



**General Meeting of home24 SE on June 17, 2021**

**Report of the management board regarding Agenda Item 6: Resolution on the cancellation of the Authorized Capital 2020 and creation of a new authorized capital, with the possibility to exclude the subscription right (Authorized Capital 2021) as well as corresponding amendments of the articles of association**

Regarding agenda item 6 of the invitation to the virtual general meeting, the management board presents the following report about the reasons for the authorization to exclude the subscription right of shareholders when issuing new shares in accordance with Article 5 SE-Regulation in conjunction with Section 203 para. 2 sentence 2 in conjunction with Section 186 para. 4 sentence 2 AktG:

In order to ensure that the company remains flexible in the future to strengthen its equity if necessary (including by issuing new shares against cash contribution without subscription rights), the existing Authorized Capital 2020 is to be canceled, new Authorized Capital resolved and the articles of association amended accordingly. The new Authorized Capital proposed under letter b) of agenda item 6 is intended to authorize the management board to increase the company's share capital, with the consent of the supervisory board, once or several times, by up to EUR 14,340,860.00 (in words: fourteen million three hundred forty thousand eight hundred sixty Euros) in aggregate until June 16, 2026 through the issuance of up to 14,340,860 new bearer shares with no par value against contributions in cash or in kind ("**Authorized Capital 2021**").

The Authorized Capital 2021 is intended to enable the company to continue to raise the capital required for further development of the company at short notice by issuing new shares and to flexibly and quickly take advantage of a favorable market environment to cover its future financing needs. Since decisions on the coverage of future capital requirements must frequently be made at short notice, it is important that the company is not dependent on the rhythm of the annual general meetings or the long convocation period of an extraordinary general meeting. The legislature has taken these circumstances into account with the instrument of authorized capital.

When utilizing the Authorized Capital 2021 to issue shares against cash contributions, the shareholders generally have a subscription right (Article 5 SE-Regulation in conjunction with Section 203 para. 1 sentence 1 in conjunction with Section 186 para. 1 AktG), where an indirect subscription right within the meaning of Section 186 para. 5 AktG also suffices. The issue of shares granting such an indirect subscription right is already not to be regarded as an exclusion of subscription rights under the law. Ultimately, the

shareholders are granted the same subscription rights as with a direct subscription. For technical reasons, only one or more credit institutions are involved in the settlement.

However, the management board shall be authorized to exclude the subscription rights in certain cases with the consent of the supervisory board.

- i. The management board shall be authorized, with the consent of the supervisory board, to exclude the subscription rights for fractional amounts. This exclusion of subscription rights aims to facilitate the settlement of an issuance with a general subscription right of the shareholders, because it enables a technically feasible subscription ratio to be represented. The value of the fractional amounts is usually low per shareholder, which is why the possible dilution effect can likewise be considered as low. In contrast, the effort for the issuance without such an exclusion is significantly higher. The exclusion therefore serves the purpose of practicality and the easier implementation of an issuance. The new shares excluded as free fractions from the subscription rights of the shareholders will be realized either by sale on the stock exchange or in another manner in the best interest of the company. For these reasons, the management board and the supervisory board consider the possible exclusion of subscription rights to be objectively justified and, taking into account the interests of the shareholders, also appropriate.
- ii. The subscription right can also be excluded in the case of cash capital increases if the shares are issued at an amount that is not substantially below the market price and such a capital increase does not exceed 10% of the share capital (simplified exclusion of subscription rights in accordance with Article 5 SE-Regulation in conjunction with Section 186 para. 3 sentence 4 AktG). The authorization enables the company to react flexibly to favorable capital market situations that arise and to place the new shares at very short notice, i.e., without the requirement of a subscription offer lasting at least two weeks. The exclusion of the subscription right enables very quick action and placement close to the stock exchange price, i.e., without the discount that is customary for subscription issues. This creates the basis for achieving the highest possible sale amount and the greatest possible strengthening of own funds. The authorization for the simplified exclusion of subscription rights is factually justified not least by the fact that a higher inflow of funds can frequently be generated. Such a capital increase may not exceed 10% of the share capital existing at the time the authorization takes effect and also at the time of its exercise. The proposed resolution also provides for a credit clause. Shares that are issued or are to be issued to service subscription rights or to fulfill conversion or option rights or obligations arising from convertible and/or option bonds, profit participation rights and/or profit participation bonds (or combinations of these instruments) (collectively *bonds*), are to be counted towards the maximum of 10% of the share capital affected

by this exclusion of subscription rights if the bonds are issued during the term of the Authorized Capital 2021 in analogous application of Article 5 SE-Regulation in conjunction with Section 186 para. 3 sentence 4 AktG under the exclusion of the subscription rights of the shareholders. Furthermore, the disposal of treasury shares shall be counted, provided this occurs during the term of this authorization on the basis of an authorization to sell treasury shares under the exclusion of the subscription right pursuant to Article 5 SE-Regulation in conjunction with Section 71 para. 1 No. 8 sentence 5, 186 para. 3 sentence 4 AktG. Finally, shares that are issued during the term of the Authorized Capital 2021 on the basis of other capital measures under the exclusion of the subscription rights of the shareholders in analogous application of Article 5 SE-Regulation in conjunction with Section 186 para. 3 sentence 4 AktG are also credited.

