TRANSFORMATION REPORT

of the Management Board of Scout24 AG, Munich

submitted re agenda item 8
of the Annual General Meeting of Scout24 AG
on 8 July 2021

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1. INTRODUCTION

1.1 Overview

Scout24 AG (**S24 AG** or the **Company**), with its registered office in Munich, is to be transformed from a stock corporation under German law (*Aktiengesellschaft*) into a European stock corporation (European Company – *Societas Europaea*, hereinafter also the **SE**), a supranational legal form under European law. For this purpose, the management board of S24 AG has drawn up Terms of Transformation to which the articles of association of the SE are attached as an annex. These Terms of Transformation, including the articles of association of the SE, were notarized on 17 May 2021 (deed of Notary Prof Dr Wicke with office in Munich, register of deeds no. W01889/21).

The transformation into an SE is effected pursuant to Article 37 in conjunction with Article 2 (4) of Council Regulation (EC) No. 2157/2001 on the Statute for a European Company (the **SE Regulation**). In addition, the German Act on the Implementation of Council Regulation No. 2157/2001 of 8 October 2001 on the Statute for a European Company of 22 December 2004 (*Gesetz zur Ausführung der Verordnung (EG) Nr. 2157/2001 des Rates vom 8. Oktober 2001 über das Statut der Europäischen Gesellschaft (SE)*; **SEAG**) as well as individual provisions of the German Stock Corporation Act (*Aktiengesetz*; **AktG**) and of the German Transformation Act (*Umwandlungsgesetz*; **UmwG**) apply.

Pursuant to Article 37 (7) of the SE Regulation, the Terms of Transformation requires the approval and the articles of association requires the authorization of the general meeting of S24 AG. The management board therefore proposes to the general meeting on 8 July 2021 under agenda item 8 to approve the Terms of Transformation dated 17 May 2021 and to authorize the articles of association of Scout24 SE (**S24 SE**) attached as an annex to the Terms of Transformation. The supervisory board of S24 AG consented by basic resolution to the transformation project at its meeting on 22 February 2021 and passed a resolution proposal to that effect on 14 may 2021 to be submitted to the general meeting. The details of the resolution proposals of the management board and the supervisory board will be set out in the notice of the general meeting, which is scheduled for publication in the German Federal Gazette (*Bundesanzeiger*) (www.bundesanzeiger.de) for the week from 24 May 2021 and will then be available online.

The identity of the entity concerned will be preserved in the course of transformation. This means that the transformation will neither lead to a dissolution of S24 AG nor to the formation of a new legal entity. The shareholders' interests will therefore continue to exist. It is intended that the Company continue to maintain its registered office and head office in Germany.

S24 SE is to have a management board (management organ within the meaning of Article 38 (b) 1st alternative of the SE Regulation) and a supervisory board (supervisory organ within the meaning of Article 38 (b) 1st alternative of the SE Regulation). The involvement of the employees of an SE that has its registered office in Germany is governed by the German Act on the Involvement of Employees in European Companies of 22 December 2004 (*Gesetz über die Beteiligung der Arbeitnehmer in einer Europäischen Gesellschaft*; **SEBG**), which implements Council Directive No. 2001/86/EC of 8 October 2001 supplementing the statute for a European company with regard to the involvement of employees (**SE Involvement Directive**). Among other things, the SEBG stipulates that the participation of employees in the supervisory board of an SE and the procedure for the information and consultation of employees may be determined by way of an agreement (the **Agreement on Employee Involvement**). The German Act on Employees' One-Third Participation in Supervisory Boards (*Gesetz über die Drittelbeteiligung der Arbeitnehmer im Aufsichtsrat*) of 18 May 2004, also referred to as One-Third Participation Act (*Drittelbeteiligungsgesetz*), and the German Employee Participation Act (*Mitbestimmungsgesetz*) of 24 May 1976 do not apply.

1.2 Purpose of the present report, additional documents

Pursuant to Article 37 (4) of the SE Regulation, the management board of S24 AG submits this report explaining and justifying the legal and economic aspects of the transformation and indicating the implications for the shareholders and for the employees of the adoption of the form of an SE.

All information in this report is current to the date this report is signed, unless otherwise indicated.

The Terms of Transformation, including the articles of association of S24 SE, and this report will be made available on the website https://www.scout24.com/en/investor-relations/annual-general-meeting and will also be available for inspection during the general meeting. The same applies to the certificate issued by the court-appointed independent expert, Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Jochen Breithaupt, *Wirtschaftsprüfer*, Cecilienallee 6-7, 40474 Düsseldorf, pursuant to Article 37 (6) of the SE Regulation dated 18 May 2021 and for the annual financial statements and the consolidated financial statements of S24 AG for the financial years 2020, 2019 and 2018 as well as the combined management reports of S24 AG and the group for the financial years 2020, 2019 and 2018.

2. S24 AG

2.1 Overview

S24 AG is the ultimate holding company of the Scout24 group. In addition, the Company manages the group of companies, defines the strategic objectives of the group and ensures a coordinated business policy of the group companies.

S24 AG currently has eleven direct and indirect subsidiaries or investees, eight in Germany, two in Austria and one in Switzerland.

List of shareholdings held by Scout24 AG pursuant to Section 313 (2) nos 1 to 4 of the German Commercial Code (*Handelsgesetzbuch*; **HGB**)

		%	Full consolidation (F) Equity method (E) 30 April 2021
Scout24 Beteiligungs SE[1]	Bonn (Germany)	100.00%	F
Consumer First Services GmbH[1,2]	Munich (Germany)	100.00%	F
Immobilien Scout GmbH[1]	Berlin (Germany)	100.00%	F
Immobilien Scout Österreich GmbH	Vienna (Austria)	100.00%	F
FlowFact GmbH[1,3]	Cologne (Germany)	100.00%	F
Flow Fact Schweiz AG	Olten (Switzerland)	100.00%	F
immoverkauf24 GmbH	Hamburg (Germany)	100.00%	F
immoverkauf24 GmbH Österreich	Mödling (Austria)	100.00%	F
PWIB Wohnungs-Infobörse GmbH	Planegg (Germany)	100.00%	F
Energieausweis48 GmbH	Cologne (Germany)	50.00%	E
eleven55 GmbH	Berlin (Germany)	25.00%	E
Scout24 Wertpapierspezialfonds[4]	n/a	n/a	n/a

[1] The entity made use of the exemption pursuant to Section 264 (3) HGB and filed the relevant requisite documents with the German Federal Gazette for publication.

[2] For the financial year 2019, the entity made use of the exemption pursuant to Section 264 (3) HGB and filed the relevant requisite documents with the German Federal Gazette for publication.

[3] FlowFact GmbH holds 7.1% of its share capital as treasury shares.

[4] In the case of the consolidated structured entity, Scout24 determines the main relevant activities, even in the absence of an equity investment, and thereby influences its own variable returns.

The Scout24 group organization is focused on the target markets, customer needs and internal requirements. The registered office of S24 AG is in Munich.

In 2020, the group achieved revenue of EUR 353.8 million. The consolidated earnings attributable to the shareholders of the parent company were EUR 2,367.1 million and S24 AG's net profit for the year was EUR 2,564.5 million. The group's equity amounted to EUR 2,813.8 million as at 31 December 2020 and total equity and liabilities to EUR 3,520.4 million. As at 31 December 2020, S24 AG's equity amounted to EUR 3,120.1 million and total equity and liabilities to EUR 6,193.3 million. As at 31 December 2020, the Scout24 group had 788 employees, 185 of which are employees of S24 AG.

2.2 Corporate history and development

The Company was founded in 1998 by Beisheim Holding Schweiz AG.

In 1999, the group expanded and launched FinanceScout24, JobScout24 and FriendScout24. In 2001, numerous other company locations were established, including in Italy and Spain. Just one year later, TravelScout24 went online. At that time, the individual marketplaces were already bundled under the umbrella brand, Scout24.

In 2007, Deutsche Telekom AG became the sole shareholder of the group and integrated the various marketplaces into the Scout24 holding company.

The JobScout24 activities were sold in 2011, with the trademark rights remaining with the Scout24 group.

At the beginning of 2014, Deutsche Telekom AG sold 70% of its Scout24 shares to Hellman & Friedman LLC. Following this sale, steps were taken to streamline the business and product portfolio. The S24 Group developed from a holding structure combining individual, independently managed operations into a fully integrated group with shared central functions and knowledge and best practice standards across all business segments for ImmobilienScout24 and AutoScout24. In the course of this concentration, Scout24 Schweiz, FriendScout24, Spontacts and Property Guru were sold. At the same time, various strategic acquisitions were made. These include Immobilien.net, a leading digital real estate marketplace in Austria, and FlowFact, a developer and provider of software solutions for customer relationship management for real estate agents.

S24 AG was included in the SDAX at its IPO on 1 October 2015. Since then, the S24 shares have been traded in the Prime Standard segment of the Frankfurt Stock Exchange.

The group continued to grow – in particular, through strategic acquisitions in new European markets. In 2016, Scout24 further expanded its reach in the German-speaking region with the acquisition of two real estate portals, my-next-home.de and immodirekt.at, among others.

In June 2018, S24 AG was admitted to the MDAX of Deutsche Börse, making it one of the 60 largest companies below the DAX.

In August 2018, S24 AG acquired FINANZCHECK.de, one of the leading platforms for consumer financing in Germany.

In December 2019, S24 AG sold 100% of the shares in AutoScout24, FinanceScout24 and Finanzcheck to the financial investor Hellman & Friedman. The transaction was completed at the end of March 2020.

After the sale of AutoScout24, the Company will now fully focus on ImmoScout24 to build a comprehensive ecosystem for rent, purchase and commercial real estate in Germany and Austria.

In July 2020, S24 AG acquired 100% of the shares in immoverkauf24. The real estate portal advises and supports home owners in selling their property and operates digital platforms in Germany, Austria and Switzerland.

2.3 Business model and structure

(a) Business model

The Scout24 group operates the leading digital marketplace ImmoScout24. On this marketplace, the Scout24 group brings together a wide range of listings with large numbers of consumers which generate traffic on the digital marketplace with their search queries. In addition, the Scout24 group offers its customers and consumers individual supplementary products and services along purchase/sale transactions or rental transactions. This way the Scout24 group further developed its digital marketplace into a digital market network.

On the one hand, this allows the Scout24 group to offer users a successful seamless digital experience. On the other hand, this is to provide useful insights into users' future needs in order to continuously improve the Scout24 group's offer.

