



**Report of the Management Board on agenda item 8 (Resolution on the cancellation of the existing authorization and the granting of a new authorization for the acquisition of treasury shares and their utilization, including the authorization for the redemption of acquired treasury shares and capital reduction as well as for the exclusion of preemptive rights) on the reasons for the exclusion of shareholders' preemptive rights in the sale and use of treasury shares**

Under agenda item 8, the Management Board and the Supervisory Board propose to the Annual General Meeting on 6 June 2024 that the existing authorization to acquire and use treasury shares be revoked and a new authorization be created. The main purpose of the new authorization is to give the Management Board the opportunity, in addition to the existing authorizations, to acquire and use treasury shares in connection with the granting and repayment of securities loans as part of the servicing of claims from participation programs.

In accordance with section 71 (1) no. 8 sentence 5 in conjunction with section 186 (4) sentence 2 of the German Stock Corporation Act, the Management Board submits the following report on agenda item 8 of the Annual General Meeting on the reasons for the exclusion of shareholders' preemptive rights in the sale and use of treasury shares acquired in accordance with the authorization under agenda item 8 or on the basis of previous authorizations:

The Extraordinary General Meeting of the Company on 14 January 2021 granted the Management Board authorization in accordance with section 71 (1) no. 8 of the German Stock Corporation Act to acquire and use treasury shares under agenda item 3. This authorization is limited until 13 January 2026 (inclusive) and the Management Board has made partial use of the existing authorization in connection with the servicing of claims from participation programs.

The main purpose of the new authorization is to also enable the acquisition and use of treasury shares in connection with the granting and repayment of securities loans. The securities loans are to be used exclusively to service the claims arising from participation programs in order to accelerate and generally facilitate processing for the beneficiaries. The previous authorization to acquire and use treasury shares does not yet allow for this procedure. For this reason, the previous authorization is to be revoked and a new, correspondingly supplemented authorization is to be created.

In all other respects, the existing authorization and the conditions for the acquisition and use of treasury shares provided for therein are to be adopted largely unchanged in the new authorization to be created. Only the existing authorization to exclude shareholders' preemptive rights when using treasury shares to service claims of lenders under a convertible loan agreement is no longer required and is therefore not included in the new

authorization to be created, but deleted without replacement. In addition, to protect shareholders, a deduction clause is to be inserted in the new authorization to be created for the authorization to exclude preemptive rights for the purpose of servicing claims from participation programs or claims as part of share-based remuneration, which ensures that the volume of treasury shares used for these purposes and the new shares issued on the basis of various authorizations for these purposes does not exceed a total of 10% of the Company's share capital.

#### **I. Method and manner of acquiring treasury shares**

As already provided for in the previous authorization, treasury shares may be acquired via the stock exchange, by means of a public purchase offer addressed to all shareholders, by means of a public invitation to submit offers to sell and from participants in share-based participation or remuneration programs as part of the settlement of such programs. In addition to the direct acquisition from the participants of the participation or remuneration programs, in the case of the repayment of securities loans as part of the settlement of share-based participation or remuneration programs, the acquisition from a credit institution, a securities institution or a company operating in accordance with section 53 (1) sentence 1 or section 53b (1) sentence 1 or (7) of the German Banking Act (KWG), which has procured shares from the Company by way of the securities loan to service the claims from such programs and issued them to the participants, shall now be possible.

- a) Acquisition via the stock exchange or by means of a public purchase offer or a public invitation to submit offers to sell

The principle of equal treatment of shareholders pursuant to section 53a of the German Stock Corporation Act must be observed when acquiring shares via the stock exchange or by means of a public purchase offer or a public invitation to submit offers to sell. The proposed types of acquisition take account of the principle of equal treatment and only permit the exclusion of the right to offer shares in exceptional cases, which are contained identically in the previous authorization.

In particular, shareholders' tender rights may be excluded in the event of a public purchase offer or a public invitation to submit offers to sell if the number of shares tendered is oversubscribed. In this case, too, the exclusion can only take place to the extent that acceptance is in proportion to the number of shares tendered. The decisive factor in this respect is the ratio of the number of shares offered by individual shareholders to each other. In contrast, the total number of shares held by a shareholder offering shares for sale is not decisive. This is because only the shares offered are available for purchase. It would not be practicable to check the number of shares held by individual shareholders.

