

Nabaltec



Invitation to the Annual General Meeting 2016

Nabaltec AG, Schwandorf

We hereby invite our
shareholders to attend our

Annual General Meeting

**to be held at 10.00 a.m. on
Thursday, June 30, 2016**

in the Amberger Congress Centrum,
Schießstätteweg 8,
92224 Amberg

ISIN: DE000A0KPPR7

Agenda

1. Presentation of the approved Annual Financial Statements, the Management Report, the Consolidated Financial Statements, the Group Management Report and the Report of the Supervisory Board for the 2015 financial year

2. Appropriation of distributable profit

The Management Board and the Supervisory Board propose that the distributable profit of the 2015 financial year amounting to EUR 6,653,903.55 will be used as follows: An amount of EUR 1,200,000.00 will be distributed to the shareholders by payment of a dividend of EUR 0.15 per share on the 8,000,000 no par value shares entitled to dividend payments for the 2015 financial year. The remainder in the amount of EUR 5,453,903.55 will be carried forward.

3. Approval of the actions of the Management Board

The Management Board and the Supervisory Board propose that the actions of the members of the Management Board during the 2015 financial year be approved.

4. Approval of the actions of the Supervisory Board

The Management Board and the Supervisory Board propose that the actions of the members of the Supervisory Board during the 2015 financial year be approved.

5. Election of the auditor for the 2016 financial year

The Supervisory Board proposes that Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Nuremberg, be elected as auditor for the 2016 financial year.

6. Authorization to acquire and use treasury stock in accordance with Section 71 para. 1 no. 8 AktG [German Stock Corporation Act]

The authorization of the company to acquire and use treasury stock in accordance with Section 71 para. 1 no. 8 AktG, resolved by the general meeting on June 9, 2011 expires on June 8, 2016.

Therefore, the Management Board and the Supervisory Board propose to adopt the following resolution:

- a) The company shall be authorized to acquire treasury stock at one time or at several times by end of May 31, 2021, up to a total of 10% of the share capital existing at the time of the resolution on this authorization or – in the event that at the time the authorization is carried out the share capital is lower – of the share capital existing at the time the authorization is carried out. Acquisition for the purpose of trading with treasury stock shall be excluded. Together with the treasury shares acquired for other reasons, held by the company at any given time or attributable to it under Sections 71a et seqq. AktG, the shares acquired based on this authorization may at no time exceed 10% of the company's respective share capital. The acquisition may take place in the stock market or via a public purchase offer directed to all shareholders. In the event the shares are bought in the stock market the consideration for the acquisition of the shares (excluding ancillary purchase costs) may not fall short of respectively may not exceed the mean value of the stock prices by more than 10% (closing prices of the Nabaltec share in Xetra trading or in a comparable successor system at the Frankfurt stock exchange) on the last three trading days prior to the obligation to buy. In the event of a public purchase offer the consideration may not fall short of respectively may not exceed the mean value of the stock prices by more than 10% (closing prices of the Nabaltec share in Xetra trading or in a comparable successor system at the Frankfurt stock exchange) on the last three trading days prior to the day of publication of the offer. If in a public purchase offer the volume of the shares offered exceeds the anticipated redemption volume, acceptance has to take place at the ratio of the respective offered shares. Preferential acceptance of a low number of shares up to 50 shares for the purchase of offered shares of the company per shareholder may be provided for.
- b) The Management Board shall be authorized, with the approval of the Supervisory Board, to dispose of the acquired shares by end of May 31, 2021, either in the stock market, by an offer to all shareholders or for non-cash contributions, excluding the subscription right of shareholders, for the purpose of acquiring companies, parts of companies or participations in companies. In addition the Management Board shall be authorized, in the event of a disposal of treasury

stock on the basis of an offer to all shareholders, to grant a subscription right to the shares to the holders of any options, convertible bonds and convertible profit-sharing certificates that may have been issued by the company and its affiliates, to the extent to which they would be entitled if they were to exercise the option and/or conversion right. In these events and to this extent the shareholders' subscription right shall be excluded. The Management Board, with the approval of the Supervisory Board and excluding the shareholders' subscription rights, shall be further authorized to issue treasury stock as employee shares to employees of the company and of affiliates or to use them for servicing option rights and/or acquisition rights or acquisition obligations to shares of the company that were granted to employees or members of executive bodies of the company and affiliates.

Furthermore, the Management Board shall be authorized, with the approval of the Supervisory Board and excluding the shareholders' subscription rights, to sell the acquired shares to third parties for cash, if the purchase price does not materially fall short of the market price of the shares at the time of sale. This authorization may only be carried out if it can be ensured that the number of shares sold based on this authorization does not exceed 10% of the existing share capital of the company at the time the authorization is carried out. This upper limit of 10% of the share capital includes shares which, excluding the shareholders' subscription right, were issued or sold during the term of this authorization, applying Section 186 para. 3 sentence 4 AktG directly or analogously. Also to be counted are shares to be issued for the purpose of servicing option and/or conversion rights under convertible bonds or bonds with warrants or convertible profit sharing certificates, provided that these bonds or profit sharing certificates are issued during the term of this authorization, excluding the subscription right of shareholders, applying Section 186 para. 3 sentence 4 AktG analogously.

- c) Furthermore the Management Board shall be authorized to redeem shares acquired based on the authorization by end of May 31, 2021, with the approval of the Supervisory Board and without the need of any further resolution by the general meeting in order to implement such a redemption.