ImmobilienScout24 is the number one real estate advertising portal in Germany, based on the number of listings and traffic. In terms of traffic, the Scout24 group averages 13.5 million unique monthly visitors (UMV). With the platforms ImmobilienScout24.at and Immobilien.net, the Scout24 group also operates a leading real estate advertising portal in Austria. The Austrian portal Immodirekt.at has also been part of the Scout24 group since 2016.

(b) Business performance of the Scout24 group

The following financial data of the Scout24 group do not include the subsidiary AutoScout24, which was sold with effect as of 1 April 2020, up to the date of its disposal. The Scout24 group was able to increase revenue by 1.2% to EUR 353.8 million in 2020. The group's ordinary operating EBITDA was EUR 212.3 million. The group's ordinary operating EBITDA margin reached 60%.

Key financials

EUR million	FY 2020[1]	FY 2019[1]	Change
Group revenue	353.8	349.7	+1.2%
Ordinary operating EBITDA[2] (including group functions/consolidation/other)	212.3	209.3	+1.4%
Ordinary operating EBITDA margin[3] in %	*60.0%*	*59.9%*	*+0.1pp*
EBITDA	198.3	163.7	+21.1%
Earnings per share (basic, continuing operations)	1.00	0.59	+69.5%
External revenue of ImmoScout24	353.5	349.8	+1.1%
of which Residential Real Estate segment	253.4	244.9	+3.5%
of which with residential real estate partners	176.2	165.6	+6.4%
of which with consumers	77.2	79.3	-2.7%
of which Business Real Estate segment	69.1	69.6	-0.7%
of which Media & Other segment	31.0	35.3	-12.1%
Ordinary operating EBITDA[2] (without group functions/consolidation/other)	221.3	217.6	+1.7%
of which Residential Real Estate segment	160.1	154.8	+3.4%
of which Business Real Estate segment	49.2	48.9	+0.7%
of which Media & Other segment	12.0	13.9	-13.9%
Ordinary operating EBITDA margin[3] in %	*62.6%*	*62.2%*	*+0.4 pp*

of which Residential Real Estate segment	*63.2%*	*63.2%*	*+0.0 pp*
of which Business Real Estate segment	*71.2%*	*70.2%*	*+1.0 pp*
of which Media & Other segment	*38.7%*	*39.5%*	*–0.8 pp*
Own work capitalized	21.9	14.0	+57.1%
Own work capitalized as % of revenue	*6.2%*	*4.0%*	*+2.2 pp*

[1] The figures presented in this table refer only to the continuing operations of the Scout24 Group.

[2] Ordinary operating EBITDA refers to EBITDA adjusted for non-operating effects, which mainly include expenses for share-based payments, M&A activities (realized and unrealized), reorganization and other non-operating effects.

[3] The ordinary operating EBITDA margin of a segment is defined as ordinary operating EBITDA as a percentage of external segment revenue.

Non-Financial Performance Indicators

EUR million	FY 2020	FY 2019	Change
IS24.de listings[4]	416,973	434,116	-3.9%
IS24.de monthly users (million)[5]	13.8	13.5	+2.1%
IS24.de monthly sessions (million)[6]	101.4	94.4	+7.4%

[4] Source: ImmoScout24.de; listings in Germany (average as of the end of the month).

[5] Unique monthly visitors to ImmoScout24.de (average of the individual months), irrespective of how often they visit the marketplace during the month and irrespective of how many different platforms (desktop and mobile) they use; source: AGOF e.V.

[6] Number of all monthly visits (average of the individual months) in which individual users interact with the website or app via a device; a visit is considered completed if the user is inactive for 30 minutes or more.

2.4 Registered office, head office, financial year and purpose of the Company

(a) Registered office, head office, financial year

S24 AG is a stock corporation under German law having its registered office and head office in Munich, Germany. It is registered in the commercial register of the Local Court (*Amtsgericht*) of Munich under HRB 220696. Its business address is Bothestraße 13-15, 81675 Munich, Germany; this is also the address of the Company's head office. The financial year of the Company is the calendar year.

(b) Purpose of the Company

(i) The purpose of the Company shall be the acquisition, holding, managing and selling of interests in enterprises – in Germany and abroad – of any legal form which are active in the field of online/internet services, as well as all measures which relate to the activities of a holding company with group-management functions, especially rendering management and other advisory services against consideration *vis-à-vis* affiliated companies, as well as activities in the field of online/internet businesses in Germany and abroad.

(ii) The Company may directly and indirectly engage in all activities which are suitable for serving the purpose of the Company. Further, the Company may, in particular, establish branches and other enterprises in Germany and abroad. Furthermore, the Company may limit its activities to a part of the fields of activity mentioned in lit. 2.4(b)(i) above.

2.5 Supervisory board, management board and representation

The supervisory board of S24 AG currently consists of six members who are elected by the general meeting. It comprises the following members: Dr Hans-Holger Albrecht (chair), Frank H. Lutz (deputy chair), Dr Elke Frank, Christoph Brand, André Schwämmlein and Peter Schwarzenbauer.

Pursuant to article 6 (1) sentence 1 of the articles of association, S24 AG's management board consists of no less than two members. The number of management board members is determined by the

supervisory board. The management board of S24 AG comprises the following four members: Tobias Hartmann (Chief Executive Officer), Dr Dirk Schmelzer, Dr Thomas Schroeter and Ralf Weitz.

Pursuant to article 7 (1) sentence 1 of the articles of association, S24 AG is represented by a member of the management board if the supervisory board has granted such member the authority to represent the Company alone; otherwise, the Company is represented by two members of the management board or by one member of the management board acting jointly with a procuration officer (*Prokurist*).

2.6 Capital and shareholders

The share capital of S24 AG amounts to EUR 92,100,000.00 and is divided into 92,100,000 no-par value shares (*Stückaktien*) (ISIN DE000A12DM80). Article 4 (6) of the articles of association provides for authorized capital to be used by 17 June 2025, in the amount of EUR 32,280,000.00. Pursuant to article 4 (7) of the articles of association of S24 AG, the share capital has been conditionally increased by up to EUR 10,760,000 by the issuance of up to 10,760,000 new no-par value registered shares. The conditional capital increase will be implemented only to the extent that the option or conversion rights which are issued or guaranteed by 20 June 2023 on the basis of the authorization resolution by the annual general meeting on 21 June 2018 are made use of or are fulfilled by those obligated. No use was made of this authorized and conditional capital at the time of the resolution on the Terms of Transformation and the notarization of the Terms of Transformation and at the time of signing this Report.

Pursuant to article 14 (3) sentence 1 of the articles of association, each share grants one vote. Thus, 92,100,000 votes (total number of voting rights) currently exist.

S24 AG holds 7,118,775 treasury shares, which corresponds to approximately 7.73% of the current share capital. The Company is not entitled to any rights (including voting rights) under the treasury shares (Section 71b AktG). The remaining approximately 92.27% of the S24 shares are in free float. Such free float is primarily held by institutional shareholders.

The S24 shares are represented by a global certificate. The existing global certificate will become incorrect upon the transformation of S24 AG into an SE (*cf.* Section 7.4 of this report). The global share certificates are to be represented by a new global certificate issued by S24 SE.

2.7 Employees and participation

As at 31 December 2020, the Scout24 group had 788 employees and S24 AG had 185 employees.

The supervisory board of S24 AG consists of six members, all of which are shareholder representatives (see Section 2.5 of this report).

3. MATERIAL ASPECTS OF THE TRANSFORMATION

3.1 Material reasons for the transformation

The Scout24 group regards itself as a leading European digital corporate group. The majority of its clients, service providers and licensees are located in Europe. Diversity is already an integral part of the group's open corporate culture, which is practiced by its employees from more than 50 countries. The Company's legal form should also reflect this.

As a supranational legal form, the SE stands for a modern company with an international reach, and simultaneously promotes in particular an international corporate culture. It promotes the perception of the Scout24 group as an open and growing business. The change of legal form will also support the formation of a sustainable corporate identity and further strengthen staff identification with the Scout24

group, including for those domiciled abroad. Moreover, by choosing the legal form of the SE the Company will be able to ensure that its employee participation structures continue to be tailored so as to fit its corporate structure. Lastly, the legal form of the SE is attractive for both international customers and qualified employees.

Positioning S24 AG as a future-oriented European technology group and the broadly positive perception of this modern legal form in capital markets are arguments in favor of the transformation.

3.2 Alternatives

As part of the preparations for the change of legal form, the management board of S24 AG has extensively considered potential alternatives. This analysis led to the conclusion that there are currently no reasonable alternatives to the SE to achieve the targets set, in particular with regard to choosing a supranational legal form and maintaining and developing an efficient corporate governance structure.

The legal form of the SE is the only supranational legal form currently available which allows to continue listing. Since the SE is very close to a German stock corporation in terms of its structure and functionality (e.g. its capital and the rights attaching to the shares and shareholders' rights), the change of legal form to an SE will result in only limited changes also from the perspective of the shareholders.

Instead of changing the legal form, the formation of an SE could have also taken place by cross-border merger pursuant to Article 2 (1) of the SE Regulation, however, this procedure would have been legally more complex. It therefore follows from the above that the change of legal form to an SE is the only feasible way for adequately implementing the targets set.

3.3 Costs of transformation

The management board of S24 AG estimates that the costs for the transformation of the Company into an SE will not exceed an amount of EUR 1,500,000. This amount includes in particular the costs for preparatory measures, the transformation audit by the court-appointed auditor, the notarization of the Terms of Transformation, the registration, external legal advice, the necessary publications, the procedure for employee involvement as well as the conversion of the stock exchange listing of the S24 AG shares – to S24 SE shares.

4. COMPARISON OF STRUCTURAL ELEMENTS, IN PARTICULAR OF THE LEGAL POSITION OF THE SHAREHOLDERS OF S24 AG AND S24 SE

Prior to presenting the Terms of Transformation (*cf.* Section 6.1 of this Report), the articles of association of S24 SE (*cf.* Section 6.2 of this Report) and the implications of the transformation (*cf.* Section 7 of this Report) we will set out below a comparison of certain material structural features of the current S24 AG and the future S24 SE, with the main focus on shareholders' rights and corporate governance structures.

4.1 Introduction

The SE is a supranational legal form under European law. As can be derived from Article 1 (1) of the SE Regulation, the SE is a legal form for commercial enterprises within the territory of the European Community (and ultimately also within the wider territory of the European Economic Area (**EEA**) as a whole).

