



General Meeting of home24 SE on June 17, 2021

Report of the management board regarding Agenda Item 7: Resolution on the amendment of the authorization by the general meeting on March 10, 2017 to issue performance shares as virtual stock options and to deliver shares of the company to service subscription rights from performance shares to members of the management board and employees of the company as well as to employees of affiliated companies of the company (Long Term Incentive Plan 2019 – “LTIP 2019”) and on the amendment of the Conditional Capital 2019 to service subscription rights from performance shares authorized by the general meeting on March 10, 2017 as well as on the corresponding amendment of the articles of association

Under agenda item 7, the management board and the supervisory board propose (i) to authorize the management board and the supervisory board of the company to grant Virtual Stock Options (“**Performance Shares**”), which can result in up to 2,720,818 subscription rights for new shares of the company (“**Subscription Rights**”), to members of the management board and employees of the company and to employees of affiliated companies of the company (together, the “Beneficiaries”) until June 16, 2026 (Long Term Incentive Plan 2019 – “**LTIP 2019**”) and (ii) to authorize the management board and the supervisory board to issue shares of the company to the Beneficiaries to fulfill the Subscription Rights from Performance Shares. In addition, the scope of the existing Conditional Capital 2019 is to be extended and the articles of association are to be adjusted accordingly. The management board presents the following report regarding agenda item 7 of the virtual general meeting about the reasons for the authorization to issue Performance Shares under the LTIP 2019 and the fulfillment of the resulting Subscription Rights through new shares from the Conditional Capital 2019:

In March 2017, the company created a long term incentive plan in order to grant Performance Shares to members of the management board and employees of the company and its affiliated companies, resulting in Subscription Rights to new shares of the company, which the company may, however, also choose to fulfill through treasury shares or cash payments. The general meeting of the company of March 10, 2017, as amended by the resolutions of the general meetings of July 28, 2017, May 24, 2018, June 19, 2019 and June 3, 2020, approved this long term incentive plan (the “**LTIP 2019**”) and the fulfillment of the resulting Subscription Rights with new shares of the company and created a corresponding Conditional Capital

2019.

In order to ensure the necessary flexibility in the utilization of the LTIP 2019, this authorization is to be adjusted as regards the scope and term, and the Conditional Capital 2019 in Section 4 para. 5 of the articles of association is to be amended accordingly.

Holders of the Performance Shares issued and to be issued, respectively, under the LTIP 2017 and the LTIP 2019 are in principle entitled to receive new shares upon exercise of Performance Shares. The number of Subscription Rights per Performance Share is calculated based on the difference ("**Value Increase**") between the price of one share of the company at the time the Performance Shares were exercised ("**Exercise Price**") and the virtual issue price determined at the time the Performance Shares were granted divided by the Exercise Price. The new shares will be issued against contribution of variable remuneration claims in the amount of the exercise price per share.

In order to increase the flexibility of the company when Performance Shares are exercised by the Beneficiaries, the company may be authorized to grant Beneficiaries treasury shares instead of new shares to fulfill Subscription Rights or to fulfill Subscription Rights through cash payments.

Subscription Rights may only be issued to Beneficiaries. In total, (i) up to 1,088,327 Subscription Rights may be granted to members of the management board of the company and (ii) up to 1,632,491 Subscription Rights may be granted to employees of the company and to these of affiliated companies. As part of the granting of Subscription Rights, the management board of the company determines the individual beneficiaries as well as the number of Subscription Rights to be offered to them for subscription. To the extent Subscription Rights are to be granted to members of the management board, the determination and the issuance of Performance Shares is the responsibility of the supervisory board of the company.

Upon achieving certain performance targets and the expiry of certain periods of time, each Performance Share principally grants a Subscription Right to receive a certain number of new shares in the company which may be exercised within specified exercise periods. In total, a maximum of 2,720,818 Subscription Rights may be issued under LTIP 2019 until June 16, 2026.

