Report of the Executive Board to the Annual General Meeting in respect of Agenda Item 7 pursuant to § 203 (2) Sentence 2 in conjunction with § 186 (4) Sentence 2 of the German Stock Corporation Act (AktG)

The resolution proposed in Agenda Item 7 is intended to provide a new authorisation to create authorised capital that would be valid for a five-year term from the date of the Annual General Meeting onwards. The proposed authorisation will offer the company scope to adjust its equity resources in line with commercial requirements, also on a larger scale if needed, in future as well. In terms of its scope, the proposed authorisation is consistent with the existing authorised capital provided for in § 5 of the Articles of Incorporation. If fully utilised, the proposed amount of new authorised capital, namely a total of 20,000,000 new individual registered shares, would correspond to an increase of around 30 % in the current level of share capital.

In acting on this authorisation, the company will generally grant subscription rights to shareholders. Here, the new shares may also be taken over by one or several bank(s) (or any other company with operations pursuant to § 186 (5) Sentence 1 of the German Stock Corporation Act – AktG) with the obligation to offer these shares to shareholders for subscription (indirect subscription right pursuant to § 186 (5) of the German Stock Corporation Act – AktG). The involvement of banks and institutions deemed equivalent to banks pursuant to § 186 (5) Sentence 1 of the German Stock Corporation Act (AktG) as intermediaries merely serves to facilitate the technical execution of the share issue.

The Executive Board should nevertheless be authorised to exclude shareholders' subscription rights in the following cases:

Subject to approval by the Supervisory Board, the Executive Board should be authorised to exclude any residual amounts from shareholders' subscription rights. This serves to achieve a practicable subscription ratio in terms of the amount of the respective capital increase. This in turn facilitates the execution of subscription rights and avoids additional expense.

Furthermore, for capital increases executed in return for cash contributions the Executive Board should be authorised, subject to approval by the Supervisory Board, to exclude shareholders' subscription rights in cases where the cash capital increase does not exceed 10 % of existing share capital upon the adoption of such resolution by the Annual General Meeting or, if lower, the amount of existing share capital upon the exercising of the authorisation (taking due account of any utilisation of other authorisations to dispose of treasury stock or issue shares to the exclusion of subscription rights based on analogous or direct application of § 186 (3) Sentence 4 of the German Stock Corporation Act (AktG) or to service warrant/convertible bonds to the exclusion of subscription rights with analogous application of § 186 (3) Sentence 4 of the German Stock Corporation Act – AktG) and provided that the issue price does not fall materially short of the stock market price. Such cash capital increase to the exclusion of subscription rights pursuant to § 186 (3) Sentence 4 of the German Stock Corporation Act (AktG) will allow the company to respond to favourable market conditions rapidly and at very short notice and thus to obtain better financial terms by setting the issue price on close-to-market terms. Were subscription rights to be granted, then it would not be possible to set the price on close-to-market terms and ensure a smooth placement. It is true that § 186 (2) of the German Stock Corporation Act (AktG) permits publication of the subscription price at the latest up to three days prior to expiry of the subscription deadline. Given the volatility frequently observable on stock markets, however, even this would expose the company to a market risk over several days, a factor that would result in safety margins when setting the issue price and thus negate the possibility of obtaining close-to-market terms. Even where subscription rights exist, the successful placement of shares with third parties may be threatened or may involve additional expense due to the uncertainty surrounding the exercising of such rights (subscription behaviour). Finally, where subscription rights are granted the length of the subscription period means that the company cannot react at short notice to changes in market conditions but is rather exposed to the risk of a reduction in share prices during the subscription period. This factor may result in unfavourable equity procurement for the company.

In acting on the authorisation, the Executive Board will determine the issue price in such a way that it does not fall materially short of the stock market price and that any potential discount to the stock market price in line with market conditions prevalent upon the setting of the definitive issue price, which should take place at as close a time as possible to the placement of the shares, is as low as possible. As a result, and given the restriction on the amount covered by the authorisation to 10 % of share capital, the authorisation takes due account of shareholders' interest in terms of protecting the value of their shareholdings against dilution and avoiding any loss of influence consistent with § 186 (3) Sentence 4 of the German Stock Corporation Act (AktG). Shareholders wishing to maintain their level of shareholding in the event of a capital increase executed to the exclusion of subscription rights have the option of acquiring the necessary number of shares via the stock exchange.

The Executive Board should further be authorised, subject to approval by the Supervisory Board, to exclude subscription rights in the event of a capital increase executed in return for cash contributions to enable the company to meet obligations in connection with convertible and warrant bonds issued by the company. The exclusion of subscription rights here has the advantage that it is no longer necessary to reduce the conversion or warrant price, a factor that may otherwise be necessitated by the respective option or bond terms for conversion/warrant rights already issued or conversion/warrant exercising obligations already materialised. As a result, it may be possible to achieve a higher overall inflow of funds.

The Executive Board should further be authorised, subject to approval by the Supervisory Board, to exclude subscription rights for capital increases executed in return for non-cash contributions for the purpose of (directly or indirectly) acquiring companies, parts of companies, interests in companies or other assets associated with acquisition projects. The acquisition of interests may involve any scope of investment. This is intended to enable the Executive Board to offer company shares as consideration in suitable individual cases. The company should obtain the possibility of reacting quickly and successfully to any advantageous offers to acquire companies, parts of companies or interests in companies or to opportunities arising for business combinations. In competition with other companies operating in the same sector which also have the option of using shares as an "acquisition currency", this measure serves to uphold and boost the company's competitiveness and to expand its own portfolio. Furthermore, the possibility of transferring shares to acquire companies, parts of companies or interests in companies or in the context of business combinations may prove to be a more favourable form of financing for the company compared with surrendering cash, as it protects liquidity, and thus also help safeguard shareholders' interests. The Executive and Supervisory Boards will carefully examine each individual case to ascertain whether the exclusion of subscription rights for this purpose is necessary and whether the value of the company, part of a company or company interest to be acquired is appropriate to the value of the new shares in the company. There are currently no specific acquisition projects for which authorised capital is to be drawn on.

The total amount of shares issued under this authorisation to the exclusion of subscription rights and in return for cash or non-cash contributions may not exceed a total of 13,180,000 individual registered shares, corresponding to a prorated 20 % share of share capital and thus to the same restriction as provided for in Authorised Capital 2014. This means that a maximum limit is set for subscription right exclusions, thus limiting the potential dilution of shareholdings excluded from subscription rights.

There are no specific plans to act on the proposed authorisation. The Executive Board will report to the respective subsequent Annual General Meeting on any utilisation of authorised capital.

Mannheim, January 2024

MVV Energie AG

Dr. Georg Müller	Verena Amann
Ralf Klöpfer	Dr. Hansjörg Roll