Pursuant to Article 10 of the SE Regulation, an SE will be treated in each member state – subject to the provisions of the SE Regulation – as a stock corporation established under the laws of the member state in which the SE's registered office is situated. The legal relationships of S24 SE, the rights of its shareholders and its corporate governance regime are determined by (i) the provisions of the SE Regulation, which is directly applicable in all member states, (ii) the SEAG as the German act

implementing the SE Regulation, (iii) the statutory provisions applicable to German stock corporations, in particular the provisions of the German Stock Corporation Act (*cf.* in particular the reference in Article 9 (1) (c) (ii) of the SE Regulation), and (iv) the articles of association of S24 SE. Since S24 SE is treated as a stock corporation – subject to the provisions of the SE Regulation –, the provisions of commercial, tax and capital markets law currently applicable to S24 AG will also continue to apply to S24 SE.

The involvement of the employees, including the so-called entrepreneurial participation (*unternehmerische Mitbestimmung*) (*i.e.* the participation in the supervisory organ of the SE) is governed by the "Arrangement for Employee Involvement in S24 SE" to be concluded between S24 AG and the special negotiating body (**S24 Agreement on Employee Involvement**) (see Section 6.1(f) of this Report).

4.2 General provisions

(a) Legal personality

In the same way as a stock corporation (*Aktiengesellschaft*) under German law (an **AG**), the SE also has legal personality. It is a legal entity and as such may carry its own rights and obligations (Article 1 (3) of the SE Regulation).

(b) Share capital, share structure

The capital of an SE is divided into shares and is expressed in euro (Article 1 (2), Article 4 (1) of the SE Regulation). The minimum capital of an SE is EUR 120,000 (Article 4 (2) of the SE Regulation) and is thus higher than the minimum capital of EUR 50,000 that is required by law for an AG.

The share capital of S24 SE will be equivalent to that of S24 AG immediately prior to the effective date of transformation (*cf.* Section 6.1(c) of this Report).

As regards the possibilities of structuring the shares, no changes will result from the transformation into an SE either, as Article 5 of the SE Regulation ultimately refers to the German Stock Corporation Act. However, since the name of the issuer of the share certificate will change as a result of the transformation of S24 AG into an SE, the global share certificate will become incorrect in this respect and will therefore be exchanged. See Sections 2.6 and 7.4 of this Report.

(c) Registered office of the company and option to transfer the registered office abroad

As is the case with an AG, the registered office of the SE is determined in the articles of association. It is intended that the Company continue to maintain its registered office and head office in Germany. The registered office of S24 SE will also be in Munich. The registered office of an AG and an SE may only be transferred by way of an amendment to the articles of association because it is mandatory that it is provided for in the articles of association. It is disputed whether the transfer abroad of an AG's registered office with the company preserving its identity is permissible. By contrast, an SE may transfer its registered office to another member state of the European Union (**EU**) or the EEA using a procedure stipulated by law without having to be wound up (Article 8 of the SE Regulation). In this event, however, the SE would be required to offer those of its shareholders who declare their objection to the transfer resolution for recording in the relevant minutes to purchase their shares in return for an appropriate cash settlement amount (Section 12 (1) SEAG).

(d) Notification requirements

The provisions of the German Securities Trading Act (*Wertpapierhandelsgesetz*; **WpHG**) and of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (**MAR**) will also apply to the future S24 SE due to its listing. This is the case in particular for the provisions on insider law (Articles 7 *et seq.* MAR) and on the requirements regarding voting rights notifications (Sections 33 *et seq.* WpHG). As would have been the case for S24 AG, under Section 44 WpHG the shareholders of S24 SE will lose certain of their shareholders' rights if notification requirements are not met. The change of legal form thus does not lead to any changes in this respect. Nor will the transformation of S24 AG into an SE result in any change in the applicable provisions of takeover law.

4.3 Formation of the company

The formation of an SE will be governed, subject to the provisions of the SE Regulation, by the law applicable to stock corporations in the member state in which the SE establishes its registered office (Article 15 (1) of the SE Regulation). The formation of S24 SE is therefore generally governed by the laws applicable to the formation of the AG. In a transformation, the founder will be the entity changing its legal form, *i.e.* in the present case S24 AG.

In the event of a transformation involving a change of legal form to that of an SE, the formation provisions of stock corporation law (adoption of articles of association, formation expenses, formation report, formation audit, application for registration of the company, examination by the court, registration in the commercial register, etc.) will be modified or superseded by the provisions of Article 37 of the SE Regulation. The details of this formation procedure are described in Section 5 of this Report.

4.4 Legal relationships affecting the company and the shareholders

In an AG, the share capital must not only have been raised at the time of its formation but must also be maintained thereafter. This is the purpose of Sections 56 *et seq.* AktG. The company is not permitted to underwrite its treasury shares (Section 56 AktG) nor repay capital contributions to the shareholders (Section 57 AktG). The appropriation of the annual net profits of an AG is governed by Section 58 AktG. Section 58 (1) through (3) contains provisions on the setting up of reserves, while Section 58 (4) deals with the appropriation of profits. Supplementing the preceding provisions, Section 59 AktG permits advance payments from retained earnings only in special circumstances. Pursuant to Section 60 (1) AktG, the portion of the profits of the company attributable to the shareholders will generally depend on their shares in the share capital. However, Section 60 (3) also offers the option to stipulate a different way of distributing the profits in the articles of association. Pursuant to Sections 71 through 71d AktG, the purchase of treasury shares is also only possible in special circumstances. Since all of these provisions serve to maintain the capital of the company, they are also applicable pursuant to Article 5 of the SE Regulation to an SE that has its registered office in Germany, so that the transformation of S24 AG into an SE will not result in any changes in this regard.

In an AG, all shareholders must be treated equally under equal circumstances (Section 53a AktG). No corresponding provision is contained in the SE Regulation. Through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, however, the principle of equal treatment also applies to an SE that has its registered office in Germany, so that the transformation will not result in any changes in this regard either.

4.5 Constitution of the company

(a) Choice between two-tier and one-tier system

One aspect where the SE is different from the AG is the greater flexibility in its corporate governance regime, *i.e.* in the structures for managing and supervising the company. For an SE, there is a choice between a one-tier and a two-tier system. While in a two-tier system there are two administrative organs, one of which manages the business and the other supervises the management, in a one-tier system there is only one administrative organ that manages the company, determines the basic principles of its activities and supervises their implementation (*cf.* Section 22 (1) SEAG). In contrast, for an AG only the two-tier system involving the management board as the management organ and the supervisory board as a supervisory organ is permitted.

The articles of association of S24 SE provide for a two-tier system for the company comprising a management organ (management board) and a supervisory organ (supervisory board), so that the transformation will not result in a fundamental change in the Company's corporate governance regime. The change of legal form merely entails some changes of details that are to be explained below.

(b) Management board

(i) Management of the company

As regards the management of the future S24 SE, the transformation into an SE will not result in any changes. Pursuant to Article 39 (1) sentence 1 of the SE Regulation, the management organ (*i.e.* the management board) is responsible for managing the SE. This stipulation is equivalent to Section 76 (1) AktG in terms of content.

(ii) Size and composition of the management board

The management board of an AG generally consists of one or more persons (Section 76 (2) sentence 1 AktG), with Section 76 (2) sentence 2 AktG additionally requiring that, in a company with a share capital exceeding EUR 3 million, the management board must consist of at least two persons unless the articles of association provide otherwise.

The management board of an SE with a share capital exceeding EUR 3 million must also consist of at least two persons unless the articles of association provide otherwise (Section 16 SEAG). The articles of association of S24 SE provide that the management board must consist of at least two persons but that the supervisory board may determine a higher number of management board members (*cf.* article 6 (1) sentence 1 of the articles of association of S24 SE). It is expected that after the transformation – and provided the relevant individuals will be appointed by the first supervisory board of S24 SE (*cf.* Section 5.7 of this Report) – the management board of S24 SE will consist of: Tobias Hartmann (Chief Executive Officer), Dr Dirk Schmelzer, Dr Thomas Schroeter and Ralf Weitz.

The supervisory board's obligation under Section 111 (5) AktG to set a target for the proportion of women on the management board also applies, pursuant to Article 9 (1) (c) (ii) of the SE Regulation, to an SE with a two-tier structure. The transformation into a SE will not result in any changes in this regard either.

(iii) Management

As with the AG, the principle of joint management by all management board members also applies to the SE, unless the articles of association or the rules of procedure provide otherwise. Moreover, the principle under German stock corporation law according to which differences of opinion within the management board cannot be

decided by one or more members against the majority of the members of the management board applies (Article 9 (1) (c) (ii) of the SE Regulation in conjunction with Section 77 (1) sentence 2 AktG). In the event of a tie, the chairman of the management board has a casting vote unless the articles of association provide otherwise (Article 50 (2) sentence 1 SE Regulation). The articles of association of S24 SE provide that if the management board consists of more than two members, the chairman will have the casting vote in case of a tie of votes (article 8 (4) sentence 2 of the articles of association of S24 SE). See Section 6.2(i) of this Report for further information.

(iv) Representation of the company

Since the SE Regulation does not contain any representation provisions specific to the SE, the provisions of the German Stock Corporation Act and/or the articles of association of the SE will apply through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation. As is the case with the articles of association of S24 AG, the articles of association of S24 SE provide that the company is represented by a member of the management board if the supervisory board has granted such member the authority to represent the company alone. In all other respects, the company is represented by two members of the management board or by one member of the management board acting jointly with a procuration officer (article 7 (1) sentence 1 of the articles of association of S24 SE). Thus, as regards the representation of the company, the transformation will not result in any changes.

(v) Appointment and removal of management board members, term of office

As in an AG, the members of the management board of an SE are generally appointed and removed by the supervisory board or other supervisory organ (Section 84 AktG, Article 39 (2) sentence 1 of the SE Regulation).

The management board members of an AG are appointed for a term of office not exceeding five years. A reappointment or an extension of the term of office is permissible, in each case for a period not exceeding five years. The supervisory board may revoke the appointment of members of the management board and the appointment of the chairman of the management board for good cause (*wichtiger Grund*) (Section 84 AktG).

By contrast, the members of the management board of an SE are appointed for a period laid down in the articles of association but not exceeding six years (Article 46 (1) of the SE Regulation). Subject to any restrictions laid down in the articles of association, a reappointment is possible (Article 46 (2) of the SE Regulation). Article 6 (2) of the articles of association of S24 SE stipulates a term of office of five years at maximum, with reappointments being permitted. This provision is thus in line with the statutory provision for an AG and the rules as previously in place for S24 AG. Owing to the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, the option to revoke an appointment (only) for good cause pursuant to Section 84 (3) AktG also applies to an SE that has its registered office in Germany.

