

## **Report of the Executive Board to the Annual General Meeting on the Exclusion of Subscription Rights Set out in Agenda Item 8, Including Reasons for the Proposed Issue Price Pursuant to Sections 221 (4) Sentence 2 in Conjunction with 186 (4) Sentence 2 of the AktG**

The Executive Board's report pursuant to Sections 221 (4) sentence 2 in conjunction with 186 (4) sentence 2 of the AktG will be made available to shareholders on the Internet at

<https://www.eqs.com/de/ueber-eqs/investoren/corporate-governance/>

from the convocation of the Annual General Meeting. The report will be announced as follows:

Given the fact that the existing authorisation, cf. Sec. 4 (4) of the Articles of Association is limited to the period until 17 May 2023, the Executive Board and the Supervisory Board propose the creation of a new authorisation to issue registered convertible bonds and/or bonds with warrants, including the simultaneous creation of a Contingent Capital. The company may use this authorisation to create equity, through wholly-owned direct or indirect holding companies, if appropriate, by issuing bonds with option rights and/or conversion rights to shares of EQS Group AG. It should, at the same time, be possible to issue convertible bonds with conversion obligations. An adequate amount of equity is an essential precondition for the further development of EQS Group AG. The option to issue bonds with warrants and/or convertible bonds should provide the company with the highest possible flexibility for refinancing.

The proposed authorisation provides for the issue of registered partial bonds totalling up to EUR 200,000,000.00 with limited or unlimited maturity. Up to 3,941,125 no-par value registered shares with a notional portion in the share capital of up to EUR 3,941,125.00 should be available for that purpose. The authorisation is limited until 13 May 2026. Such bonds with warrants and/or convertible bonds (partial bonds) can exclusively be issued in Euro.

The conversion or option price to be specified for one share must be at least 80 % of the market price of EQS Group's share in the XETRA trading system (or any functionally comparable successor system which replaced the XETRA trading system). The arithmetic average of the closing prices of the company's shares during the last ten trading days prior to the date when the Board of Directors resolves on the issue of convertible bonds or bonds with warrants or on the declaration of acceptance by the company after a public invitation to submit offers for subscription shall be decisive for this purpose. For any subscription rights trade, the closing prices on the days of such subscription right trade shall be decisive, apart from the last two trading days of such subscription right trade. Section 9 (1) of the AktG remains unaffected. That ensures that the conversion or option price is in an adequate proportion to the market price of the company's share at the time the resolution on the utilisation of the authorisation to issue convertible bonds and bonds with warrants is passed.

The conversion or option price can be adapted – subject to Sec. 9 (1) of the AktG – based on an anti-dilution clause in accordance with a more detailed specification in the Bond Conditions. That can be done, e.g. by paying a corresponding amount in cash or by using the option or conversion right, by decreasing the supplementary payment or adapting the conversion ratio.

Such adaptations can be made, in particular, if the company increases its share capital during the conversion or option period or issues other convertible bonds / bonds with warrants or participation rights with conversion or option rights or grants other option rights. The Conditions may also provide for an adaptation of the option or conversion rights in case of capital decreases, share splits or a special dividend.

It is planned that the capital market be used by the company or a wholly-owned direct or indirect holding company, depending on the market situation. The convertible bonds or bonds with warrants having conversion or option rights must be offered to the shareholders for subscription. If shareholders are granted subscription rights, the shares may also be offered to a credit institution or a company operating in accordance with Sec. 53°(1) sentence (1) or Sec. 53b°(1)°sentence (1) or (7) of the KWG with the obligation to offer them to shareholders for subscription (indirect subscription right).

The Executive Board is, however, authorised, with the consent of the Supervisory Board, to exclude the subscription right in the following cases:

### ***Fractional Amounts***

The subscription right can be excluded for fractional amounts arising due to the subscription ratio. The exclusion of the subscription right for fractional amounts enables the company to use the authorisation for rounded amounts (presentation of a practicable subscription ratio) and thus facilitates the processing of the subscription right for shareholders. Any convertible bonds or bonds with warrants which are

excluded from the shareholders' subscription right as free fractions will either be sold in the stock exchange or otherwise to third parties for the best possible price.

### **Convertible Bonds**

The subscription right can be excluded, insofar as it is necessary to grant the holders of option rights and/or conversion rights already issued or still to be issued or of convertible bonds with conversion obligations a right to subscribe for shares in EQS Group AG to the extent to which they would be entitled after exercising the option and/or conversion rights or after fulfilling the conversion obligations. Owners of convertible bonds or bonds with warrants to be issued by the company or a holding company are usually granted an anti-dilution protection in certain cases (see above). In capital market practice, such anti-dilution protection is either granted by adapting the conversion or option conditions (payment of an equalisation amount in cash, decrease of any supplementary payment or adaptation of the conversion ratio) or by granting a subscription right for the new convertible bonds or bonds with warrants. In order to not be limited to the first alternative (adaptation of the conversion or option conditions) from the outset, the Executive Board should be authorised to exclude the shareholders' subscription right for the new convertible bonds and/or bonds with warrants insofar as it is necessary to grant holders of convertible bonds and/or bonds with warrants or of convertible bonds with conversion obligation, a subscription right to the extent to which they would be entitled if they had used their conversion or option rights prior to the issue of the new convertible bonds and/or bonds with warrants. This exclusion of the subscription right allows for a simplified issue and marketing of bonds.

### **Issue Price Close to the Market Price**

Finally, the subscription right can be excluded insofar as the issue price does not fall essentially below the theoretical market value determined according to financial mathematical methods. In addition, the exclusion of the subscription right pursuant to Sec. 186 (3) sentence 4 of the AktG applies only to partial bonds with rights for shares issued against cash payment which constitute a pro-rated amount in the share capital of not more than 10 % (cf. corresponding order for application of Sec. 186 (3) sentence 4 in Sec. 221 (4) sentence 2 of the AktG). This limit shall include shares which were issued or sold during the term of this authorisation by directly or appropriately applying this provision based on other authorisations. Furthermore, shares shall be included in this limit which were issued or are to be issued based on bonds with conversion or option rights which were issued according to this provision at the time of its use. This exclusion of the subscription right is necessary to enable a quick placement of bonds whenever the market environment is favourable. When granting a subscription right, a successful placement would be associated with additional efforts or could be endangered due to the long offer period, due to the uncertainty whether the subscription right will be used. The interests of the shareholders will be protected because the bonds will not be issued at an essentially lower price than the theoretical market price. The theoretical market price is to be determined based on financial mathematical methods. When determining the price, the Executive Board will keep the discount to the market price as low as possible by considering the relevant situation at the capital market. This will reduce the arithmetic market value of a subscription right to almost zero so that shareholders will not suffer a noteworthy economic disadvantage due to the exclusion of the subscription right. Each shareholder interested in maintaining their participation ratio will have the opportunity to acquire shares in the market at almost the same conditions.

Considering all circumstances, the relevant authorisation for excluding the subscription right in the limits described above, is necessary and imperative in the interest of the company. The Executive Board will exercise the authorisation only with the consent of the Supervisory Board.

The company has currently no concrete plans for using the authorisation. The Executive Board will report to the Annual Meeting about any use of this authorisation.

**Notice:** *The official version of the EQS Group AG report is in German. The English translation is provided as a convenience to our shareholders. While we strive to provide an accurate and readable version of our report in English, the technical nature of a report often yields awkward phrases and sentences. We understand this can cause confusion. So, please always refer to the German report for the authoritative version.*