In addition, preferential acceptance of small quantities of up to 100 shares tendered for purchase per shareholder and – to avoid fractional shares – rounding in accordance with commercial principles may be provided for. This option serves to avoid fractional amounts when determining the quotas to be acquired and small residual holdings, thereby facilitating technical processing. In this case, the exclusion of the right to tender is necessary and appropriate to facilitate the settlement of a public purchase offer or a public invitation to submit offers to sell.

- b) Acquisition of shares from participants in share-based participation or remuneration programs

The acquisition of treasury shares from participants in the Company's share-based participation and remuneration programs is already included in the previous authorisation with identical wording. Among other things, it may be necessary in the event of a waiver or return of shares in connection with share-based participation or remuneration programs. This typically involves a small number of shares that are only acquired in very specific cases. The acquisition is restricted to participants in the share-based participation or remuneration programs and the right of other shareholders to tender shares must be excluded in this respect. The authorization serves to grant the Company sufficient flexibility with regard to the share-based participation and remuneration programs and, in particular, to enable the repurchase and reissue of shares if necessary. The protection of shareholders is taken into account by the fact that the purchase price per share may not exceed EUR 2.00, unless it is already free of charge and without consideration. This prevents excessive use of liquid funds when acquiring shares that may be issued at favorable conditions.

- c) Acquisition of shares from a credit institution, a securities institution or a company operating in accordance with section 53 (1) sentence 1 or section 53b (1) sentence 1 or (7) of the German Banking Act (KWG) for the purpose of repaying securities loans

The use of securities loans is intended to enable the Company to accelerate and simplify the settlement of claims from share-based participation and remuneration programs for participants in these programs in the future. The settlement is carried out with the involvement of a credit institution, securities institution or a company operating in accordance with section 53 (1) sentence 1 or section 53b (1) sentence 1 or (7) of the German Banking Act (KWG), which should also be able to issue existing shares to the participants of the share-based participation or remuneration programs in the future. In accordance with the corresponding authorization to use treasury shares (see the explanation below in Section II.e)), it should also be possible in the future for these existing shares to be made available by the Company by way of a securities loan. In connection with the repayment of these securities loans, the acquisition of

treasury shares must be carried out exclusively by the borrower and thus to the exclusion of any shareholder tender rights. This is ensured by this newly introduced authorization. To protect shareholders, the repurchase is limited to the number of shares required to repay the securities loan in full and the acquisition is also free of charge and without consideration from the Company.

## **II. Authorization to sell and otherwise use acquired shares**

The Management Board may use the treasury shares that have been or will be acquired on the basis of the authorization proposed for resolution under agenda item 8 or previously granted authorizations pursuant to section 71 (1) no. 8 of the German Stock Corporation Act for any permissible purpose, but in particular for the purposes listed below, with the approval of the Supervisory Board. Shareholders' preemptive rights are excluded insofar as the treasury shares are used in accordance with the authorizations listed below under a) to e), or insofar as this is necessary for the sale of treasury shares to all shareholders in order to exclude fractional amounts.

The exclusion of preemptive rights for fractional amounts is intended to create smooth preemptive ratios. The technical implementation of the sale and the exercise of preemptive rights would be considerably more difficult without the exclusion of preemptive rights for any fractional amounts. The treasury shares excluded from shareholders' preemptive rights as fractional amounts will be utilized by the Management Board either by selling them on the stock exchange or in another way that is best for the Company. The potential dilution effect is low due to the restriction to fractional amounts.

Further options for the use of treasury shares with the exclusion of shareholders' preemptive rights:

- a) The Management Board may sell treasury shares for cash in a manner other than via the stock exchange or by means of an offer to all shareholders, provided that the selling price per share is not significantly lower than the market price of the Company's shares (section 71 (1) no. 8 of the German Stock Corporation Act in conjunction with section 186 (3) sentence 4 of the German Stock Corporation Act).

This authorization, which also previously existed with identical wording, enables the Management Board to quickly and flexibly take advantage of favourable stock market situations and to achieve the highest possible resale price by setting a price close to the market. This can regularly lead to a strengthening of equity capital or open up new groups of investors. The idea of protecting shareholders against dilution is taken into account by the fact that the shares may only be sold at a price that is not significantly lower than the relevant stock market price. The final determination of the selling price for treasury shares will be made shortly before the sale. The Management Board will set any discount on the market price as low as possible in accordance with the market conditions prevailing at the time of placement and every shareholder has the

opportunity to maintain their shareholding by purchasing shares on the market at approximately the same conditions.

- b) The Management Board may sell or otherwise transfer treasury shares other than via the stock exchange or by means of an offer to all shareholders, insofar as this is done in return for non-cash contributions, in particular when acquiring companies, parts of companies or interests in companies or in the case of mergers, as well as when acquiring other assets, including rights and receivables.

