

## Annual General Meeting of Deutsche Beteiligungs AG, 27 May 2025

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### **Written report of the Board of Management pursuant to sections 71 (1) no. 8 sentence 5 and 186 (4) sentence 2 of the AktG on agenda item 10 regarding the reasons forming the basis for the Board of Management's authorisation to exclude shareholders' tender rights for purchases and shareholders' subscription rights for the use of treasury shares**

The authorisation to purchase treasury shares in accordance with section 71 (1) no. 8 of the AktG, granted by the Annual General Meeting on 28 February 2023 under agenda item 9, runs only until 27 February 2028. On the basis of this authorisation, 788,300 treasury shares were acquired in the period from 5 March 2024 up to and including 18 February 2025. As a result of this and the current share buy-back programme resolved by the Management Board with the approval of the Supervisory Board on 20 February 2025, the existing authorisation has been or will be largely used up.

The existing authorisation should therefore be cancelled to the extent that it has not been utilised and replaced by a new authorisation limited to five years.

The Management Board should be able to use the treasury shares acquired on the basis of this authorisation or an authorisation granted earlier by the Annual General Meeting, excluding the shareholders' subscription rights. The exercise of the authorisations is subject to the approval of the Supervisory Board.

#### **(1) Exclusion of tender rights for treasury share purchase**

The authorisation to purchase treasury shares is intended to enable the Board of Management to use the financial tool of share buybacks in the interests of the Company and its shareholders, with the Supervisory Board's approval.

The Board of Management may choose to purchase shares via the stock exchange, a public offer to all shareholders, or a general solicitation of offers to sell.

If the purchase is executed via a public offer to all shareholders or a general solicitation of offers to sell, the volume of such offer or solicitation can be limited. This may lead to a situation in which the volume of shares offered by shareholders exceeds the volume of shares requested by the Company. In such cases, allocation must be made on a pro-rata basis. Such a pro-rata allocation will be designed to enable an allotment in line with the ratio of shares subscribed/offered (tender ratio), which is not in line with participation ratios. This approach makes for an easier technical acquisition process at economically sensible terms. It will also be possible to provide for a privileged acceptance of small volumes of up to 100 tendered shares per shareholder. This option serves to avoid fractional amounts when determining the ratios to be purchased, and as such avoid small residual values and make the technical settlement of the share buyback easier to handle. It also serves to avoid discrimination against shareholders owning a small number of shares. To avoid fractional shares, commercial rounding will be possible, meaning that it will be possible to round both the purchase ratio and the number of shares to be purchased from each tendering shareholder in a way that will enable full shares to be purchased for settlement purposes. The Board of Management and the Supervisory Board deem the exclusion of any additional tendering rights for shareholders that is implied by this mechanism to be objectively justified.

#### **(2) Exclusion of subscription rights for treasury share use**

The option of selling treasury shares makes it easier to raise funds. Section 71 (1) no. 8 sentence 5 of the AktG enables the Annual General Meeting to authorise the Company to effectuate the sale in a way that is different from a sale via the stock exchange or an offer extended to all shareholders.

In line with agenda item 10 (d) (1), this requires that the treasury shares be sold against cash payment at a price that is not significantly below the Company's market share price. This makes use of the legal option of a simplified exclusion of subscription rights enshrined in section 186 (3) sentence 4 of the AktG. The fact that the shares must not be sold at a price significantly below the relevant market price provides for protection against dilution. The final price of the treasury shares' selling price will be determined shortly before the sale. The Board of Management will – subject to Supervisory Board approval – keep the discount on the market price as low as is possible in view of the prevailing market conditions at the time of placement. In no case will the discount on the market price be more than five per cent of the market price. Given the strong competition on the capital markets, the option to sell treasury shares under exclusion of subscription rights and not via the stock exchange or an offer to all shareholders is in the interest of the Company. It allows the Company to be quick and flexible in offering treasury shares to national and international investors, expand its shareholder base and stabilise the share price if necessary. Shareholders' interests are preserved by selling treasury shares at a price not significantly below the market price and limiting the volume of treasury shares that can be sold under the simplified exclusion of subscription rights to a maximum of twenty per cent of the Company's share capital, with the latter applying both at the time the authorisation comes into effect and when it is exercised. All other shares that have been issued or sold during the term of the authorisation excluding subscription rights in direct or analogous application of section 186 (3) sentence 4 of the AktG, for example from authorised capital, will count towards the maximum limit of twenty per cent of the share capital. Likewise, any shares that are to be issued to service option or conversion rights, or to fulfil option or conversion obligations under convertible bonds and/or bonds cum warrants or profit-participation certificates, will also count towards this limit, provided that any such bonds or profit-participation certificates have been issued during the term of the authorisation, excluding subscription rights, in analogous application of section 186 (3) sentence 4 of the AktG. As the treasury shares will be placed at a price that is close to the market price, in principle all shareholders can acquire shares at virtually the same conditions in the market in order to maintain their percentage of shares held.