7. Creation of new authorized capital and corresponding change of the by-laws

The authorized capital (Authorized Capital 2011/I) resolved by the general meeting on June 9, 2011 expires on June 8, 2016.

Therefore, the Management Board and the Supervisory Board propose to adopt the following resolution:

- a) The Management Board shall be authorized to increase the company's share capital, with the approval of the Supervisory Board, at one time or at several times by end of May 31, 2021, by a total of up to EUR 4,000,000.00 on the basis of the issue of up to 4,000,000 new bearer shares without nominal amount (no par value shares) for cash and/or non-cash contributions, provided that the increase of the number of shares is to be in the same proportion as the increase of the share capital (Authorized Capital 2016/I). Shareholders are to be granted a subscription right. The subscription right can be granted to shareholders also in such a way that the new shares are assumed by a bank or a company operating under Section 53 para. 1 sentence 1 or Section 53 b para. 1 sentence 1 or para. 7 of the German Banking Act, with the obligation to offer them to shareholders for subscription. The Management Board shall be authorized, with the approval of the Supervisory Board, to exclude the shareholders' subscription right in whole or in part and to determine the further content of the share rights and the terms and conditions of the share issue. However, an exclusion of subscription rights shall only be permitted
- for settling fractions,
 - for granting conversion or subscription rights to holders of conversion and option rights under bonds to be issued,
 - for obtaining non-cash contributions in the form of companies, parts of companies or participations in companies, or
 - if in the case of a capital increase for cash the initial offering price of the new shares does not substantially fall short of the market price and the shares issued by excluding the subscription right in accordance with Section

186 para. 3 AktG in aggregate do not exceed 10% of the share capital, neither at the time of effectiveness nor at the time when this authorization is carried out. This number is to include shares which were or are to be issued for the purpose of servicing bonds with warrants and/or convertible bonds, provided the bonds were issued in corresponding application of Section 186 para. 3 sentence 4 AktG, excluding the subscription right. Also to be counted towards the upper limit of 10% of the share capital is the sale of treasury stock if such disposal takes place on the basis of an authorization for the sale of treasury stock valid at the time of the effectiveness of the authorized capital, excluding the subscription right.

The Supervisory Board shall be authorized to change the wording of Section 4 of the by-laws in accordance with the implementation of the capital increase out of the Authorized Capital 2016/I, and to undertake all other changes of the by-laws in connection therewith, which only pertain to the wording.

- b) The costs of the capital increase and its implementation shall be borne by the company.
- c) Section 4 para. 4 of the by-laws shall be reworded as follows:

“4. The Management Board shall be authorized to increase the company’s share capital, with the approval of the Supervisory Board, at one time or at several times by end of May 31, 2021, by a total of up to EUR 4,000,000.00 (in words: four million euros) on the basis of the issue of up to 4,000,000 (in words: four million) new bearer shares without nominal amount (no par value shares) for cash and/or non-cash contributions, provided that the increase of the number of shares is to be in the same proportion as the increase of the share capital (Authorized Capital 2016/I). Shareholders are to be granted a subscription right. The subscription right can be granted to shareholders also in such a way that the new shares are assumed by a bank or a company doing business under Section 53 para. 1 sentence 1 or Section 53 b para. 1 sentence 1 or para. 7 of the German Banking Act, with the obligation to offer them to shareholders for subscription. The Management Board shall be authorized, with the

approval of the Supervisory Board, to exclude the shareholders' subscription right in whole or in part and to determine the further content of the share rights and the terms and conditions of the share issue. However, an exclusion of subscription rights shall only be permitted

- for settling fractions,
- for granting conversion or subscription rights to holders of conversion and option rights under bonds to be issued,
- for obtaining non-cash contributions in the form of companies, parts of companies or participations in companies, or
- if in the case of a capital increase for cash the issue price of the new shares does not substantially fall short of the market price and the shares issued by excluding the subscription right in accordance with Section 186 para. 3 AktG in aggregate do not exceed 10% of the share capital, neither at the time of effectiveness nor at the time when this authorization is carried out. This number is to include shares which were or are to be issued for the purpose of servicing bonds with warrants and/or convertible bonds, provided the bonds were issued in corresponding application of Section 186 para. 3 sentence 4 AktG, excluding the subscription right. Also to be counted towards the upper limit of 10% of the share capital is the sale of treasury stock if such disposal takes place on the basis of an authorization for the sale of treasury stock valid at the time of the effectiveness of the authorized capital, excluding the subscription right.

The Supervisory Board shall be authorized to change the wording of Section 4 of the by-laws in accordance with the implementation of the capital increase out of the Authorized Capital 2016/I, and to undertake all other changes of the by-laws in connection therewith, which only pertain to the wording.”

8. Authorization to issue convertible bonds and/or bonds with warrants

The authorization to issue convertible bonds and/or bonds with warrants resolved by the general meeting on June 9, 2011 expires on June 8, 2016.

