

**Report of the Executive Board on the authorizations to exclude subscription rights mentioned in agenda item 8 (Section 71 (1) No. 8 of the German Stock Corporation Act (AktG) in conjunction with Section 186 (4) Sentence 2 AktG)**

Agenda item 8 contains the proposal of the Executive Board and Supervisory Board to authorize the Company pursuant to Section 71 (1) No. 8 AktG to repurchase its own shares in an amount of up to 10% of the current share capital or the share capital of the Company existing at the time the authorization is exercised, whichever is lower. This may be done by the Company itself, by other companies controlled by the Company, or by third parties acting for the account of such companies or the account of the Company. In accordance with Section 71 (1) No. 8 and Section 186 (4) sentence 2 AktG, the Executive Board shall submit a written report on this matter as set out below:

There is currently no authorization to acquire own shares. To provide greater scope for action, an authorization shall be granted for the Company to acquire own shares and use them with the option to exclude the subscription rights of shareholders for a period of five years.

**Types of acquisition**

The motion under agenda item 8 provides for the Executive Board to be authorized, with the prior approval of the Supervisory Board, to acquire own shares up to a total of 10% of the share capital existing at the time of the resolution or at the time the authorization is exercised, whichever is lower. This will make full use of the legal scope granted for such authorizations. Own shares may be acquired on the stock exchange, by means of a public tender offer addressed to all shareholders, on the basis of a public invitation made to all shareholders to submit offers for sale, or by way of a public offer to exchange shares for shares of a listed company within the meaning of Section 3 (2) AktG. The principle of equal treatment set forth by the German Stock Corporation Act must thereby be observed. The acquisition of own shares on the stock exchange may also be effected within the framework of a structured buyback program to be carried out by a credit institution or an enterprise as defined by Section 53 (1) sentence 1 or Section 53b (1) sentence 1 or (7) of the

German Banking Act or by a syndicate of such credit institutions or enterprises.

In the case of a public invitation to all shareholders to submit offers for sale, the shareholders may decide how many shares they wish to tender and, if a price range has been fixed, at what price. When own shares are to be acquired by means of a public tender offer or a public exchange offer addressed to all shareholders or on the basis of a public invitation to submit offers for sale, the volume of the offer or invitation to submit offers for sale may be limited. The number of tendered shares may exceed the number of shares that had been intended for purchase, in which case tenders will be accepted on a quota basis. Here it will be possible to effect the purchase in the ratio of the subscribed or tendered shares rather than in the ratio of the participation, as this facilitates the allocation process within a commercially reasonable framework. A preferred consideration of up to 100 tendered shares per shareholder can be provided for (minimum allocation). This option serves to avoid fractional shares in determining the quotas to be acquired and to avoid small residual amounts, thus simplifying the technical execution of the share repurchase. Furthermore, it avoids actual disadvantages for minor shareholders. Provision should also be made for a rounding rule to be applied according to commercial principles in order to avoid fractional shares. To this extent, the purchase quota and the number of shares to be purchased from individual tendering shareholders can be rounded as required to enable the acquisition of whole numbers of shares for technical purposes. The Executive Board and Supervisory Board consider the consequent exclusion of any further shareholder tender rights to be objectively justified.

The offer price or the limits of the purchase price range per share determined by the Company (excluding incidental acquisition costs) may not be more than 10% higher or more than 20% lower than the average of the closing price of the Company's shares in the Xetra trading system (or a comparable successor system) on the Frankfurt Stock Exchange during the last three trading days before the day of the public announcement of the offer or the day of acceptance of offers. If, after the publication of a public offer addressed to all shareholders or a public invitation to all shareholders to submit offers for sale, the relevant price is subject to significant changes, the tender offer or invitation to submit

offers for sale can be adjusted. In this case, the average closing price on the last three trading days before the day of the public announcement of the adjustment can be taken as a basis instead. The tender offer addressed to all shareholders or the invitation to all shareholders to submit offers for sale may specify further conditions.

The Company shall also be given the option to offer as consideration shares of a listed company as defined in Section 3 (2) AktG instead of cash. This allows the Company greater flexibility than if it were restricted to cash offers. At the same time, the Company would obtain the opportunity to dispose of its shareholdings. Such an approach could also be more attractive to shareholders than a public tender offer.

#### **Use of own shares**

The proposed option for selling or using own shares simplifies the procurement of funds. Pursuant to Section 71 (1) No. 8 sentence 5 AktG, the Annual General Meeting may authorize the Executive Board to sell shares by means other than on the stock exchange or based on an offer to all shareholders. Pursuant to the motion, the Executive Board shall require the prior approval of the Supervisory Board even to use own shares. The condition for doing so according to the alternative proposed under agenda item 8d (1) is that the own shares are sold, pursuant to Section 186 (3) sentence 4 AktG, at a price that is not significantly lower than the stock exchange price of the Company's already listed shares having essentially the same features. The Company shall hereby avail itself of the lawful and commonly practiced option to conduct simplified exclusion of subscription rights. The intent to protect shareholders from dilution is taken into account by allowing the shares to be sold only at a price that is not significantly lower than the defining price on the stock exchange. Final determination of the sale price for the own shares shall be made shortly before the sale. The Executive Board – with the approval of the Supervisory Board – will set any discount on the shares' stock exchange price as low as possible, taking into account market conditions prevailing at the time of placement.