(vi) Rules for the remuneration of management board members, remuneration system for management board members of listed companies, non-compete covenant, granting of loans to management board members

As regards the rules for the remuneration of management board members, the remuneration systems for management board members of listed companies, the non-compete covenant of management board members and the granting of loans to

management board members (Sections 87 through 89 AktG), the provisions of the German Stock Corporation Act also apply to an SE that has its registered office in Germany through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, so that there are no differences between the two legal forms.

(vii) Reports to the supervisory board

The duties of an SE's management board to report to the SE's supervisory board were modelled on the duties of an AG's management board to report to AG's supervisory board.

Pursuant to Section 90 AktG, the management board of an AG must report to the supervisory board on (i) the intended business policy and other fundamental business planning issues (in particular finance, investment and human resources planning), with deviations of the actual developments from previously reported targets having to be identified and reasons stated, (ii) the profitability of the company, in particular the return on equity, (iii) the progress of business, in particular the sales revenues, and the position of the company, (iv) any transactions that may be of material significance to the profitability or liquidity of the company. If the company is a parent entity, the report must also include information on subsidiaries and joint ventures (Section 90 (1) sentence 2 AktG). The German Stock Corporation Act states that the relevant reports should be delivered at regular intervals. Moreover, reports must be delivered to the chairman of the supervisory board on any other matters of importance. Any business-related matter affecting an affiliate of which the management board becomes aware and which may have a significant impact on the position of the company is also to be considered a matter of importance (Section 90 (1) sentence 3 AktG).

In addition to the reporting duties described above, the supervisory board may at any time request reports on the affairs of the company, its business relations with affiliates as well as any business transacted by these affiliates which may have a significant impact on the position of the company (Section 90 (3) sentence 1 AktG). Reports may also be requested by individual supervisory board members but must always be delivered to the supervisory board as a whole.

The reports must comply with the principles of conscientious and true accounting. They must be delivered as timely as possible and as a rule in text form (Section 90 (4) AktG). Each supervisory board member is entitled to examine the reports (Section 90 (5) sentence 1 AktG).

The management board of an SE is subject to similar reporting duties which it must fulfil at regular intervals. For example, the management board must report to the supervisory board of the SE at least every three months on the progress and foreseeable development of the SE's business (Article 41 (1) of the SE Regulation). In addition to regular reporting, the management board must promptly inform the supervisory board of all events likely to have an appreciable effect on the position of the SE (Article 41 (2) of the SE Regulation). Pursuant to Article 41 (3) of the SE Regulation, the supervisory board of an SE may require the management board to provide information of any kind which it needs to perform its supervisory role. As is the case with an AG, each member of the supervisory board of an SE that has its registered office in Germany may demand the provision of such information, but only to the supervisory board as a whole (Article 41 (3) of the SE Regulation in conjunction with Section 18 SEAG). The supervisory board may undertake or arrange for any investigations necessary for the performance of its duties (Article 41 (4) of the SE Regulation). Each member of the supervisory board

may examine all information submitted to the supervisory board (Article 41 (5) of the SE Regulation).

Even if Section 90 AktG seems to offer more specific guidance as compared to Article 41 of the SE Regulation, the transformation of S24 AG into an SE will *de facto* not result in any changes in terms of content as regards the duties of the management board to report to the supervisory board because, despite their different wording, the provisions of Section 90 AktG and Article 41 of the SE Regulation are largely equivalent in terms of their content. Accordingly, the future management board of S24 SE will be obliged to report to the supervisory board to the same extent as the management board of S24 AG.

(viii) Duties of the management board in the event of loss, over-indebtedness or inability to pay

The duties of management board members in the event of loss, over-indebtedness or an inability to pay as stipulated in Section 92 AktG must also be fulfilled, owing to the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, by the management organ (*i.e.* the management board) of an SE with a two-tier structure.

(ix) Duties of care and responsibility

Pursuant to the reference contained in Article 51 of the SE Regulation, the members of the management organ of an SE are liable in accordance with the provisions applicable to stock corporations in the member state where the SE's registered office is situated. Through this reference to German law, the requirements contained in Section 93 AktG as regards the standard of care of a prudent and conscientious business manager (*ordentlicher und gewissenhafter Geschäftsleiter*) also apply to the management board of S24 SE. This also includes the business judgement rule (Section 93 (1) sentence 2 AktG) and the rules governing the exemption from the compensation obligation pursuant to Section 93 (4) AktG.

Pursuant to Article 49 of the SE Regulation, the members of an SE's organs must generally not divulge any information which might be prejudicial to the company's interests even after they have ceased to hold office. In terms of content, this provision is equivalent to the situation under German stock corporation law, which does not expressly stipulate that the duty of confidentiality survives the end of the term of office but where it is generally accepted that this is the case.

(x) Utilization of influence on the company

Pursuant to Section 117 (1) AktG, any person who intentionally utilizes their influence on the company to cause a member of the management board to engage in conduct that is detrimental to the company or its shareholders is liable to pay damages. Even if the SE Regulation does not contain a corresponding express provision, the reference contained in Article 9 (c) (ii) of the SE Regulation ensures that a corresponding liability regime also exists in the case of the SE, even if one were to consider the reference contained in Article 51 of the SE Regulation to be inapplicable in this context. The liability of management board members who act in breach of this duty also exists in both legal forms (*cf.* Section 117 (2) AktG and Article 51 of the SE Regulation respectively).

(c) Supervisory board

In an SE with a two-tier structure the supervisory organ, which will be referred to as the supervisory board at S24 SE, supervises the management of the company's business by the management organ. Its duties and rights are in essence equivalent to those of the supervisory board of an AG. However, there are some differences of detail which will be described in the following overview.

(i) Size and composition of the supervisory board

S24 AG as a rule does not employ more than 500 employees. As a result, pursuant to Section 95 sentence 2 AktG in conjunction with article 9 (1) sentence 1 of the articles of association of S24 AG, S24 AG's supervisory board consists of six members.

Pursuant to Article 40 (3) sentence 1 of the SE Regulation, the number of members of the supervisory organ or the rules for determining this number are to be laid down in the articles of association. Unlike the AktG, the SE Regulation does not prescribe a specific size of the supervisory board. The German legislature has not made use of the option to stipulate an exact number of members for the supervisory board of an SE (Article 40 (3) sentence 2 of the SE Regulation). Instead, it stipulated in Section 17 (1) SEAG that the supervisory board must comprise at least three members. The supervisory boards of companies which, like S24 AG, have a share capital exceeding EUR 10,000,000 is limited to 21 members. The specific number of supervisory board members is stipulated in the articles of association. Even under the statutory fallback provisions (see Section 6.1(f) of this Report), which will apply, in particular, if no agreement on employee involvement has been concluded, the size of the supervisory board is to be finally determined in the articles of association.

Where an SE is formed by way of a transformation involving a change of legal form, moreover, at least the same measure of employee involvement must be ensured in respect of all elements of such involvement which exists in an AG that is to be transformed into an SE (*cf.* Sections 15 (5), 16 (3), 21 (6) and 35 (1) SEBG). This means that it was not permissible to reduce the scope of the rights of S24 AG's employees in S24 SE. Since S24 AG as a rule does not employ more than 500 employees, no employees are represented on the supervisory board of S24 AG.

Taking these requirements into account, the articles of association of S24 SE provide for a supervisory board that is composed of six members, who are elected by the general meeting. Thus, the size and composition of S24 AG's supervisory board will remain unchanged.

The details of the employee involvement arrangements will be governed by the S24 Agreement on Employee Involvement (*cf.* Section 5.5 of this Report). If no agreement on employee involvement is concluded, the statutory fallback provisions of Sections 34, 22 SEBG will apply (see Section 5.5 of this Report).

(ii) Status proceedings on the composition of the supervisory board

If the supervisory board has not been composed in accordance with the applicable statutory provisions, or if there is any dispute or uncertainty as to which statutory provisions are applicable to the composition of the supervisory board, status proceedings (*Statusverfahren*) pursuant to Sections 97 through 99 AktG must be conducted for the AG. Through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, this also applies to an SE with a two-tier structure that has its registered office in Germany. The applicability of status proceedings may also be derived indirectly from Section 17 (4) SEAG. This provision introduces an SE-specific

modification of the relevant provision of the German Stock Corporation Act in that the SE works council is also entitled to file an application.

(iii) Personal requirements for supervisory board members

Only natural persons with full legal capacity may be members of the supervisory board of an AG. Since Article 47 (1) of the SE Regulation generally permits a company or other legal entity to be a member of the supervisory board, but only if the law applicable to stock corporations in the member state in which the SE's registered office is situated does not provide otherwise, it is not possible for legal entities to be members of the supervisory board of S24 SE either.

Persons who are disqualified under the law of the member state in which the SE's registered office is situated from serving on the supervisory organ of a stock corporation governed by the laws of that member state are not permitted to be members of the supervisory board of the SE (Article 47 (2) (a) of the SE Regulation). As a result of the reference to the law of the member state in which the SE's registered office is situated, *i.e.* in the specific case to Section 100 (2) AktG, the personal reasons preventing membership on the supervisory board are the same for S24 AG and S24 SE. Consequently, a person is barred from being a member of the supervisory board if they (i) are already a member of the supervisory boards of ten commercial enterprises that are legally obliged to form a supervisory board, (ii) are the legal representative of an enterprise that is controlled by the Company, (iii) are the legal representative of another corporation whose supervisory board comprises a member who is a member of the management board of the Company, or (iv) have been a member of the management board of S24 AG or S24 SE in the last two years, unless their election was based on a proposal submitted by shareholders holding more than 25% of the voting rights in the Company. Up to five seats held by a legal representative (in the case of a sole proprietor, the owner) of the controlling enterprise of a group on the supervisory boards of commercial enterprises belonging to the group which are legally obliged to form a supervisory board are not to be taken into account when determining the maximum number of seats pursuant to sub-paragraph (i) above. Seats on supervisory boards where the member has been elected as chairman are to be counted double when determining the maximum number of seats pursuant to sub-paragraph (i) above.

In addition, Article 47 (2) (b) of the SE Regulation provides that persons who are disqualified from serving on the management, supervisory or administration organ of a stock corporation governed by the law of a member state owing to a judicial or administrative decision delivered in a member state may not be a member of the supervisory board of an SE. In this respect, the rules applicable to SEs are generally stricter than those applicable to AGs.