Therefore, the Management Board and the Supervisory Board propose to adopt the following resolution:

- a) The Management Board, with the approval of the Supervisory Board, shall be authorized to issue bearer convertible bonds and/or bonds with warrants at one time or at several times by end of May 31, 2021, at a total amount of up to EUR 150,000,000.00 and at a warrant exercise period of no longer than 15 years (the “Convertible Bonds and/or Bonds with Warrants”) and to grant the holders of bonds with warrants option rights, and the holders of convertible bonds conversion rights to a total of up to 4,000,000 of the company’s bearer shares, in accordance with the detailed provisions of the Bond Terms with warrant and/or convertible bonds (Bond Terms) to be determined by the Management Board with the approval of the Supervisory Board. The general meeting, on the basis of a resolution, may authorize to issue additional convertible bonds and/or bonds with warrants by increasing the aforementioned total amount. With the approval of the Supervisory Board the Management Board may issue also such bearer convertible bonds for which the holders of the convertible bonds are obligated during the conversion period or at the end of the conversion period, subject to the Bond Terms, to exchange the bonds for new shares of the company or with regard to which in accordance with the Bond Terms only the company or both, the company and the holder of convertible bonds are entitled to exercise the conversion right during or at the end of the conversion period. The bonds with warrants and/or convertible bonds (bonds) may be issued in euros or, at the equivalent value, in the legal currency of an OECD country.
- b) In the event bonds with warrants are issued each bond has one or several option rights attached, entitling the holders of the bonds, subject to the Bond Terms, to subscribe to new bearer shares of the company. The proportionate amount of the share capital accruing to the shares to be subscribed to per bond may not exceed the nominal amount of the bonds. The warrant exercise period of the option may not exceed 15 years.
- c) In the event bearer convertible bonds are issued the holders of the bonds shall receive the right to exchange their bonds for new bearer shares

of the company, subject to the Bond Terms. The conversion ratio shall be the result of the division of the nominal amount of a bond by the determined conversion price for a new share of the company. It may be provided that the conversion ratio and/or the conversion price in the Bond Terms is variable and that the conversion price will be fixed within a range to be determined depending on the development of the share price during the term. The conversion ratio may in any case be brought up or down to a round figure; furthermore, an additional cash payment may be called for and fractions may be consolidated and/or settled in cash. The Bond Terms can also constitute a conversion obligation of the holder of the convertible bonds at the end of the term or at another time or a conversion right solely of the company or both, the company and the holder of the convertible bond. The proportionate amount of the share capital accruing to the shares to be subscribed to per bond may not exceed the nominal amount of the bonds.

- d) The Bond Terms may provide for an exclusion of the exercise of the conversion and/or option right for certain time periods prior to and after a general meeting of the company, prior to the end of the financial year and after the publication of an offer for the subscription of new shares or other securities of the company. The Bond Terms may provide that in the event of the conversion or the exercise of the option, instead of shares of the company, to the company's sole discretion their equivalent value in cash will be paid, which, subject to the Bond Terms, corresponds to the mean value of the stock prices (closing prices of the Nabaltec share in Xetra trading or in a comparable successor system at the Frankfurt stock exchange) on the last five trading days prior to the announcement of the conversion and/or the exercise of the option. The Bond Terms may also provide for the convertible bonds to be converted into already existing shares of the company instead of into new shares from contingent capital, and/or for the option right under the bonds with warrants to be fulfilled by delivering such shares.
- e) The conversion and/or option premium to be determined for a no par value share must amount to at least 80% of the mean value of the stock prices (closing prices of the Nabaltec share in Xetra trading or in a comparable successor system at the Frankfurt stock exchange) on the

last five trading days prior to the adoption of the resolution by the Management Board about the issue of the convertible bonds and/or bonds with warrants. Section 9 para. 1 AktG remains unaffected.

- f) The new shares of the company shall be entitled to a dividend as of the beginning of the financial year in which they are created on the basis of the exercise of the conversion and/or option right or by mandatory conversion.
- g) To the extent that dilutions of the economic value of the conversion and/or option rights occur during the warrant exercise period of the convertible bonds and/or bonds with warrants, these rights, subject to the Bond Terms and notwithstanding Section 9 para. 1 AktG, shall be adjusted. In particular the conversion and/or option premium may be reduced as provided for in the Bond Terms, if the company, granting subscription rights, increases its share capital by issuing new shares for contributions, sells treasury stock or issues or guarantees bonds with option or conversion rights or obligations or stock option rights for new or treasury stock, without granting the holders of the convertible bonds and/or bonds with warrants a subscription right in the same way as the shareholders. In addition, the Bond Terms may provide for adjustments in the event of capital increases out of company reserves, the payment of dividends and other dilution events. Adjustments of the conversion and/or option premium may be replaced by cash settlements.
- h) The Management Board, with the approval of the Supervisory Board, shall be authorized to exclude the shareholders' subscription right to the convertible bonds and/or bonds with warrants in whole or in part. However, an exclusion of subscription rights shall only be permitted
 - for settling fractions,
 - for obtaining non-cash contributions in the form of companies, parts of companies or participations in companies, or
 - if the initial offering price of the new shares to be issued for servicing the convertible bonds and/or bonds with warrants does not substantially fall short of the market price and the total of shares issued by excluding

subscription rights in accordance with Section 186 para. 3 AktG for servicing the convertible bonds and/or bonds with warrants does not exceed 10% of the share capital, neither at the time of effectiveness nor at the time when this authorization is carried out. This number is to include shares which were or are to be issued within the framework of a capital increase out of approved capital, provided that the shares were issued in corresponding application of Section 186 para. 3 sentence 4 AktG excluding the shareholders' subscription right. Also to be counted towards the upper limit of 10% of the share capital is the sale of treasury stock if such disposal takes place on the basis of a valid authorization for the sale of treasury, excluding the subscription right.