The simplified exclusion of subscription rights is subject to the condition that the issue price of the new shares is not substantially below the market price. A possible discount from the current stock exchange price or from the volume-weighted stock exchange price during a reasonable period before the final determination of the issue price is, subject to special circumstances of the individual case, not expected to exceed approx. 5% of the corresponding stock exchange price. This also takes into account the shareholders' need for protection against the dilution of the value of their participation. By setting the issue price close to the stock exchange price it is ensured that the value of a subscription right for the new shares is practically very low. Shareholders have the option of maintaining their relative participation by purchasing additional shares on the stock exchange. For these reasons, the management board and the supervisory board consider the possible exclusion of subscription rights to be objectively justified and, taking into account the interests of the shareholders, also appropriate.

- iii. Moreover, the management board should be able, with the consent of the supervisory board, to exclude the subscription rights, insofar as this is necessary in order to be able to grant new shares in the company to holders or creditors of bonds issued by the company or its subordinate group companies during the exercise of the conversion or option right or the fulfillment of a conversion or option obligation and insofar as it is necessary to grant subscription rights to new shares to holders of conversion or option rights or creditors of warrants or convertible bonds equipped with conversion obligations issued by the company or its subordinate group companies in the scope to which they would be entitled as shareholders after exercising the option or conversion rights or after fulfilling conversion or option obligations. Bonds with conversion or option rights or conversion or option obligations regularly provide protection against dilution in their conditions of issue, which grants holders or creditors subscription rights to new shares in the event of subsequent share issues and certain other measures. They are thereby placed in a position as if they were already shareholders. In order to be able to

provide the bonds with such protection against dilution, shareholders' subscription rights to these shares must be excluded. This serves to facilitate the placement of the bonds and thus the interests of the shareholders in an optimal financial structure of the company. In addition, the exclusion of subscription rights in favor of the holders or creditors of bonds has the advantage that, if the authorization or the conversion price for the holders or creditors of existing bonds is utilized, the option or conversion price does not need to be discounted according to the respective conditions of the bonds.

- iv. The subscription right can also be excluded in the case of capital increases against contributions in kind. In particular, the company shall continue to be able to acquire undertakings, parts of undertakings, investments or other assets, or be able to react to offers for acquisitions or mergers in order to strengthen its competitiveness and increase its profitability and enterprise value. Practice has shown that the shareholders of attractive acquisition assets sometimes have a strong interest – e.g., to maintain a certain influence on the object of the contribution in kind – in acquiring no-par value shares of the company as consideration. From the point of view of an optimal financial structure, the fact that the liquidity of the company can be spared, borrowing is avoided and the seller(s) are involved in future price opportunities to the extent that new shares can be used as the acquisition currency also militates in favor of the option of providing the consideration not only in cash, but also in shares or only in shares. This leads to an improvement in the company's competitive position in the case of acquisitions. The ability to use company shares as acquisition currency thus gives the company the necessary room to maneuver in order to quickly and flexibly seize such acquisition opportunities, and enables it to acquire even larger units against transfer of shares. It should also be possible to acquire economic assets against shares under certain circumstances. It must be possible to exclude shareholders' subscription rights for both. Because such acquisitions often must be carried out at short notice, it is important that they are not generally resolved by the general meeting which only takes place once a year. Authorized Capital is required, which the management board can access quickly with the consent of the supervisory board.

If opportunities are identified to merge with other undertakings or to acquire undertakings, parts of undertakings or investments in companies or other assets, the management board will in any case carefully examine whether it should make use of the authorization to increase capital by granting new shares. This includes in particular the examination of the valuation relation between the company and the acquired equity interest or other assets and the determination of the issue price of the new shares and the further conditions of the share issue. The management board will only use the authorized capital if it is convinced that the merger or acquisition of the undertaking, the undertaking share or the acquisition of investments against the granting of new shares is in the best interests of the

company and its shareholders. The supervisory board will only give its required consent if it too has come to this conclusion.

- v. The subscription right can also be excluded when executing share dividends (also known as scrip dividends), in the context of which shares in the company (including partially and/or optionally) are used to satisfy dividend claims of the shareholders. This should enable the company to distribute a share dividend on optimal terms. In the case of a share dividend, the shareholders are offered the opportunity to contribute their claim to payment of the dividend arising from the profit appropriation resolution of the general meeting to the company in whole or in part as a contribution in kind in order to receive new shares in the company in return. The distribution of a share dividend can be made as a subscription rights issue, in particular in compliance with the provisions of Article 5 SE-Regulation in conjunction with Section 186 para. 1 AktG (minimum subscription period of two weeks) and Section 186 para. 2 AktG (announcement of the issue amount at the latest three days before the expiry of the subscription period). In individual cases, depending on the capital market situation, it may be preferable to structure the distribution of a share dividend in such a way that although the management board offers new shares for subscription to all shareholders who are entitled to dividends, while observing the general principle of equal treatment (Article 5 SE-Regulation in conjunction with Section 53a AktG) against the contribution of their dividend claim, and thus economically grants the shareholders a subscription right, but legally excludes the subscription right of the shareholders to new shares altogether. Such an exclusion of subscription rights enables the share dividend to be distributed without the aforementioned restrictions of Article 5 SE-Regulation in conjunction with Section 186 paras. 1 and 2 AktG, and thus on more flexible terms. In view of the fact that the new shares will be offered to all shareholders and excess dividend amounts will be compensated by paying the dividend in cash, an exclusion of subscription rights appears justified and appropriate in such a case.

If the management board utilizes one of the above authorizations to exclude subscription rights in the course of a capital increase from Authorized Capital 2021 during a fiscal year, it will report on this at the following general meeting.

Berlin, May 2021

home24 SE  
– The Management Board –

***Disclaimer***

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