While Section 100 (3) AktG contains a special provision for employees' representatives on the supervisory board of an AG, Article 47 of the SE Regulation contains neither an express limitation of the aforementioned reasons preventing supervisory board membership to the shareholders' representatives on the supervisory organ of an SE nor the statement that an agreement on employee involvement remains unaffected.

In addition, Section 100 (5) AktG defines personal requirements for the composition of the supervisory board, in particular for companies within the meaning of Section 264d HGB – this applies to S24 AG as well as to the future S24 SE. In its version according to the German Act Implementing the Audit-Related Provisions of Directive 2014/56/EU as well as Implementing the Corresponding Provisions of Regulation (EU) No 537/2014 Regarding the Statutory Audit of Public-Interest Entities (*Gesetz zur Umsetzung der*

prüfungsbezogenen Regelungen der Richtlinie 2014/56/EU sowie zur Ausführung der entsprechenden Vorgaben der Verordnung (EU) Nr. 537/2014 im Hinblick auf die Abschlussprüfung bei Unternehmen von öffentlichem Interesse – Auditor Reform Act; **AReG**), which applies once all members of the supervisory board and the audit committee of a company have been appointed on or after 17 June 2016, Section 100 (5) AktG provides, firstly, that at least one member of the supervisory board, being the financial expert, must have expertise in the fields of accounting or financial auditing; by contrast, the additional requirement of the previous version of Section 100 (5) AktG, according to which the financial expert must also be independent, no longer applies according to the AReG. Secondly, Section 100 (5) AktG as amended by the AReG provides, however, that the members of the supervisory board as a group must be familiar with the industry in which the company operates. If the company has established an audit committee within the meaning of Section 107 (3) sentence 2 AktG, the financial expert must be a member of such committee and, instead of all supervisory board members, the members of such committee as a group must have sufficient knowledge of the sector within the meaning of Section 100 (5) AktG as amended by the AReG. Through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, this provision of German stock corporation law equally applies to S24 SE.

(iv) Appointment of the supervisory board

In an AG which is not subject to participation, the supervisory board members are elected by the general meeting (Section 101 AktG). Unless provided otherwise in an agreement on employee involvement, all members of the supervisory board of an SE are appointed by the general meeting (Article 40 (2) of the SE Regulation), with the general meeting being bound by the proposals made by the employees regarding the employee representatives (Section 36 (4) SEBG).

Thus, compared to an AG which is not subject to participation, this does not result in any differences with regard to the appointment of the supervisory board members, who are appointed by the general meeting of an SE as well as an AG (Article 40 (2) sentence 1 of the SE Regulation).

A particularity applies to the members of the first supervisory board of S24 SE; these members are appointed by the articles of association pursuant to article 9 (2) of the articles of association of S24 SE. This is in line with Article 40 (2) sentence 2 of the SE Regulation, according to which the members of the first supervisory board may be appointed by the articles of association (*cf.* Section 6.2(i) of this Report).

(v) Term of office

Under Section 102 (1) AktG, members of the supervisory board of an AG may not be appointed for a term lasting longer than until the close of the general meeting which resolves on the discharge for the fourth financial year following commencement of their term of office. The financial year in which the term of office commences is not counted in this calculation. In an SE, the members of the supervisory organ may be appointed for a period laid down in the articles of association, which must not exceed six years (Article 46 (1) of the SE Regulation), *i.e.* in an SE longer terms of office of supervisory board members than in an AG are generally possible. A reappointment of supervisory board members is permitted in an SE, subject to any restrictions stipulated in the articles of association, as is the case in an AG.

In this regard, article 9 (7) sentence 1 of the articles of association of S24 SE regarding the term of office of supervisory board members provides that the members of the

supervisory board are appointed for a period ending at the close of the general meeting which resolves on the discharge for the fourth financial year following commencement of their term of office; the financial year in which the term of office commenced will not count toward this period; the term of office will end in any event after five years at the latest. The articles of association of S24 SE do not contain any restrictions on the reappointment of supervisory board members. Rather, it is expressly specified that reappointments are permissible.

A particularity applies to the term of office of the first supervisory board of the company which according to article 9 (2) of the articles of association of S24 SE will end at the close of the general meeting which resolves on the discharge for the financial year 2023 of S24 SE (*cf.* Section 6.2(i) of this Report).

(vi) Dismissal

Section 103 (1) AktG provides that in an AG supervisory board members elected by the general meeting without the latter being bound by nominations may be removed by it prior to the end of their term of office. The resolution requires a majority of at least three quarters of the votes cast. The articles of association may stipulate a different majority or further requirements. Moreover, the competent court must remove a member of the supervisory board upon application of the supervisory board if there is good cause (*wichtiger Grund*) relating to the person of the member (Section 103 (3) AktG), with the supervisory board resolving on such an application with simple majority.

Since neither the SE Regulation nor the SEAG contain any provisions governing the removal of supervisory board members, the provisions of German stock corporation law also apply in this case through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, *i.e.* the change of legal form will not result in any changes; in an SE that has its registered office in Germany, the supervisory board members may equally be removed with a majority of three quarters of the votes cast, unless a different majority or any further requirements are stipulated in the articles of association.

(vii) Appointment by a court

The transformation generally does not result in any changes regarding the appointment of supervisory board members by a court. If the supervisory board of an AG does not have the number of members required to constitute a quorum or if the number of members is otherwise insufficient, the court must appoint additional members upon an application by the management board, a supervisory board member or a shareholder (Section 104 AktG). If the company in question has employee participation arrangements in place, the persons or groups of persons listed in Section 104 (1) no. 3 AktG (for example the works council or trade unions) are also entitled to file a corresponding application. Section 17 (3) sentence 1 SEAG states that in an SE a corresponding application may in addition be filed by the SE works council. Through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, the other relevant provisions of German stock corporation law also apply to an SE.

(viii) Impossibility to hold seats on both the management board and the supervisory board at the same time

Both in an AG and in an SE it is not possible for an individual to be a member of both the management board and the supervisory board at the same time. Since the supervisory board's function is to supervise the management of the business by the management board, parallel membership in both organs is not possible (Section 105 (1)

AktG and Article 39 (3) of the SE Regulation). However, the German Stock Corporation Act allows an exception to be made if a member of the management board is absent or unable to attend. In this case, the supervisory board may appoint some of its own members as deputies for these members, with the restriction that the individuals so appointed may not exercise their function as supervisory board members during that time. The appointment must be made for a period that is to be limited from the start and must not exceed one year; a repeat appointment or extension of the term of office is permitted as long as the term of office does not exceed one year in aggregate (Section 105 (2) AktG). Article 39 (3) of the SE Regulation also stipulates that a member of the supervisory board may be nominated to act as a member of the management organ in the event of a vacancy but also requires that during such a period the functions of the person concerned as a member of the supervisory organ be suspended. The German legislature has made use of the option provided for in the Regulation to stipulate a time limit and adopted the relevant provisions contained in the German Stock Corporation Act. As a result, there are no differences between S24 AG and S24 SE regarding the impossibility of holding a seat on both the management board and the supervisory board at the same time.

(ix) Internal rules, adoption of resolutions

The supervisory board of an AG must elect a chairman and at least one deputy chairman (Section 107 (1) sentence 1 AktG). Unless provided otherwise by law or the articles of association, the supervisory board is quorate if at least half of the required number of its members, but in any case three supervisory board members, participate in the adoption of resolutions (Section 108 (2) sentences 2 and 3 AktG). Resolutions generally require a simple majority of the votes cast. The articles of association may provide, as does article 9 (1) sentence 3 of the articles of association of S24 AG, that in the event of a tie of votes the chairman has a casting vote.

Even if under the SE Regulation (Article 42 sentence 1) the supervisory board of an SE is only obliged to elect a chairman, the supervisory board of an SE that has its registered office in Germany must, due to the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, also elect at least one deputy chairman pursuant to Section 107 (1) sentence 1 AktG.

Unless otherwise provided for in the articles of association, the supervisory board of an SE is quorate if at least half of its members are present or represented (Article 50 (1) (a) of the SE Regulation). Unless otherwise provided for in the articles of association, resolutions are to be adopted with the majority of the votes of the members present or represented (Article 50 (1) (b) of the SE Regulation). Pursuant to article 9 (1) sentence 2 of the articles of association of S24 SE, resolutions of the supervisory board are adopted by simple majority of the votes cast, unless other majorities are required by law. According to the principle set out in Article 50 (2) sentence 1 of the SE Regulation, the chairman has a casting vote in the event of a tie, without a second round of voting being required; this is also in line with the provision of article 9 (1) sentence 4 of the articles of association of S24 SE.

As in an AG, the supervisory board of an SE may set up committees and also delegate certain decision-making powers to them.

If the supervisory board of a company within the meaning of section 264d HGB – which applies to S24 AG – establishes an audit committee, such committee must meet the requirements of Section 100 (5) AktG as amended by the AReG, which is why a member of the supervisory board must have expertise in the fields of accounting or financial

auditing, while the members of the audit committee as a group must be familiar with the industry in which the company operates (see Section 4.5(c)(iii) of this Report). Through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, this provision of German stock corporation law equally applies to S24 SE.

(x) Convocation of supervisory board meetings

As regards the convocation of supervisory board meetings, there are no differences between S24 AG and S24 SE. Since neither the SE Regulation nor the SEAG contain any provisions on the convocation of supervisory board meetings, the provision of Section 110 AktG that is applicable to AGs also applies to SEs through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation. Pursuant to Section 110 (1) AktG, each supervisory board member or the management board may request that the chairman of the supervisory board convene a meeting of the supervisory board without undue delay (*unverzüglich*), stating the purpose and reasons of such request. If this meeting is not held within two weeks, another meeting of the supervisory board may be convened by the supervisory board member or by the management board itself.

Pursuant to Section 110 (3) sentence 1 AktG, the supervisory board of a listed company must meet twice in each calendar half-year. The same applies to the SE.

(xi) Duties and rights of the supervisory board

The primary duty of the supervisory board of an AG is to supervise the management of business by the management board (Section 111 (1) AktG). This is in line with the description of the duties of the supervisory organ of an SE as set out in Article 40 (1) of the SE Regulation.

The supervisory organ of an SE, as a rule, may not itself manage the business of the company (Article 40 (1) sentence 2 of the SE Regulation). This is no different from the situation in an AG, where business management functions may not be transferred to the supervisory board (Section 111 (4) sentence 1 AktG).