The authorization is identical in wording to the previous authorization and is intended to strengthen the Company in the competition for interesting acquisition targets and enable it to react quickly, flexibly and in a liquidity-friendly manner to acquisition opportunities that arise and to end or settle appraisal proceedings in a liquidity-friendly manner. The proposed exclusion of shareholders' preemptive rights takes this into account. The decision as to whether treasury shares or shares from authorized capital are used in individual cases is made by the Management Board, guided solely by the interests of the Company and its shareholders. When valuing treasury shares and the consideration for them, the Management Board will ensure that the interests of the shareholders are adequately safeguarded. In doing so, the Management Board will take into account the stock market price of the Company's shares; a schematic link to a stock market price is not envisaged, in particular so that negotiation results once achieved cannot be called into question again by fluctuations in the stock market price.

- c) The Management Board may use treasury shares to service conversion and/or option rights or obligations arising from convertible bonds and/or bonds with warrants and/or convertible profit participation rights issued by the Company or by companies dependent on it or in which it holds a majority interest.

This authorization already exists with the same wording. The servicing of conversion and/or option rights or obligations from convertible bonds and/or bonds with warrants and/or convertible profit participation rights is typically carried out by issuing shares from the Conditional Capital 2021 created for this purpose. However, the Company should also be given the flexibility to service such conversion and/or option rights or obligations by using treasury shares if this is preferable in the interests of the Company. In this case, treasury shares can only be issued to the holders of convertible bonds and/or bonds with warrants and/or convertible profit participation rights and shareholders' preemptive rights must be excluded in order to ensure that the conversion and/or option rights or obligations are serviced. This does not result in an increased dilution of shareholders because the Conditional Capital 2021 only permits the issue of shares to the extent that the claims are not serviced by other forms of fulfillment.

- d) The Management Board may use treasury shares to the extent necessary to grant holders or creditors of conversion and/or option rights from convertible bonds and/or bonds with warrants and/or convertible profit participation rights issued by the Company or by companies dependent on it or in which it holds a majority interest or, in the case of the Company's own conversion rights, to grant those obliged to do so, a preemptive right to shares to the extent to which they would be entitled after exercising the conversion or option rights or after fulfilling conversion or option obligations.

This authorization corresponds to the wording of the previous authorization. In order to facilitate placement, the terms and conditions of the aforementioned bonds regularly provide for dilution protection, which grants the holders or creditors a preemptive right to new shares in the event of subsequent share issues and certain other measures. This puts them in the same position as if they were already shareholders. In order to provide the bonds with such dilution protection, shareholders' preemptive 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 for the Company. In addition, the exclusion of preemptive rights in favour of the holders or creditors of bonds has the advantage that, if the authorization is exercised, the option or conversion price for the holders or creditors of existing bonds does not need to be reduced in accordance with the respective terms and conditions of the bonds. This enables a higher inflow of funds and is therefore in the interests of the Company and its shareholders.

- e) The Management Board may use treasury shares as part of participation programs and/or as part of share-based remuneration. The transfer of shares or a commitment or agreement to transfer shares may only be made to persons who participate in the participation program as a member of the Company's Management Board, as a member of the management of a company dependent from the Company or as an employee of the Company or of a company dependent from the Company and/or as a service provider of the Company or of a company dependent from the Company or to whom the share-based remuneration is or was granted as a member of the Company's Management Board, as a member of the management of a company dependent from the Company or as an employee of the Company or of a company dependent from the Company and/or as a service provider of the Company or of a company dependent from the Company, or to third parties who transfer the beneficial ownership and/or the economic benefits from the shares to these persons. In particular, a transfer to the aforementioned persons may also be made at reduced prices and/or without separate consideration. In connection with the settlement of participation programs and/or as part of a share-based payment, treasury shares may also be used to provide a credit institution involved in the settlement, a securities institution or a company operating in accordance with section 53 (1) sentence 1 or section 53b (1) sentence 1 or (7) of the German

Banking Act (KWG) with shares by way of a securities loan to service the claims arising from such programs. Insofar as shares are to be granted to members of the Company's Management Board within the scope of this authorization, also in connection with a securities loan, the Supervisory Board of the Company shall decide on the allocation in accordance with the allocation of responsibilities under stock corporation law.