As proposed under agenda item no. 10 (d) (2), the Company will be able to have treasury shares at its disposal that can be offered as a contribution in kind during mergers with or acquisitions of companies, purchases of shares in companies, investments in companies or purchases of other assets or as consideration for claims on the acquisition of other assets including receivables against the Company. This kind of consideration is increasingly required on the market for corporate acquisitions and investments as well as other, particularly attractive acquisition targets. The authorisation proposed herein is set to provide the Company with the necessary flexibility to quickly seize opportunities to acquire companies or invest in companies, or acquire other assets, in particular those relating to an acquisition project.

Agenda item no. 10 (d) (3) includes the authorisation of the Board of Management to not only offer treasury shares to all shareholders, but also to use treasury shares to implement a scrip dividend. A scrip dividend using treasury shares is associated with a proposal to shareholders to assign their claim to payment of a cash dividend, arising upon the adoption of the Annual General Meeting's resolution on the appropriation of profits, to the Company in order to receive shares in the Company from the Company's stock of treasury shares in return. A scrip dividend using treasury shares may be implemented by way of an offer addressed to all shareholders, while maintaining the subscription right and observing the principle of equal treatment. In practice, scrip dividends are implemented by offering shareholders only full shares for subscription; with regard to that portion of their dividend entitlement that either does not reach or exceed the subscription price for a full share, shareholders are restricted to receiving a cash dividend and cannot acquire shares in this respect. In general, there is no offer of fractional interests and no trade in subscription rights or fractions thereof, as shareholders receive a pro-rated cash dividend in lieu of the subscription of treasury shares.

However, it is also intended to authorise the Board of Management to exclude shareholders' subscription rights when implementing a scrip dividend in order to be able to implement the scrip dividend under the best possible conditions. Depending on the prevailing situation on the capital markets, it may be advantageous to implement the scrip dividend using treasury shares such that the Board of Management can offer all shareholders who are entitled to a dividend treasury shares for subscription, in compliance with the general principle of equal treatment (section 53a of the AktG), against the assignment of their dividend rights, thus granting shareholders a beneficial subscription right, while at the same time legally excluding shareholders' subscription rights to new shares. Such an exclusion of subscription rights facilitates the flexible implementation of the scrip dividend. Given the fact that all shareholders will be offered treasury shares and excess dividend amounts will be compensated for by dividend payments in cash, the exclusion of the subscription rights is deemed to be justified and appropriate in this case.

Agenda item no. 10 (d) (4) includes the authorisation of the Board of Management to use the treasury shares acquired in accordance with the proposed authorization for the purpose of meeting subscription and conversion rights arising from the exercise of option or conversion rights, or the fulfilment of option or conversion rights under bonds cum warrants and/or

convertible bonds issued by the Company or any of its majority investment companies. The proposed resolution does not create any new authorisation to grant further conversion or option rights. The sole purpose of the proposed resolution is to enable management to use treasury shares instead of conditional capital to meet conversion or option rights arising from other authorisations or fulfil conversion or option obligations arising from other authorisations, if this is in the Company's interest in individual cases. Option or conversion rights/obligations that can be met using treasury shares thanks to the proposed authorisation may arise by referring to the authorization granted by the Annual General Meeting on 22 February 2024 under what was then agenda item no. 13 on the issuance of bonds cum warrants and/or convertible bonds, amongst other reasons.