However, both in an AG and in an SE certain transactions may only be effected with the approval of the supervisory board. In an AG, these transactions may be listed in the articles of association, although this is not mandatorily required; instead, it is also sufficient if the supervisory board determines such transactions elsewhere, for example in rules of procedure (Section 111 (4) sentence 2 AktG). The provisions applicable to SEs are stricter in this regard, because here a list of transactions requiring approval must mandatorily be contained in the articles of association (Article 48 (1) sentence 1 of the SE Regulation).

This is the reason why the articles of association of S24 SE – in contrast to the previous articles of association of S24 AG – contain a list of business management measures requiring approval; however, the supervisory board may determine additional types of transactions and measures of the management board subject to approval of the supervisory board (article 11 of the articles of association of S24 SE). According to a view that should probably be regarded as the correct one, if the supervisory board refuses its approval to a particular measure, the management board may request that the general meeting pass a resolution on the approval. Although neither the SE Regulation nor the SEAG contain any provision that corresponds to Section 111 (4) sentences 3 through 5 AktG, this provision must be deemed applicable to an SE because of the reference contained in Article 9 (1) (c) (ii) of the SE Regulation. The fact that a list of transactions requiring approval is included in the articles of association of

an SE does not rule out the possibility that the supervisory board may specify further types of transactions that require its approval in a document other than the articles of association, on the basis of the authorization conferred in Section 19 SEAG.

Due to its comprehensive monitoring function, the supervisory board has extensive rights of examination both in an AG and in an SE in order to be able to perform its duties of examination. The German Stock Corporation Act expressly stipulates that the supervisory board may inspect and examine the books and records of the company and its assets (Section 111 (2) sentence 1 AktG). Article 41 (4) of the SE Regulation also states for the SE that the supervisory organ may undertake or arrange for any investigations necessary for the performance of its duties. The power of the supervisory board to convene a general meeting with simple majority if the interests of the company so require (Section 111 (3) AktG) also exists in an SE that has its registered office in Germany as a result of Article 54 (2) of the SE Regulation, which refers to corresponding powers at stock corporations established under national law.

Apart from the fact that a list of transactions requiring approval must now mandatorily be contained in the articles of association of S24 SE, there are no differences between S24 AG and S24 SE as regards the duties and rights of the supervisory board.

(xii) Duties of care and confidentiality

In performing their function the members of the supervisory board must apply the care of a prudent and conscientious member of such an organ (Section 116 sentence 1 in conjunction with Section 93 (1) sentence 1 AktG). The supervisory board members are in particular obliged to keep confidential all confidential reports obtained and all confidential discussions (Section 116 (2) AktG). In particular, they are obliged to pay damages if they determine inappropriate remuneration for the management board. As a result of the reference contained in Article 51 of the SE Regulation, this measure of liability also applies to the members of the supervisory board of an SE that has its registered office in Germany. The duty of confidentiality incumbent on the members of the supervisory board of an SE is expressly stipulated in Article 49 of the SE Regulation. This provision states that the members of the supervisory board must not, even after they have ceased to hold office, divulge any information concerning the SE the disclosure of which might be prejudicial to the company's interests, except where such disclosure is required or permitted under the provisions of national stock corporation law or – to quote the SE Regulation verbatim – "is in the public interest". Even if the SE Regulation – in contrast to the German Stock Corporation Act – specifically mentions that the duty of confidentiality continues after the end of the term of office, this does not represent any essential change because in German stock corporation law, too, the continuation of the duty of confidentiality after the end of the term of office is generally acknowledged. The duties of the supervisory board members of S24 SE are thus equivalent to those of the supervisory board members of S24 AG.

(xiii) Representation of the company *vis-à-vis* the management board members

As in an AG, the supervisory board of an SE also represents the company *vis-à-vis* the members of the management board in and out of court (Section 112 AktG in conjunction with Article 9 (1) (c) (ii) of the SE Regulation).

(xiv) Remuneration of supervisory board members, agreements with supervisory board members, granting of loans to supervisory board members

Through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, the provisions of the German Stock Corporation Act concerning the remuneration of supervisory board members, agreements with supervisory board members and the granting of loans to supervisory board members (Sections 113 through 115 AktG) also apply to an SE. As in S24 AG, the remuneration of the supervisory board members of S24 SE will be provided for in the articles of association. As in the case of an AG, remuneration for the members of the first supervisory board of an SE may only be approved by the general meeting and only subsequently (Section 113 (2) AktG in conjunction with Article 9 (1) (c) (ii) of the SE Regulation).

(d) General meeting

(i) Rights of the general meeting

The shareholders of an AG exercise their rights relating to the affairs of the company in the general meeting unless stipulated otherwise by law (Section 118 (1) sentence 1 AktG). The members of the management board and the supervisory board are to attend the general meeting (Section 118 (3) AktG). Through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, this also applies to the SE. Accordingly, the transformation of S24 AG into an SE does not result in any changes in this regard.

The general meeting of an SE that has its registered office in Germany resolves on matters for which the general meeting of a German AG is given responsibility either under national statutory provisions or by virtue of the articles of association; this comprises in particular the appointment of members of the supervisory board, the appropriation of retained earnings, the remuneration system and the remuneration report for members of the management and supervisory boards, the granting of formal approval of the acts of the members of the management and supervisory boards, the appointment of the auditors, amendments to the articles of association, measures affecting the capital (capital increases and reductions) including the creation of authorized and conditional capital, the appointment of auditors for the examination of processes relating to formation or management and the dissolution of the company (Section 119 (1) AktG, Article 52 of the SE Regulation).

The provision that the general meeting are required to resolve on the remuneration system and the remuneration report for members of the management and supervisory boards of the listed company was introduced with the German Act Implementing the Second Directive on Shareholders' Rights (*Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie*; ARUG II) of 12 December 2019. Pursuant to Section 113 (3) AktG, the general meeting will in future resolve on the remuneration for supervisory board members at least every four years; a resolution confirming the remuneration will be sufficient. If the general meeting has not approved the remuneration system, a revised remuneration system must be submitted for approval to the next following annual general meeting at the latest (Section 113 (3) sentence 6 AktG in conjunction with Section 120a (3) AktG).

In addition, the general meeting will resolve on the approval of the remuneration system for management board members submitted by the supervisory board in the case of any material changes of the remuneration system, but at least every four years (Section 120a AktG). The resolution creates neither rights nor obligations. If the general meeting has not approved the remuneration system, a revised remuneration system must be submitted for approval to the next following annual general meeting at the latest (Section 120a (3) AktG).

A resolution on the remuneration system must be passed for the first time by the annual general meeting 2021 (Section 26j (1) of the German Introductory Act to the Stock Corporation Act (*Einführungsgesetz zum Aktiengesetz*, EGAktG). Furthermore, the general meeting will resolve on the remuneration report (Section 162 AktG), for the first time in 2022.

Because of the reference contained in Article 52 sentence 2 and Article 9 (1) (c) (ii) of the SE Regulation, the provisions set out above also apply to an SE that has its registered office in Germany.

The general meeting of an AG as well as of an SE that has its registered office in Germany may, as a rule, only decide on matters relating to the management of the company if requested to do so by the management board (Section 119 (2) AktG, Article 52 of the SE Regulation). According to a ruling by the German Federal Supreme Court (*Bundesgerichtshof*), exceptions apply in the case of structural measures which formally fall within the management competence of the management board but which are close to an amendment of the articles of association and fundamentally affect the shareholders' rights. It may be assumed that this principle also applies to an SE that has its registered office in Germany (*cf.* Article 52 of the SE Regulation), so that the transformation of S24 AG into an SE will not result in any changes in this regard either.

The general meeting of an AG as well as of an SE that has its registered office in Germany is further also responsible for authorizing the management board to acquire and use treasury shares pursuant to Section 71 (1) no. 8 AktG, authorizations to issue convertible bonds, income bonds and profit-sharing rights pursuant to Section 221 AktG and measures under transformation law as set out in the German Transformation Act (such as mergers, demergers, asset transfers or changes of legal form).

In addition, Article 52 of the SE Regulation stipulates that the general meeting of an SE decides on matters for which it is given sole responsibility by the SE Regulation or by any legislation of the member state in which the SE has its registered office which was adopted in implementation of the SE Employee Involvement Directive. This includes in particular the transfer of registered office (Article 8 of the SE Regulation) and the retransformation into a stock corporation under national law (Article 66 (6) of the SE Regulation). No retransformation may be resolved on before two years have elapsed since the registration of the SE or before the first two sets of annual financial statements have been approved.

(ii) Formal approval of the acts of the management board and supervisory board members

During the first eight months of the financial year the general meeting of an AG will resolve on the discharge of the management board and supervisory board members. By this resolution the general meeting approves the administration of the company by the members of the management board and the supervisory board (*cf.* Section 119 (1) no. 4 and Section 120 AktG).

Through the reference contained in Articles 52 and 53 of the SE Regulation, these provisions of German stock corporation law generally also apply to an SE without any restriction. The only difference is that the time period after the end of the financial year during which the general meeting of an SE must be held is six months (and not eight months as in the case of an AG, *cf.* Article 54 (1) of the SE Regulation).

(iii) Convocation of the general meeting

The general meeting of an SE may be called at any time by the management board or the supervisory board in accordance with the national law applicable to stock corporations in the member state in which the SE's registered office is situated (Article 54 (2) of the SE Regulation). There is a difference in that pursuant to Section 120 (1) sentence 1 AktG the annual general meeting of an AG must take place within the first eight months after the end of a financial year, while pursuant to Article 54 (1) sentence 1 of the SE Regulation this period is shortened to six months for an SE.

(iv) Convocation of the general meeting at the request of a minority, additions to the agenda at the request of a minority

A general meeting of an AG is to be called if shareholders collectively holding at least 5% of the share capital so request in writing, stating the purpose and reasons (Section 122 (1) AktG). The shareholders must prove that they have held the shares for 90 days prior to the date on which the request was received by the company (so-called previous holding period (*Vorbesitzzeit*) and that they will continue to hold these shares until a decision on the request has been taken (*i.e.* until the date of authorization by the court or until the general meeting is convened by the management board).

In the same manner, shareholders collectively holding 5% of the share capital or a pro-rata portion of the share capital equaling at least EUR 500,000 may request that additional items be announced as items for resolutions to be adopted by the general meeting (Section 122 (2) AktG). If the request is not complied with, the court may authorize the shareholders who submitted the request to convene a general meeting or to announce the relevant item for resolution (Section 122 (3) sentence 1 AktG). The articles of association may link the right to request a general meeting to other form requirements or to the holding of a smaller portion of the share capital.