- i) The costs of the issue of convertible bonds and/or bonds with warrants as well as of the issue of the shares created as a result of the exercise of the conversion and option rights or of mandatory conversion shall be borne by the company.
- j) The Management Board shall be authorized, with the approval of the Supervisory Board, to determine the Bond Terms as well as the further details of the issue and features of the bonds with warrants and/or convertible bonds and of the conversion process, including interest rate (which may also be 0.0%), initial offering price, warrant exercise period and denomination, conversion ratio, option and/or conversion price, exercise of the conversion right, subscription right exclusion for fractions, direct subscription right and the option and/or conversion period.

9. Creation of new contingent capital and corresponding change of the by-laws

The contingent capital (Contingent Capital 2011/I) resolved by the general meeting on June 9, 2011 expires on June 8, 2016.

Therefore, the Management Board and the Supervisory Board propose to adopt the following resolution:

- a) The company's share capital shall be subject to a contingent increase by up to EUR 4,000,000.00, denominated in up to 4,000,000 shares of bearer stock without nominal amount (no par value shares), provided that the increase of the number

of shares is to be in the same proportion as the increase of the share capital (Contingent Capital 2016/I).

The contingent capital increase shall serve exclusively to grant shares to the holders of bonds with warrants and/or convertible bonds, issued by the company based on the authorization by the general meeting on June 30, 2016. The contingent capital increase, subject to the Bond Terms, shall also serve to issue shares to holders of convertible bonds bearing conversion obligations or conversion rights of the company. The new shares shall be issued at the conversion and/or option premium set forth in the Bond Terms.

- b) The contingent capital increase shall only be implemented to the extent as the holders of the convertible bonds and/or bonds with warrants or the company make use of their conversion and/or option right or a mandatory conversion of the convertible bonds takes place and to the extent that no treasury stock is made available for servicing such rights. The new company shares arising out of the exercise of a conversion and/or option right or as a result of mandatory conversion shall be entitled to dividends as of the beginning of the financial year in which they are created by exercising the conversion and/or option right or by mandatory conversion.
- c) The Management Board shall be authorized to determine the further details of the contingent capital increase and its implementation with the approval of the Supervisory Board.
- d) The Supervisory Board shall be authorized to change the wording of the by-laws in accordance with the extent of the issue of new shares and to undertake all other changes of the by-laws in connection therewith, which only pertain to the wording.
- e) The costs of the contingent capital increase and its implementation shall be borne by the company.
- f) Section 4 para. 3 of the by-laws shall be reworded as follows:

“3. The share capital shall be subject to a contingent increase by up to EUR 4,000,000.00 (in words: four million euros), denominated in up to 4,000,000 (in words: four million) shares

of bearer stock without nominal amount (no par value shares), provided that the increase of the number of shares is to be in the same proportion as the increase of the share capital (Contingent Capital 2016/I). The contingent capital increase shall serve exclusively to grant shares to the holders of bonds with warrants and/or convertible bonds, issued by the company based on the authorization by the general meeting on June 30, 2016. The contingent capital increase, subject to the Bond Terms, shall also serve to issue shares to holders of convertible bonds bearing conversion obligations or conversion rights of the company. The contingent capital increase shall only be implemented to the extent as the holders of the convertible bonds and/or bonds with warrants or the company make use of their conversion and/or option right or a mandatory conversion of the convertible bonds takes place and to the extent that no treasury stock is made available for servicing such rights. The new shares of the company shall be entitled to dividends as of the beginning of the financial year in which they arise on the basis of the exercise of a conversion and/or option right or by mandatory conversion. The Management Board, with the approval of the Supervisory Board, shall be authorized to determine the further details of the contingent capital increase and its implementation. The Supervisory Board shall be authorized to change the wording of the by-laws in accordance with the extent of the issue of the new shares and to undertake all other changes of the by-laws in connection therewith, which only pertain to the wording.”

Reports of the Management Board to the General Meeting

- a) Report on item 6 of the agenda in accordance with Sections 71 para. 1 no. 8, 186 para. 3 sentence 4 as well as para. 4 sentence 2 AktG

The authorization to acquire and use treasury stock in accordance with Section 71 para. 1 no. 8 AktG, resolved by the general meeting on June 9, 2011 expires on June 8, 2016. Therefore, under item 6 of the agenda it is proposed to the general meeting to authorize the company to acquire treasury stock to a certain extent in accordance with Section 71 para. 1 no. 8 AktG by end of May 31, 2021, provided that an acquisition for the purpose of trading with treasury stock shall be excluded. In addition, in

accordance with Section 71 para. 2 sentence 2 AktG, the acquisition is only permitted if the company, at the time of acquisition, could set up a reserve in the amount of the expenses required for such acquisition without reducing the share capital or any reserve to be formed under the law or the by-laws, which may not be used for payment to shareholders. In accordance with Section 71 para. 2 sentence 3 AktG only such shares may be acquired that are fully paid in. Furthermore, the acquired shares may account for no more than 10% of the share capital existing on June 30, 2016 or the share capital as it exists at the time of acquisition of the shares, in case the latter is lower. The company may also make use of this authorization several times. However, the shares acquired by the company based on the proposed authorization, together with other treasury shares held by the company at any given time or attributable to it under pertinent legal provisions, may at no time exceed 10% of the company's respective share capital.

Treasury stock may only be acquired based on the proposed authorization in the stock market or via a public purchase offer directed to all shareholders. If such a purchase offer is oversubscribed, acceptance shall always take place in proportion to the respective offered shares. However, preferential acceptance of lower numbers of shares of up to 50 shares can be provided for within the framework of a public purchase offer in order to facilitate the technical processing of the share purchase.