Authorisation under agenda item no. 10 (d) (5) further provides for the Company to use treasury shares under an employee share ownership plan or other share-based programmes to employees of the Company or employees of an affiliated company of the Company or members of senior management of an affiliated company of the Company. The issuance of treasury shares to employees and/or executives of the Company and/or affiliated companies is privileged under law in accordance with section 71 (1) no. 2 of the AktG, as it promotes identification with the Company and fosters the willingness to take on shared responsibility in the Company. The same need can exist at affiliated companies, which is why treasury shares can also be issued to senior management members of a company affiliated with the Company: using treasury shares for employees and senior management of an affiliated company is intended to foster employee loyalty. This makes such a use of treasury shares a possibly suitable means of increasing recipients' motivation and commitment, preventing undesirable departures or at least reducing the risk of such departures. In addition, share-based remuneration offers the opportunity to align the remuneration of employees, executives and members of senior management of an affiliated company in suitable cases with long-term sustainable corporate development, whereby multi-year holding periods are usually agreed upon. In order to be able to issue new shares to employees of the Company, to employees of affiliated companies of the Company and to members of senior management of an affiliated company of the Company, it is necessary to exclude shareholders' subscription rights. The number of shares issued for this purpose, excluding shareholders' subscription rights, must not exceed a total of five per cent of the share capital, neither as at the date this authorisation enters into effect nor at the time when this authorisation is utilised. All other shares that have been issued, for example, from authorised capital under an employee share ownership plan or other share-based programmes to employees of the Company, or employees of an affiliated company of the Company, or senior management members of an affiliated company of the Company during the term of this authorisation, excluding subscription rights, will count towards the maximum limit of five per cent of the share capital.

Pursuant to agenda item no. 10 (d) (1) to (5) above, shareholders' subscription rights for purchased treasury shares are excluded insofar as these shares are used in ways other than by way of a disposal via the stock exchange or via an offer to all shareholders. In addition, shareholders' subscription rights for fractional amounts will be excluded in the event that treasury shares are sold via a selling offer addressed to all shareholders. Excluding the subscription right for fractional amounts is necessary to ensure the technical viability of delivering treasury shares through an offer to shareholders. As freely marketable fractions, the treasury shares excluded from the shareholders' subscription right will either be sold on the stock exchange or otherwise disposed of on a 'best efforts' basis.

Using treasury shares while excluding subscription rights under agenda item no. 10 (d) requires that the share capital ratio of treasury shares used in this way does not exceed twenty per cent. New shares issued from authorised capital during the term of these authorisations (excluding subscription rights) will be counted towards the twenty per cent capital limit. This also applies to shares that must be issued due to convertible bonds and/or bonds cum warrants and/or profit-participation certificates issued during the term of these authorisations excluding subscription rights. In this context, either the share capital at the time said authorisation comes into effect or the share capital at the time the treasury shares are sold is relevant, depending on which is lower. In the interests of shareholders, this serves to ensure that the option of using treasury shares excluding subscription rights is limited to a share volume corresponding to twenty per cent of the share capital, even if all additional authorisations to exclude subscription rights are included.

We note that in addition to the authorisation to acquire and use treasury shares proposed under agenda item 10 and the new Authorised Capital 2025 proposed under agenda item 9, with the cancellation of the existing Authorised Capital 2024, the company still has Conditional Capital 2024/I in the amount of €13,346,664.34 to service bonds cum warrants and/or convertible bonds. The authorisation to exclude subscription rights for capital increases from the Authorised Capital 2025 and to exclude subscription rights when issuing bonds cum warrants or convertible bonds is limited to a total of twenty per cent of the share capital. New shares issued from the Authorised Capital 2025 under the exclusion of subscription rights and new shares from the Conditional Capital 2024/I, which would be used to service bonds cum warrants and/or convertible bonds issued under exclusion of subscription rights, would be counted towards the above capital limit of twenty per cent of the share capital for treasury shares used under exclusion of subscription rights.

When deciding on the use of treasury shares, the Board of Management will solely be guided by the best interests of the shareholders and the Company.

The Board of Management will notify the next Annual General Meeting with regard to the utilisation of the above authorisations.

Frankfurt/Main, April 2025

Deutsche Beteiligungs AG

The Board of Management