The convocation of the general meeting of an SE and the preparation of an agenda may be requested by one or more shareholders holding at least 5% of the share capital (Article 55 (1) of the SE Regulation, Section 50 (1) SEAG). The request that a general meeting be convened must state the items to be put on the agenda (Article 55 (2) of the SE Regulation). Upon a corresponding application the court may authorize the shareholders to convene a general meeting if such meeting is not convened at the latest within two months after the convocation request was submitted (Article 55 (3) of the SE Regulation). Contrary to the provision of German stock corporation law contained in Section 122 (1) sentence 3 and 4 AktG, the rules governing SEs do not contain a previous holding period requirement for submitting a request. The shares must be held, however, until a decision on the request has been taken, as is the case for a stock corporation.

The addition of one or more items to the agenda for a general meeting of an SE may be requested by one or more shareholders holding at least 5% of the share capital or a pro-rata portion of the share capital equaling at least EUR 500,000 (Article 56 of the SE Regulation, Section 50 (2) SEAG). The procedures and deadlines are as set out in national law, *i.e.* in this case in the SEAG and in Section 122 AktG (*cf.* Article 56 sentence 2 of the SE Regulation in conjunction with Section 50 SEAG). Again, contrary to the provision of German stock corporation law contained in Section 122 (2) sentence 1 in conjunction with Section 122 (1) sentences 3 and 4 AktG, the rules governing SEs do not contain a previous holding period requirement for submitting a request for an addition of items to the agenda.

In the final analysis, the SE Regulation and the SEAG essentially mirror the provisions of the German Stock Corporation Act, which means that the transformation of S24 AG into

an SE will not result in any fundamental changes. In view of the fact that no minimum holding period is required for the shares before a request may be submitted, the rules applicable to SEs are more advantageous to shareholders.

(v) Organization of and proceedings at general meetings

As regards the organization of and proceedings at the meeting the SE Regulation generally refers to the provisions for stock corporations (Article 53 of the SE Regulation). Consequently, there are no changes in terms of the organization of and proceedings at the general meeting of an SE as compared to an AG for the shareholders. In particular, the stock corporation-law rules concerning conducting the meeting, including the option to restrict the right to speak and ask questions, also apply to an SE.

The rules governing the information, notifications and announcements to be provided or made in the convocation notice and in connection with the convocation (Section 121 (3) and (4a), Section 124 (1) and Section 124a AktG) as well as the option to participate online (Section 118 (1) sentence 2 AktG) or to vote by post (Section 118 (2) AktG), which may be provided for in the articles of association or which the articles of association may authorize the management board to adopt, also apply to the SE in the same way as to the AG. As provided for in the articles of association of S24 AG, corresponding provisions have also been provided for the SE (article 15 (2) of the articles of association of S24 SE).

(vi) Right of the shareholders to speak and ask questions at the general meeting

As regards the right of shareholders to speak and ask questions, there are no differences between S24 AG and S24 SE. In an AG, the management board must inform every shareholder at the general meeting upon request about the affairs of the company, insofar as such information is necessary in order to make an informed judgement on an agenda item. In this context there is no requirement of a particular minimum holding in the share capital of the company. The details of the right to demand information and on the powers to restrict the right to speak and ask questions as well as the power to refuse the provision of information may be derived from Section 131 AktG. For an SE that has its registered office in Germany, this provision applies through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation. The right of the shareholders of S24 AG to speak and ask questions therefore remains unchanged by the transformation of the Company into an SE.

(vii) Rules of procedure for the general meeting

The general meeting of an AG may adopt rules of procedure setting out provisions for the preparation and conducting of the general meeting if so agreed by a majority of at least three quarters of the share capital represented when the resolution is adopted (Section 129 (1) sentence 1 AktG). Through the reference contained in Article 53 of the SE Regulation, this requirement also applies to an SE. However, in the case of an SE the resolution is to be passed with three quarters of the votes cast rather than three quarters of the share capital represented. This is due to the fact that the provisions of the SE Regulation that deal with voting only refer to the majority of votes and not also to the majority of the share capital (see Article 57 and 59 of the SE Regulation). As a result, the provisions of the German Stock Corporation Act that require a majority of the share capital (besides Section 129 (1) sentence 1 AktG these provisions for example include Section 179 (2) sentence 1, Section 182 (1) sentence 1, Section 293 (1) sentence 2 AktG) must be applied to an SE in such a manner that a majority of votes will suffice. For

a German SE this is without any practical relevance since there are no multiple-vote shares so that the majority of the share capital is always also a majority of votes.

(viii) Simple resolutions of the general meeting (no amendment of the articles of association)

The resolutions of the general meeting of an AG require a majority of the votes cast (simple majority of votes) unless a larger majority is required, or further requirements are stipulated, by law or by the articles of association (Section 133 (1) AktG). The German Stock Corporation Act imposes further requirements for resolutions that cannot be reduced by the articles of association, especially a majority of at least three quarters of the share capital represented when the resolution is adopted, in particular where, in the context of capital increases, the shareholders' subscription rights are to be excluded by the general meeting or the management board is to be authorized by the general meeting to exclude subscription rights. They also exist, however, for the consent of the general meeting of the AG to transformation measures or intercompany agreements.

As regards the majority requirements, the SE Regulation distinguishes between simple resolutions and resolutions amending the articles of association. Save where the SE Regulation or, failing that, the law applicable to stock corporations in the member state in which an SE's registered office is situated requires a larger majority (Article 57 of the SE Regulation), simple resolutions will be adopted in the general meeting of an SE by a majority of the valid votes cast. The provisions of the German Stock Corporation Act that require a majority of the share capital (besides Section 129 (1) sentence 1 AktG these provisions for example include Section 179 (2) sentence 1, Section 182 (1) sentence 1, Section 186 (3), Section 293 (1) sentence 2 AktG) must be applied to an SE in such a manner that the corresponding majority of votes is required or will suffice. For a German SE this is without any practical relevance since there are no multiple-vote shares so that the majority of the share capital is always also a majority of votes. The articles of association accordingly stipulate that resolutions will be adopted in the general meeting by a simple majority of the valid votes cast unless a larger majority is required by mandatory statutory provisions or the articles of association (article 17 sentence 1 of the articles of association of S24 SE).

Consequently, the transformation of S24 AG into an SE does not result in any factual change to the principle of a simple majority of votes for resolutions of the general meeting that do not amend the articles association applicable to S24 AG pursuant to Section 133 AktG. Where the German Stock Corporation Act or the German Transformation Act determine that further resolution requirements, especially a majority of at least three quarters of the share capital represented when the resolution is adopted, cannot be reduced by the articles of association, a corresponding majority of votes that cannot be reduced by the articles of association also applies in the case of an SE that has its registered office in Germany, so that in this regard, too, the transformation into an SE does not result in any factual changes.

(ix) Resolutions of the general meeting amending the articles of association

Any resolutions of an AG amending the articles of association require a majority of at least three quarters of the share capital represented when the resolution is adopted, as well as a simple majority of the votes cast (Sections 179 (2), 133 AktG). The articles of association may set out other majority requirements, but for a change of the corporate purpose only a larger majority of the share capital is permitted (Section 179 (2) sentence 2 AktG). Where the amendment of the articles of association contains an exclusion of subscription rights in the context of a capital increase and/or a

corresponding authorization of the management board, especially in connection with authorized capital, at least the majority of three quarters of the share capital represented in the vote as stipulated in Section 186 (3) AktG is required in addition to the simple majority of votes.

An amendment to the articles of association of an SE requires a resolution by the general meeting adopted with a majority of no less than two thirds of the votes cast, unless the law applicable to stock corporations in the member state in which an SE's registered office is situated requires or permits a larger majority (Article 59 (1) of the SE Regulation). A member state may, however, provide that where at least half of the subscribed capital is represented, a simple majority of votes will suffice for amendments to the articles of association (Article 59 (2) of the SE Regulation). The German legislature has made use of this authorization. Pursuant to Section 51 SEAG, the articles of association may stipulate that the simple majority of the votes cast will suffice for a resolution of the general meeting amending the articles of association provided that at least half of the share capital is represented. This does not, however, apply in the case of a change of the corporate purpose, a resolution on a transfer of the registered office (Article 8 (6) of the SE Regulation) or to cases in which a greater majority of the share capital is mandatorily prescribed by German law.

Article 17 sentence 2 of the articles of association of S24 SE has been worded such that, subject to mandatory provisions of law or the articles of association, resolutions of the general meeting amending the articles of association require a majority of two thirds of the valid votes cast; if at least half of the share capital is represented, a simple majority of the valid votes cast will suffice. If, therefore, half of the share capital is not represented, a majority of two thirds of the votes is generally required for amending the articles of association. So far, the simple majority of the share capital represented and thus the votes represented was sufficient for S24 AG in this regard. However, to the extent that a majority of three quarters is required by mandatory law under the German Stock Corporation Act or the German Transformation Act, a majority of three quarters of the votes cast will also be required for S24 SE.

(x) Special audit

Through the references in Article 9 (1) (c) (ii) and Article 52 sentence 2 of the SE Regulation the provisions of German stock corporation law concerning special audits (Sections 142, 258 AktG) also apply to the SE, so that the transformation into an SE does not result in any changes for the shareholders in this respect.

(xi) Claims for damages against organs of the company, shareholder actions

Neither the SE Regulation nor the SEAG contain provisions on the assertion of claims for damages or on shareholder actions. Through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, the provisions of the German Stock Corporation Act (Sections 147 *et seq.* AktG) therefore apply. Consequently, the transformation of S24 AG into an SE will not result in any changes in this respect.

4.6 Annual financial statements, consolidated financial statements

The change of legal form does not result in any changes as regards the preparation of the annual financial statements and the consolidated financial statements including the pertaining management reports and the audit and disclosure of the financial statements. Pursuant to the express provision contained in Article 61 of the SE Regulation, the law of the member state in which the registered office of the SE is situated applies to the SE. In addition, the provisions of the German Stock Corporation Act

and/or the German Commercial Code apply through Article 9 (1) (c) (ii) and/or Article 52 sentence 2 of the SE Regulation.

4.7 Measures to obtain and reduce capital

As regards measures to obtain and reduce capital, the provisions of German stock corporation law generally apply to the SE.

4.8 Invalidity of resolutions by the general meeting and of the adopted annual financial statements, special audit due to inadmissible undervaluation

(a) Invalidity or contestability of resolutions by the general meeting

No special provisions exist for the SE with regard to the invalidity and/or contestability of resolutions by the general meeting. Through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, the corresponding provisions of the German Stock Corporation Act (Sections 241 through 255 AktG) are generally also relevant to S24 SE.