In both types of acquisition the price per share to be paid by the company (excluding ancillary purchase costs) may not fall short of or exceed the respective market price of the Nabaltec share by more than 10%. The relevant market price shall be the average price, to be determined in accordance with the details of the authorization, prevailing on the last three trading days prior to the company's obligation to acquire shares in the stock market and/or prior to the publication of a purchase offer directed to all shareholders.

The treasury stock acquired based on the proposed authorization may be sold again until end of May 31, 2021 in the stock market or via a public offer directed to all shareholders. In the event of a disposal on the basis of an offer to all shareholders the Management Board is to be authorized to grant a subscription right to the shares assigned for sale also to the holders of option rights, convertible bonds and convertible profit sharing rights that may have been issued by the company, to the extent it would be

available to them if they were to exercise their option or conversion rights. In these events, the shareholders' subscription right is already to be excluded to the necessary extent by the general meeting convened by this invitation. Furthermore, the Management Board is to be authorized to exclude the shareholders' subscription right with the approval of the Supervisory Board in the event of the sale of treasury stock in other cases, specifically in the framework provided for in Section 186 para. 3 sentence 4 AktG, or if the treasury stock is issued either as employee shares to employees of the company or its affiliates or is to serve for share options of the company that had been granted to employees or members of executive bodies of the company and its affiliates, or if such shares are to be used as compensation for the purchase of companies, parts of companies or participations in companies (acquisition financing).

The proposed authorization of the Management Board to direct a public offer for the purchase of treasury stock not only to shareholders, but also to holders of option rights, convertible bonds and convertible profit sharing certificates that had already been issued by the company by the time of the offer, and the related proposal to limit the subscription right of shareholders accordingly are to make it possible for the Management to avoid, in the interest of the company and its shareholders, that the conversion or option premium for shares of the company must be reduced in accordance with the respective conversion and option terms.

The issue of employee shares is also in the interest of the company and its shareholders, because it promotes identification with the company and further employees' special interest in the company's successful development, thus increasing the company's value. Employee shares represent internationally customary compensation tools and are suitable for attracting qualified employees to the company and ensure their long-term loyalty. In determining the purchase price to be paid by employees the company shall grant adequate preferential treatment customary in connection with employee shares and based on the company's performance. Currently the company does not have a share option program including rights and/or obligations to acquire shares for employees and members of the company's executive bodies. Accordingly, the proposed authorization does not contain any specifics regarding initial offering prices for stock options, the distribution of such options

to members of executive bodies and employees, performance goals, acquisition and exercise periods and waiting periods for first-time exercise; it is up to the general meeting to decide such specifics. Thus, the management may only avail itself of the authorization to use treasury stock for servicing option rights of employees and members of executive bodies after the general meeting has passed a resolution on the aforementioned specifics governing the issuance of stock options.

The management will only avail itself of the authorization to use treasury stock for financing acquisitions, therefore necessarily excluding the subscription right of the shareholders, if in each individual case the acquisition of companies, parts of companies or participations in companies is in the interest of the company and its shareholders and the subscription right exclusion is apt, necessary and appropriate to realize such acquisition. In acquisitions of the aforementioned type the seller, for tax or other reasons, is often more interested in consideration in the form of company stock than in payment of money. The possibility of being able to offer company stock as consideration may therefore strengthen the company's negotiating position. In individual cases it may also be in the interest of the company to have the seller become a shareholder. In using treasury stock of the company for financing acquisitions, the Management Board and the Supervisory Board shall adequately maintain the interests of shareholders in determining pricing ratios, including taking the market price of the Nabaltec share into account prior to any transaction. However, tying such transactions mechanically to certain market prices in order not to endanger once-achieved negotiating results by fluctuations of market prices is not intended.

Furthermore, the Management Board is to be authorized to sell the treasury stock acquired by the company, with the approval of the Supervisory Board, also by other means than through the stock exchange or an offer to all shareholders, if the selling price does not substantially fall short of the market price of the Nabaltec share at the time of sale and if the sold shares do not account for more than 10% of the share capital existing at the time of sale. Under the aforementioned condition and to the aforementioned extent the subscription right of shareholders can be excluded. In doing so, all shares issued or sold by the company during the term of the proposed authorization, excluding the shareholders' subscription, and/or designed to service option or conversion rights

granted during the term of the authorization, excluding the shareholders' subscription right, shall count toward the aforementioned upper limit of 10% of the share capital. The subscription right exclusion contained in this authorization is specifically permitted under Section 186 para. 3 sentence 4 AktG; it is applicable accordingly in the sale of treasury stock by the company. This authorization is to enable management to offer shares to institutional and strategic investors, to expand the group of shareholders and to react quickly and flexibly to advantageous market developments. The waiver of the time-consuming and cost-intensive processing of the subscription right and the not inconsiderable discounts from the market price usually related to this process invariably result in markedly higher inflows of funds for the company also in the sale of treasury stock due to pricing that is close to the market and are therefore in the company's interest and in the interest of shareholders. Besides, shareholder interests are also preserved due to the fact that the volume of shares that may be sold on the basis of excluding subscription rights is limited and that the selling price may not substantially fall short of the respective market price.

Finally, the Management Board is to be authorized in accordance with Section 71 para. 1 no. 8, sentence 6 AktG to redeem the treasury stock acquired based on the proposed authorization with the approval of the Supervisory Board by end of May 31, 2021, without any further resolution by the general meeting.

The Management Board shall report about any use of the proposed authorization to acquire treasury stock and their use at the general meeting following such use.