The Conditional Capital 2019, which is to be adjusted so that the share capital of the company is conditionally increased by up to EUR 2,720,818.00 (in words: two million seven hundred and twenty thousand eight hundred and eighteen Euros) through the issuance of up to 2,720,818 no-par value bearer shares ("**Conditional Capital 2019**"), serves to fulfill the Subscription Rights. The Conditional Capital 2019 solely serves to fulfill Subscription Rights granted to beneficiaries pursuant to the authorizations of the general meeting of March 10, 2017, as amended by the resolutions of the general meetings of July 28, 2017, May 24, 2018, June 19, 2019, June 3, 2020 and June 17, 2021, as part of the LTIP 2019 (or under the previous designation

LTIP 2017).

The subscription shares will be issued at the lowest issue price of EUR 1.00. The contributions for the subscription shares are made by contributing the remuneration claims of the Beneficiaries from the Performance Shares granted to them by way of contribution in kind. The Conditional Capital increase is implemented only to the extent that Performance Shares have been issued based on the authorizations of the general meeting of March 10, 2017, as amended by the resolutions of the general meetings of July 28, 2017, May 24, 2018, June 19, 2019, June 3, 2020 and June 17, 2021, the Beneficiaries have used their exercise rights in accordance with the agreed terms and the company has not fulfilled the Subscription Rights through treasury shares or a cash payments. The new shares participate in the profits from the beginning of the fiscal year during which the issuance takes place; in deviation from this, the new shares will participate in the profits from the beginning of the fiscal year preceding the fiscal year of creation if the general meeting has not yet adopted a resolution on the appropriation of the balance sheet profits for the fiscal year preceding the fiscal year of creation.

The incentive for the beneficiaries is determined by the development of the stock price of the shares of the company between the time of granting of the Performance Shares and the time of their exercise. The exercise price at which a Performance Share may be exercised under the LTIP 2019 corresponds to the closing price of the company's shares in Xetra-trading (or a comparable successor system) on the Frankfurt Stock Exchange on the day the Performance Shares are exercised or – if a Performance Share is exercised on a day on which no closing price is calculated (e.g., a weekend or during a holiday) – the closing price on the next trading day.

Subscription Rights may generally only be issued outside certain black-out periods in order to specifically avoid the use of insider knowledge. For a successful search for further highly qualified employees it is beneficial for the company if the participation in the attractive remuneration system created through the LTIP 2019 can also be offered to such new employees during the year. Therefore, Performance Shares may also be pledged to such new employees or members of the management board.

The Beneficiaries acquire claims from Performance Shares principally over a period of twelve months (*vesting period*). In order to incentivize the Beneficiaries to increase the shareholder value in the interest of all shareholders for a longer period, the proposal regarding the LTIP 2019 in addition to the revenue-based goal and the accrual of the Performance Shares, provides for a waiting period of four years for the initial exercise of Subscription Rights. Following this waiting period, Subscription Rights may, subject to the other conditions being met, only be exercised outside the following periods:

- the period of eight weeks prior to and until the end of the day of an annual general meeting of the company;

- the period of three weeks prior to and until a day after the publication of quarterly or half-year financial results of the company; and
- the last two weeks before the end of a fiscal year until a day after the publication of the annual results of the past fiscal year.

This provision should enable efficient processing and at the same time ensures that the beneficiaries are not in possession of insider information.

The right to exercise Subscription Rights is generally forfeit four years after expiry of the waiting period. Subscription Rights that are not exercised or cannot be exercised until the end of this point in time are forfeit without compensation.

The resolution proposal and the conditions of the LTIP 2019, respectively, also generally exclude a transfer of Subscriptions Rights. This ensures that the personal incentives aimed at by the Performance Shares are being ensured. Finally, the resolution proposal and the conditions of the LTIP 2019, respectively, also provide that the management board and – with respect to the management board – the supervisory board are authorized to determine further details regarding the issuance of shares from the Conditional Capital 2019, in particular the subscription conditions for Beneficiaries, as well as to deviate from the conditions of this authorization insofar as the authorization exceeds minimum requirements under stock corporation law. Further details include, in particular, provisions for the allocation of Subscription Rights within the qualified groups of people, provisions on taxes and costs, rules on dividend entitlements prior to the exercise of Subscription Rights, the procedure for the granting of Subscription Rights to the individual Beneficiaries and the exercise of Subscription Rights, regulations regarding the expiry of Subscription Rights in the event of a termination of employment as well as procedural rules.

Berlin, May 2021

home24 SE
– The Management Board –

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