The exclusion of preemptive rights in the context of servicing entitlements from participation programs or share-based remuneration is already included in the previous authorization, which was supplemented in particular to the effect that treasury shares can also be acquired and used to grant and repay securities loans. In this context, the exclusion of preemptive rights is in the interests of shareholders, as it enables the Company to attract and retain competent and committed individuals as employees or managers for the Company and its subsidiaries. Share-based participation programs and share-based remuneration make it possible to align the interests of the participants in these programs with the interests of the shareholders in order to increase the value of the Company. The participation of the management and key employees of the Company and its subsidiaries in the economic risks and opportunities of the respective business operations is an important component of an internationally competitive remuneration system and an appropriate incentive for employees and management personnel. The use of treasury shares facilitates the swift and simplified servicing of claims, which also protects the Company's liquidity and enables a continuous balancing of interests.

The authorization proposed for resolution under agenda item 8 provides, in addition to the previous authorization, that treasury shares may also be made available to a credit institution involved in the settlement, a securities institution or a company operating in accordance with section 53 (1) sentence 1 or section 53b (1) sentence 1 or (7) of the German Banking Act (KWG) by way of a securities loan. This additional authorization is intended to enable accelerated servicing of claims in the future as part of the settlement of participation programs and/or as part of share-based remuneration. The use of existing shares, which are made available by the Company by means of a securities loan for the purpose of servicing the claims from such programs, avoids disadvantageous waiting periods for the participants, which arise due to the necessary creation of new shares from authorized capital. The repayment of the securities loan is ensured by the corresponding authorization to acquire treasury shares (see the explanation above in Section I.c)). The Company can thus structure the servicing of claims from participation programs and/or as part of share-based remuneration more flexibly in the future, while continuing to preserve liquidity. Overall, the exclusion of shareholders' preemptive rights is therefore objectively justified and proportionate, taking into account the interests of the Company and the shareholders as well as the purpose and means.

Taking into account all the circumstances described above, the exclusion of preemptive rights is necessary, suitable, appropriate and in the interests of the Company within the limits described.

If the Management Board makes use of the option to acquire treasury shares and/or use them while excluding shareholders' preemptive rights during a financial year, it will report on this at the following Annual General Meeting.

### **III. Redemption of treasury shares**

With the approval of the Supervisory Board, treasury shares can be redeemed in whole or in part without a further resolution by the Annual General Meeting. The redemption is carried out by means of a simplified procedure by reducing the share capital or in such a way that the share capital remains unchanged and the arithmetical share of the remaining shares in the share capital is increased in accordance with section 8 (3) of the German Stock Corporation Act. If the shares are redeemed using the simplified procedure without reducing the share capital, the Supervisory Board is authorized to adjust the number of shares in the Articles of Association.

### **IV. Other regulations**

The authorization may be exercised in full or in part, on one or more occasions, by the Company or by companies dependent from it or in which it holds a majority interest; the authorization may also be exercised by third parties acting on behalf of the Company or for the account of companies dependent from it or in which it holds a majority interest. Shareholders' preemptive rights to these treasury shares are excluded insofar as these shares are used in accordance with the above authorizations or insofar as this is necessary to exclude fractional amounts in the event that treasury shares are sold to all shareholders.

The exclusion of preemptive rights for fractional amounts was added to the new authorization. This is a standard market provision that is intended to create smooth preemptive ratios. Without the exclusion of preemptive rights for any fractional amounts, the technical implementation of the sale and the exercise of preemptive rights would be considerably more difficult. The treasury shares excluded from the preemptive right as fractional amounts will be utilized by the Management Board either by selling them on the stock exchange or in some other way in the best possible way for the Company. The possible dilution effect is low due to the restriction to fractional amounts, so that the exclusion of preemptive rights is justified overall in this context.

The pro rata amount of the share capital attributable to treasury shares used in exercising the authorization to use treasury shares to service entitlements from participation programs and/or share-based remuneration with the exclusion of preemptive rights may not exceed a total of 10% of the share capital, either at the time this authorization becomes effective or at the time it is exercised. This 10% limit shall include the proportionate amount of the share capital attributable to shares issued or transferred during the term of this authorization from authorized capital or



conditional capital, including on the basis of a securities loan, to members of the Company's Management Board, members of the management of a company dependent from it or employees of the Company or a company dependent from it and/or to service providers of the Company or a company dependent on it as part of participation programs and/or as part of share-based remuneration.

Berlin, April 2024

**AUTO1 Group SE**

*Christian Bertermann*

*Markus Boser*

---

**Christian Bertermann**  
Chairman of the Management Board

---

**Markus Boser**  
Member of the Management Board