- b) Report on item 7 of the agenda in accordance with Sections 203 para. 2 sentence 2, 186 para. 3 sentence 4, as well as para. 4 sentence 2 AktG

According to Section 4 para. 4 of its by-laws the company holds authorized capital in the amount of EUR 4.0 million, which may however only be used by June 8, 2016. Under item 7 of the agenda it is proposed to the general meeting to create authorized capital also for the following almost 5 years. The conditions of the new authorized capital are to correspond to a very large extent to the rules that have applied to the company so far. Thus, the authorized capital is to amount to EUR 4.0 million and be subject to future use before end of May 31, 2021. In the event the authorized capital is utilized, shareholders,

as a matter of principle, are to be granted a direct or indirect subscription right. Only in four cases, which already in the past could have resulted in an exclusion of the subscription right, is the Management Board to be authorized again to exclude the subscription right of the shareholders with the approval of the Supervisory Board, specifically exclusively for settling fractions, for servicing conversion and option rights under company bonds, to obtain non-cash contributions, and, in the framework provided for in Section 186 para. 3 sentence 4 AktG, for cash contributions.

The authorization to exclude the subscription right for fractions is meant to enable a practicable subscription ratio. Without such exclusion the technical processing of capital increases, which as a rule have round lots not yielding a practicable subscription ratio, as well as the exercise of the subscription right would be considerably harder. The Management Board will use the available fractions either by selling them in the stock market or use them otherwise as advantageously as possible.

The proposed authorization to exclude the subscription right of the shareholders in favour of the holders of conversion and option rights under bonds enables the management to avoid in the interest of the company and its shareholders that in the event of a capital increase out of authorized capital the conversion or option price must be reduced in line with the respective conditions governing conversions and options.

The comments provided in the Management Board report on item 6 of the agenda apply correspondingly to a capital increase out of authorized capital for non-cash contributions, which necessarily results in an exclusion of the subscription right of the shareholders: The authorized capital, too, will only be used by management for acquisition financing if the acquisition of companies, parts or companies or participations in companies in each individual case is in the interest of the company and its shareholders and the exclusion of the subscription right is apt, required and appropriate in order to realize the acquisition. In the event of a capital increase for non-cash contributions, too, the Management Board and Supervisory Board will ensure adequate pricing ratios, including taking the market price of the Nabaltec share into account prior to any transaction. Reference is made to the pertinent comments in the Management Board report regarding item 6 of the agenda.

Finally, the proposed possibility also to issue new shares for cash contributions within the framework of the authorized capital, to the extent permitted under Section 186 para. 3 sentence 4 AktG, by excluding the subscription right of the shareholders, makes it possible for management to avail itself quickly of advantageous market developments and to achieve the highest possible initial offering price by pricing close to the market, therefore achieving the largest possible strengthening of the company's capital. According to legal provisions and under the proposed authorization, the initial offering price for the new shares may in this case not materially fall short of the market price of the Nabaltec share. The Management Board and Supervisory Board shall keep any discount from the market price as low as it is possible under the market conditions prevailing at the time the new shares are placed. Finally, shareholder interests are also preserved by the circumstance that the new shares issued on the basis of an exclusion of the subscription right may at no time account for more than 10% of the respective share capital and that towards this threshold also all other shares sold or issued by the company, for example, based on the authorization proposed under item 6 of the agenda or otherwise by excluding the subscription right of the shareholders are counted.

Management Board and Supervisory Board will carefully review in each individual case whether in using the authorized capital it is necessary for the company to avail itself of the possibility to exclude shareholders' subscription rights. The management will exercise this option only if Management Board and Supervisory Board are in agreement that such an action is in the interest of the company and its shareholders.

The Management Board will report on any utilization of authorized capital at the following general meeting.

- c) Report on item 8 and item 9 of the agenda in accordance with Sections 221 para. 4 sentence 2, 186 para. 3 sentence 4, as well as para. 4 sentence 2 AktG

According to Section 4 para. 3 of its by-laws the company holds contingent capital in the amount of EUR 4.0 million, which serves exclusively to grant shares to holders of convertible bonds and/or bonds with warrants, issued by the company based on an authorization by the general meeting on June 9, 2011. So far the company has not made use of the aforementioned authorization; the authorization

and with it the contingent capital will lapse on June 8, 2016. Under item 8 and item 9 of the agenda it is proposed to the general meeting to authorize the management also for the following almost 5 years to issue convertible bonds and/or bonds with warrants, and, in order to fulfil the convertible bonds and/or option rights to shares of the company, create contingent capital again. Thereby the terms governing the issue of convertible bonds and/or bonds with warrants, as well as new contingent capital are to correspond to a very large extent to the rules that have applied to the company so far whereby due to the most recent amendment of Section 192 para. 1 AktG the terms may now also provide for a conversion right of the company (“Reverse Convertible Bond”). Thus, the Management Board is to be authorized to issue bearer convertible bonds and/or bonds with warrants at a total of up to EUR 150,000,000.00 and at a warrant exercise period of no more than 15 years and to grant the holders of the bonds conversion and/or option rights for up to 4,000,000 company shares to be serviced out of new contingent capital of up to EUR 4.0 million. These actions are to be undertaken once or several times with the approval of the Supervisory Board in the time period up to end of May 31, 2021. With regard to convertible bonds the Management Board is entitled with approach of the Supervisory Board to stipulate that either solely the company, or solely the holder of the convertible bond or both, the company as well as the holder of the convertible bond may exercise the conversion right. In setting the option terms management is to adhere to the specific requirements contained in the authorization resolution, which correspond to the requirements applying to the company until now.