In light of the fierce competition on the capital markets, the option to sell own

shares under exclusion of subscription rights and by means other than on the stock exchange or through an offer made to all shareholders is in the interest of the Company. Doing so provides the Company with the opportunity to offer own shares to national and international investors quickly and flexibly, expand its group of shareholders, and stabilize the value of its shares. Selling at a purchase price that is not significantly lower than the stock exchange price and limiting the total number of own shares that can be sold under exclusion of subscription rights to a maximum of 10% of the share capital (as of the effective date and upon exercising the authorization) reasonably safeguards the shareholders' financial interests.

The 10% limit also includes other shares issued or sold during the term of the authorization in direct or corresponding application of Section 186 (3) sentence 4 AktG under exclusion of subscription rights or that are issued to service options and/or conversion rights and/or fulfilling obligations to exercise options and/or conversion rights under warrant-linked and/or convertible bonds, or warrant-linked or convertible participation rights, issued during the period of this authorization in corresponding application of Section 186 (3) sentence 4 AktG under exclusion of subscription rights. Since the own shares are issued close to the stock exchange price, each shareholder can purchase shares on the market at almost the same conditions in order to maintain their ownership interest.

Pursuant to the motion set out in agenda item 8d (2), the Company also has the option of having own shares available so they can be offered in exchange for payments in kind when acquiring companies, parts of companies, shareholdings in companies or in business combinations, or for acquiring other assets or entitlements to the acquisition of other assets including rights and claims against the Company if this form of payment is required. The authorization proposed here is intended to provide the Company with the necessary freedom and flexibility to take advantage of available opportunities to carry out such acquisitions and mergers quickly. The proposed exclusion of subscription rights is in line with this objective. When determining valuation ratios, the Executive Board and Supervisory Board will take care to ensure that the interests of the shareholders are appropriately considered. In particular, they will base

their valuation of the own shares offered as consideration on the stock exchange price of the Company's shares. However, the Company does not intend to systematically link the valuation to a stock exchange price so that the outcome of negotiations, once reached, will not be jeopardized by any fluctuations in the share price on the stock exchange.

In accordance with agenda item 8d (3), the Company should also be able to use the own shares acquired on the basis of the proposed authorization, under exclusion of shareholders' subscription rights, to fulfill conversion rights and/or options or conversion obligations under convertible bonds or warrant-linked bonds issued by the Company or its Group companies. The motion will not create a new authorization to grant further conversion rights and/or options. It merely serves the purpose of giving management the possibility to service conversion rights and/or options, or conversion obligations established on the basis of other authorizations, with own shares instead of utilizing contingent capital. An advantage of using existing own shares is that the shareholders do not suffer any negative effects beyond the dilution that may be associated with the exclusion of subscription rights when convertible and/or warrant-linked bonds are issued. Rather, such action increases the Executive Board's flexibility by not forcing it to service convertible bonds and other instruments from contingent capital. Instead, it can also make use of own shares when doing so appears more cost-effective and in the interest of the Company and its shareholders based on the specific situation. No conversion rights and/or options or conversion obligations that could be serviced by own shares currently exist, but could be established, for example, on the basis of the authorization granted by the Annual General Meeting on July 9, 2020 to issue convertible bonds and other instruments.

The possibility to issue own shares to employees of the Company is expressly provided for in the German Stock Corporation Act. For own shares to be offered to employees, the shareholders' subscription rights with regard to such shares must be excluded. The issue of employee shares to employees of Brockhaus Technologies AG or companies of the Brockhaus Technologies Group is intended to enable employees to participate to an appropriate extent in the Group's economic success. This is a suitable measure for both documenting

the recognition of the work performed by employees and setting performance incentives with regard to future commitment and increasing identification with the Company. In determining the purchase price to be paid by the employees, a customary discount on offers of shares to employees may be granted.

Finally, the Company may cancel own shares acquired on the basis of this authorization in accordance with the motion set out in agenda item 8d (5) without this requiring another resolution by the Annual General Meeting. Alternatively, the Annual General Meeting of an enterprise is authorized to resolve the cancellation of the enterprise's fully paid-in no-par value shares without reducing the share capital pursuant to Section 237 (3) No. 3 AktG. The proposed authorization expressly provides for this alternative in addition to the cancellation with a capital reduction.

Where own shares are canceled without a capital reduction, the pro rata amount of the remaining no-par value shares of the enterprise's share capital automatically increases. The Executive Board will therefore be authorized to make the necessary amendment to the Articles of Association regarding the change in the number of no-par value shares resulting from the cancellation.

Shareholders' subscription rights regarding acquired own shares will be excluded to the extent that these shares are used pursuant to agenda item 8d (1) through (4) other than through a sale on the stock exchange or through an offer made to all shareholders. Further, where own shares are sold by way of an offer for sale to all shareholders, it will be possible to exclude shareholders' subscription rights for fractional amounts. The exclusion of subscription rights for fractional amounts is necessary in order to be able to technically execute the disposal of acquired own shares by way of an offer to the shareholders. The fractional shares for which subscription rights of shareholders are excluded will be realized for the Company on the best possible terms by means of sales on the stock exchange or otherwise. The Executive Board shall report to the Annual General Meeting on any utilization of the authorization.

Frankfurt/Main, May 2022

Brockhaus Technologies AG

The Executive Board

(Original German version signed by)

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Convenience Translation