1,310,537.44 from €17,037,017.44 to €18,347,554.88 in exchange for cash contributions by issuing 512,599 new registered shares with a right to share in profits as of January 1, 2013. The new shares were underwritten and taken over by Shard Capital Management Ltd., Gibraltar. The capital increase was entered in the Company's commercial register on January 8, 2014. The 512,599 new registered shares, each of which has an arithmetic share of around €2.56 in the capital stock, were admitted to trading on the Regulated Market (Prime Standard) on January 13, 2014. As a result, the capital stock of euromicron Aktiengesellschaft is now €18,347,554.88 and is divided into 7,176,398 no-par value registered shares.

The capital increase was carried out with exclusion of the subscription right of the Company's existing shareholders. It is the conviction of the Executive Board and Supervisory Board that the conditions for excluding the subscription right were met.

In accordance with the resolution adopted by the General Meeting on June 9, 2011, the Executive Board was authorized, with the consent of the Supervisory Board, to exclude the subscription right of shareholders if the new shares in a capital increase in exchange for cash contributions are issued at an amount that is not significantly below the stock market price and the total number of shares issued does not exceed 10% of the Company's capital stock.

In the present case, the new shares were issued at €13.86 per share, which corresponded to a markup on the stock market price of already listed shares in the Company of around 3.6% at the time the issue amount was definitively set by the Executive Board. In setting the price, the stipulations of Sections 203 (1) and (2) and 186 (3) Sentence 4 AktG (German Stock Corporation Law) were observed, as required by the authorization adopted by the General Meeting on June 9, 2011, for exclusion of the subscription right as part of a capital increase in exchange for cash contributions of up to 10% of the capital stock. According to it, the price at which the new shares are issued must not be significantly below the stock market price of the shares in the Company. In setting the issue amount, the Executive Board was guided by the mean value of the closing prices in the XETRA trading system on the three days of trading before the issue amount was set, in compliance with the stipulations of the authorization adopted by the General Meeting on June 9, 2011. The mean price calculated in this way was around €13.53. Compared with this mean price, the set issue price of €13.86 per share constitutes a markup of €0.33 or around 2.44%. In principle, the largest volume of trading in the Company's shares is in XETRA trading; if the price is set before the start of trading on the next day of trading, the closing price in XETRA trading for the last preceding day of trading is thus a particularly up-to-date, representative price and so was a suitable reference point in setting the price.

With a total of 512,599 issued new shares, each of which has an arithmetic share of around €2.56 in the capital stock (corresponding to 7.69% of the Company's capital stock at the time the shares were issued), the capital increase was within the permissible limit of up to 10% of the capital stock.

Exclusion of the subscription right was necessary in the present case so as to exploit what management saw as a favorable market situation for such a capital measure at the time of partial utilization of the authorized capital at short notice and to be able to achieve as high proceeds as possible by setting the price close to the market one. In contrast, the at least two-week subscription period that would have been necessary (under Section 186 (1) Sentence 2 AktG (German Stock Corporation Law)) if a subscription right had been granted would not have permitted the Company to respond to current market circumstances at short notice. In addition, the final subscription price has to be published no later than three days before the subscription period ends (Section 186 (2) Sentence 2 AktG (German Stock Corporation Law)) if a subscription right is granted. Due to the longish time between setting of the price and execution of the capital increase and because of stock market volatility, there is thus a higher market risk and in particular a higher risk of price changes than in the case of an issue without subscription rights. That normally necessitates a higher safety markdown on the current stock market price when the price is set and so usually results in conditions that are less reflective of the current market situation than if

the new shares are issued without subscription rights. As a result of the statutory requirements of Section 186 (3) Sentence 4 AktG (German Stock Corporation Law) relating to exclusion of subscription rights, namely setting of the price close to the current stock market price and limitation of the shares issued with exclusion of the subscription right to 10% of the existing capital stock, the interests of the shareholders excluded from having a subscription right were also adequately safeguarded. After all, with regard to liquid trading on the stock market, the shareholders in principle had the opportunity to retain their relative stake in the Company by buying shares on the stock market at similar conditions. Issue of the new shares close to the current stock market price also ensured that the capital increase did not entail any significant economic dilution of the shares held by them.

The gross proceeds from the capital increase totaled around €7,100,000.00. They are to be used to strengthen the Group's equity base and fund its further growth.

Given the above considerations, the Executive Board and Supervisory Board believe that the decision to exclude subscription rights in compliance with the requirements for utilizing the authorized capital was all in all objectively justified.

Frankfurt/Main, March 2014  
euromicron Aktiengesellschaft  
- The Executive Board -