Henceforth, the Management Board and the Supervisory Board are to be authorized to exclude subscription rights only in three cases – the same that entail an exclusion of subscription rights within the framework of the authorized capital - specifically for settling fractions, to obtain non-cash contributions, and within the framework provided for in Section 186 para. 3 sentence 4 AktG.

The authorization to exclude the subscription right for fractions is meant to allow for a practicable subscription ratio. Without such exclusion the implementation of issuing convertible bonds and/or bonds with warrants, which as a rule have round lots not yielding a practicable subscription ratio, as well as the exercise of the subscription right would technically be much more complicated. The Management Board

will utilize the available fractions either by selling them in the stock market or utilize them otherwise as advantageously as possible.

The comments provided in the Management Board reports on item 6 and item 7 of the agenda apply correspondingly to a possible utilization of convertible bonds and/or bonds with warrants for acquisition financing: Here, too, the management will use convertible bonds and/or bonds with warrants, excluding the shareholders' subscription rights, for the aforementioned purpose only if in each individual case the acquisition of companies, parts of companies or participations in companies is in the interest of the company and its shareholders and the exclusion of the subscription right is apt, required and appropriate in order to realize the acquisition. In this case, too, the Management Board and Supervisory Board will ensure adequate pricing ratios, including taking the market price of the Nabaltec share into account prior to any transaction. Reference is made to the pertinent comments in the Management Board reports regarding item 6 and item 7 of the agenda.

The proposed authorization to exclude the subscription right of the shareholders to convertible bonds and/or bonds with warrants provided that the initial offering price of the shares required for servicing the conversion and/or option rights under these bonds does not materially fall short of the market price of the Nabaltec share and further provided that the total number of the required shares does not exceed 10% of the share capital is covered by the provisions in Section 186 para. 3 sentence 4 AktG, to which reference is made in the legal provisions applicable to convertible bonds and/or bonds with warrants (Section 221 para. 4 sentence 2 AktG). According to Section 186 para. 3 sentence 4 AktG, the exclusion of the subscription right of the shareholders is permitted if "a capital increase for cash contributions does not exceed 10 per cent of the share capital and the initial offering price does not materially fall short of the market price". The proposed authorization ensures that only a limited number of shares out of the contingent capital may be issued to holders of convertible bonds and/or bonds with warrants issued by excluding the subscription right of the shareholders. The number of such shares may not exceed 10% of the share capital, neither on the day of the general meeting nor at the time the authorization is carried out. This upper limit also includes all other shares of the company sold or issued by the company by end of May 31, 2021 excluding the subscription right of

the shareholders. This legally provided subscription right exclusion enables the management to react to capital market developments flexibly and to achieve the best possible conditions by fixing the terms for convertible bonds and bonds with warrants close to the market. The placement of convertible bonds and/or bonds with warrants by excluding the subscription right opens the opportunity for yielding higher inflows of funds per bond than in the event of an issue with subscription right, since management is able to react to advantageous market developments quickly, is not forced to allow for safety margins in fixing the bond terms and because the success of the placement is not put at risk by uncertainties about shareholders' subscription decisions.

In the event that management will issue convertible bonds and/or bonds with warrants excluding the subscription right of shareholders within the framework set forth in Section 186 para 3 sentence 4 AktG, the interests of shareholders are taken into account by the fact that the initial offering price of the bonds will not materially fall short of the theoretical market value of these bonds, determined in accordance with recognized financial mathematics methods, therefore not resulting in any significant economic dilution of the value of the company's shares. Thus, in excluding the subscription right to the aforementioned limited extent shareholders would not incur any notable economic disadvantages; any shareholder is free to maintain his percentage of shares held by additional purchases in the stock market. In the event of an exclusion of the subscription right the Management Board and Supervisory Board will obtain professional advice for determining the issue price for convertible bonds and/or bonds with warrants, for example from a bank involved in the issue or another professional third party in order to ensure no significant economic dilution of the value of the existing company shares as a result of the exclusion of the subscription right.

Management Board and Supervisory Board will carefully review also in connection with the issue of convertible bonds and/or bonds with warrants based on the proposed new authorization whether the exclusion of the subscription right of the shareholders is apt, necessary and appropriate to achieve the goal associated with the issue of the bonds. The management will resort to this option only if Management Board and Supervisory Board are in agreement that such an action is in the interest of the company and its shareholders.

The Management Board will report on the issue of convertible bonds and/or bonds with warrants based on the proposed authorization as well as on the servicing of conversion and option rights out of the new contingent capital at the following general meeting.

Shareholder motions

Counter motions to any of the proposals made by the Management and/or Supervisory Board should be sent, enclosing documentary evidence of shareholder status, exclusively to Nabaltec AG, Management Board, Alustraße 50 - 52, 92421 Schwandorf, fax: +49 9431 53-260.

Counter motions received by the company at the latest fourteen days prior to the date of the General Meeting, without taking into account the day of the General Meeting and the day of receipt, i.e. on Wednesday, June 15, 2016, at the latest, and meeting the requirements set out in Section 126 AktG [*German Stock Corporation Act*] will be published on the internet site of the company (www.nabaltec.de).

Number of shares and voting rights

Upon the convening of the General Meeting, the company's share capital consists of 8,000,000 no par value shares. Each share entitles its holder to one vote at the General Meeting. The number of voting rights therefore also amounts to 8,000,000.

Conditions governing participation

Only those shareholders who register prior to the General Meeting and who forward evidence of their shareholding in text form (Section 126 b BGB [*German Civil Code*]) in German or English at the following address shall be entitled to participate in and exercise their voting rights at the General Meeting:

Nabaltec AG
c/o PR IM TURM HV-Service AG
Römerstraße 72 - 74
68259 Mannheim
Germany
fax: +49 621 7177213
e-mail: eintrittskarte@pr-im-turm.de

As evidence of the shareholding a special confirmation issued by the custodian bank shall be sufficient which refers to the beginning of the 21st day prior to the General Meeting, i.e. to Thursday, June 9, 2016, 00.00 a.m., and has to be received together with the registration at the latest on Thursday, June 23, 2016, at the

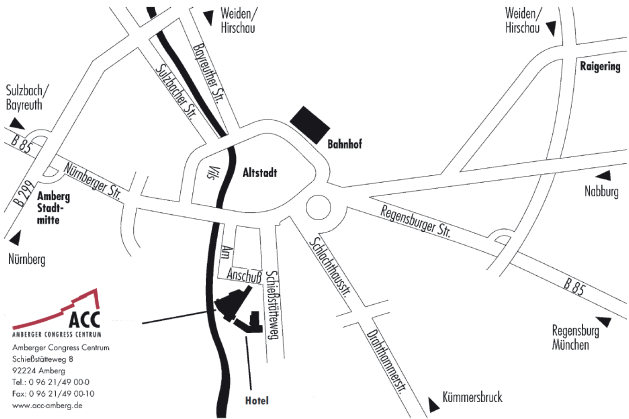
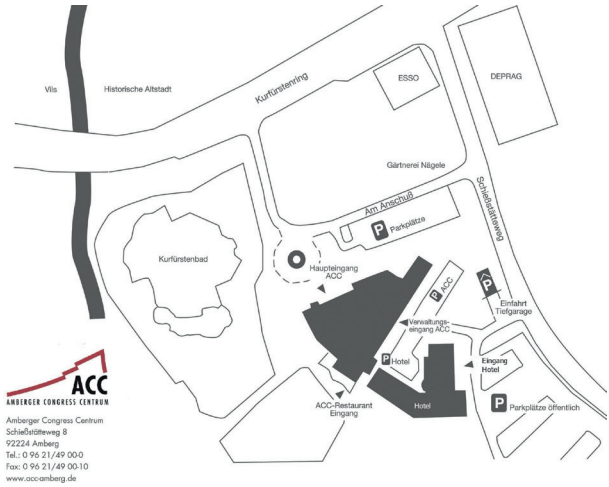
address mentioned above. Shareholders who submit the registration and the aforementioned evidence of shareholding in correct form and in time will be forwarded admission tickets to the General Meeting. Shareholders are asked to ensure that the registration and the aforementioned evidence of shareholding are submitted at their earliest convenience in order to ensure that they receive the admission tickets in good time.

Shareholders who supply their registration and the aforementioned evidence of shareholding in correct form and in time and who do not wish to participate in the General Meeting in person may be represented at the General Meeting and in the exercising of their voting rights by an authorised representative (proxy), as well as by a bank or a shareholder association. If the authorised party is a bank or another shareholder representative named in Section 135 AktG, the statutory provisions with regard to form and proof of the power of attorney shall apply. Any other authorised parties will be required to identify themselves by presenting the admission ticket of the shareholder and a power of attorney. Forms for the issuing of such powers of attorney will be enclosed with the admission tickets and may be ordered from the company as well.

Furthermore, the company provides its shareholders with the possibility of being represented at the General Meeting by a voting proxy appointed by the company to act as an authorised representative. If authorised to do so, the voting proxy appointed by the company exercises the voting rights in accordance with shareholders' instructions. The voting proxy appointed by the company will abstain if shareholders' instructions are missing or are ambiguous. The voting proxy appointed by the company cannot be empowered to raise objections against resolutions of the General Meeting, to speak and to raise questions or to submit motions. Shareholders wishing to issue powers of attorney to the voting proxy appointed by the company will require admission tickets to the General Meeting which will be forwarded in accordance with the procedures outlined above. Details concerning the issuing of powers of attorney and voting instructions to the voting proxy appointed by the company are included in the documents sent out to the shareholders together with the admission tickets.

Schwandorf, May 2016
The Management Board

Notes:



Getting to the Amberg Convention Center

BY CAR

From the **west** and **north**, take A6 (Nuremberg-Heilbronn), get out at the Amberg-Stadtmitte exit and continue on Federal Highway B299.

From the **south**, take the A93 (Regensburg-Hof), get out at the Schwandorf/Amberg exit and continue on B 85.

Once you get to Amberg, follow the signs to Stadtmittle/ACC

Note for drivers with GPS:

Enter „Amberg/Schießstätteweg 8“.

BY TRAIN

Amberg's train station is served by Deutsche Bahn's ICE network. The ACC is about 7 minutes from the train station by foot.

BY PLANE

The ACC is a 40-minute drive from Nuremberg Airport.

Parking

Please note that free public parking is available in the vicinity of the ACC.

Further parking areas (chargeable):
Schießstätteweg parking lot,
Kurfürstenbad parking garage

Nabaltec AG will not be able to reimburse you for the cost of parking.

***Nabaltec* AG**
Alustraße 50 - 52
92421 Schwandorf
Germany

Phone: +49 9431 53-202
Fax: +49 9431 53-260

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