(b) Invalidity of the adopted annual financial statements

The transformation into an SE will not result in any changes as regards the invalidity of the adopted annual financial statements because the provisions of German stock corporation law concerning the invalidity of the adopted annual financial statements (Sections 256, 257 AktG) apply through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation.

(c) Special audit due to inadmissible undervaluation

The rules governing special audits due to inadmissible undervaluation (Sections 258 through 261a AktG) also apply to the SE through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation. Accordingly, the transformation into an SE does not result in any changes in this regard either.

4.9 Dissolution and declaration of annulment of the company

The provisions governing the dissolution of an AG by decree of court (Sections 396 through 398 AktG) are applicable to an SE that has its registered office in Germany through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation or Article 63 of the SE Regulation.

As regards the dissolution, liquidation, inability to pay, cessation of payments and similar procedures, an SE is thus governed by the legal provisions which would apply to a stock corporation formed in accordance with the law of the member state in which its registered office is situated, including provisions relating to the adoption of resolutions by the general meeting (Article 63 of the SE Regulation). In this respect there are no differences between S24 AG and S24 SE. However, a cross-border transfer of the registered office of the SE to another member state would not trigger the dissolution of the Company because Article 8 of the SE Resolution permits such a transfer.

4.10 Affiliated companies

No separate provisions governing groups of companies have been developed in connection with the SE. According to the prevailing opinion, the national group law is to apply to an SE that has its registered office in Germany. This provision offers protection to minority shareholders in connection with the conclusion of a control and profit transfer agreement by ensuring that, as in the case of an AG, they are entitled to receive appropriate compensation and a settlement amount. Where minority shareholders of an SE are excluded in the event that a majority shareholder holds at least 95% of the shares, too,

there is a claim for an appropriate cash settlement amount under Sections 327a *et seq.* AktG. The provisions regarding a squeeze-out under German takeover law (Sections 39a *et seq.* of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*)) and regarding a squeeze-out under German transformation law (Section 62 (5) UmwG) applicable to S24 AG also apply to S24 SE.

In terms of the group law, the prevailing view is that there are no differences between the AG and the SE in this respect.

4.11 Provisions on punishments and fines

Finally, the provisions on punishments and fines set out in Sections 399 *et seq.* AktG, Sections 331 *et seq.* HGB and Section 313 *et seq.* UmwG also apply to an SE that has its registered office in Germany. This is stipulated by Section 53 SEAG, which also contains the necessary adjustments. There are no differences between S24 AG and S24 SE in this respect either.

4.12 German Corporate Governance Code

Under Section 161 AktG, the management board and the supervisory board of a German listed stock corporation must declare at least once a year that the stock corporation has complied and continues to comply with the recommendations of the "Government Commission of the German Corporate Governance Code" published by the German Federal Ministry for Justice in the official section of the German Federal Gazette, and which recommendations have not been or will not be applied, and why not. The declaration must be made permanently available to the shareholders. The German Corporate Governance Code sets out rules for the management and supervision of stock corporations which, however, do not have force of law and thus are of a non-binding nature. The listed companies must, however, issue a declaration of conformity at least once a year which expressly states whether there were or are any deviations from recommendations and if so, from which recommendations, and why this was or is the case. S24 AG most recently issued such declaration in February 2021 on the basis of the German Corporate Governance Code dated 16 December 2019, as amended. It is available on the website of S24 AG. The obligation to issue such a declaration is also incumbent on the management board and supervisory board of S24 SE. The rules governing the SE, in particular the SEAG, do not contain an explicit requirement to this effect, but Section 161 AktG also applies to the SE through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation.

5. IMPLEMENTATION OF THE TRANSFORMATION OF S24 AG INTO S24 SE

The following paragraphs outline the implementation of the transformation involving the change of legal form of S24 AG into S24 SE. The transformation requires that the general meeting consents to this measure on the basis of the Terms of Transformation dated 17 May 2021 and approves the articles of association of S24 SE. The transformation will become effective upon entry in the commercial register of S24 SE, *i.e.* the commercial register at the Local Court of Munich.

5.1 Preparation of the Terms of Transformation

Pursuant to Article 37 (4) of the SE Regulation, the management board of S24 AG is required to prepare Terms of Transformation. The Terms of Transformation were prepared by the management board of S24 AG in notarized form on 17 May 2021. Article 37 (4) of the SE Regulation does not set out any specific requirements as to the contents of the Terms of Transformation. The SEAG also does not determine any minimum contents.

When preparing the Terms of Transformation, the management board took the provisions for draft terms of merger for the formation of an SE (*cf.* Article 20 of the SE Regulation) as a basis, insofar as this was deemed appropriate (e.g. information on the name and the registered office of the company,

special rights, special privileges for certain groups of persons, the articles of association of the SE as well as information on the procedure for the involvement of employees). The management board has also observed the requirements for a transformation resolution under German law (Sections 193 *et seq.* UmwG) insofar as this was deemed appropriate (e g. information on the implications of the change of legal form for employees and their representative bodies).

The Terms of Transformation, including the articles of association of S24 SE attached hereto as annex, will be made available to the shareholders on the Internet at https://www.scout24.com/en/investor-relations/annual-general-meeting and will be available for inspection also during the general meeting. The Terms of Transformation and the articles of association are both explained in more detail in Section 6 of this Report.

The supervisory board of S24 AG has discussed the transformation project in detail and approved by a basic resolution on 22 February 2021 and on 14 May 2021 approved the Terms of Transformation including the articles of association of S24 SE and passed the resolution proposal for the general meeting on 8 July 2021.

5.2 Transformation audit

Pursuant to Articles 3 and 15 (1) of the SE Regulation in conjunction with Section 32 AktG, the founding shareholders are required to submit a report on the formation process of the SE. However, it is be concluded from the legal principle of Section 75 (2) UmwG that a formation report is not necessary in the event of a transformation if the change of legal form is effected from one corporation to another corporation. Section 75 (2) UmwG provides that a formation report and a formation audit are not necessary in the event of a merger if the transferring legal entity is a corporation. Since S24 AG, as a corporation, is to be transformed into an SE, which is also a corporation, a formation report therefore does not have to be submitted. A formation audit by external auditors pursuant to Article 15 (1) of the SE Regulation in conjunction with Section 33 (2) AktG is also not necessary, since the aforementioned legal principle as laid down in Section 75 (2) UmwG applies accordingly.

In line with the apparent majority opinion in legal literature, an internal formation audit to be carried out by the members of the management board and supervisory board of S24 SE will provisionally also be waived.

Pursuant to Article 37 (6) of the SE Regulation, one or more independent experts must certify, before the resolution on the transformation into an SE is adopted by the general meeting of S24 AG, that the Company has net assets at least equivalent to its share capital plus those reserves which must not be distributed by law or the articles of association. By order dated 3 March 2021, the Regional Court (*Landgericht*) of Munich appointed Baker Tilly GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft, Mr Jochen Breithaupt, *Wirtschaftsprüfer*, Cecilienallee 6-7, 40474 Düsseldorf, as independent expert. The independent expert issued the certificate pursuant to Article 37 (6) of the SE Regulation on 18 May 2021. The certificate of the independent expert concludes with the following statement:

> *"Following the final result of our dutiful audit in accordance with Article 37 (6) SE Regulation, we confirm on the basis of the documents, books and writings presented to us as well as the explanations and evidence provided to us that Scout24 AG, Munich, has net assets at least in the amount of its share capital plus the reserves that are not distributable by law or the articles of association."*

The certificate of the independent expert will be made available to the shareholders on the Internet at https://www.scout24.com/en/investor-relations/annual-general-meeting and will be available for inspection also during the general meeting.

5.3 Disclosure

Pursuant to Article 37 (5) of the SE Regulation in conjunction with the statutory provisions which implement Article 3 of the Publicity Directive (Directive 68/151/EEC) in German law, the Terms of Transformation are to be disclosed at least one month before the general meeting convened to decide thereon takes place. The management board of S24 AG will submit the Terms of Transformation to the commercial register of the Local Court of Munich in due time for the purpose of disclosure. In line with the apparent majority opinion in legal literature, the Transformation Report will not be disclosed.

5.4 General meeting of S24 AG

According to Article 37 (7) of the SE Regulation, the Terms of Transformation and the articles of association of S24 SE require the approval of the general meeting of S24 AG. The first auditor of S24 SE, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, will also be appointed in the context of the Terms of Transformation.

Pursuant to the reference contained in Article 37 (7) sentence 2 of the SE Regulation to Section 65 UmwG, the resolution of the general meeting requires a majority, which includes in addition to the simple majority of votes also at least three quarters of the share capital represented at the time the resolution is adopted.

5.5 Procedure for employee involvement in S24 SE

In order to secure the rights acquired by the employees of S24 AG as regards their involvement in decisions of the Company in connection with the transformation into an SE, a procedure for establishing arrangements for employee involvement with the aim of concluding a corresponding agreement must be conducted.

The procedure for establishing arrangements for employee involvement is based on the principle of securing the rights acquired by the employees. The level of employee involvement in the SE is governed by Section 2 (8) SEBG, which essentially follows Article 2 (h) of Council Directive 2001/86/EC of 8 October 2001 supplementing the Statute for a European company with regard to the involvement of employees.

The details of this procedure are described and explained in Section 6 of the Terms of Transformation and in Section 6.1(f) of this report.

5.6 Registration of the transformation into S24 SE

The transformation of S24 AG into an SE takes effect with its entry in the commercial register of the Local Court of Munich. There is no reliable prognosis for the date of registration of the transformation. The registration could be delayed in particular if shareholders of S24 AG bring an action for avoidance of the approval resolution of the general meeting of S24 AG on 8 July 2021 in court. Such court action may be brought within one month after the resolution is passed. In the event that an action for avoidance or a nullity action is filed, such action, irrespective of its prospects of success, generally prevents the transformation being registered in the commercial register (*Registersperre*).

However, S24 AG would in such case be able to effect a court order by way of the so-called approval proceedings pursuant to Article 15 (1) of the SE Regulation in conjunction with Sections 198 and 16 (3) UmwG, determining that initiation of such action does not constitute an obstacle to entry of the transformation in the commercial register. An order of this kind will be issued if (i) the action is inadmissible or manifestly unfounded, or (ii) the claimant has failed to furnish documentary evidence within one week from the date on which the application was served proving that they have held a pro-rata share of the share capital amounting to at least EUR 1,000 since the convocation notice of the meeting was published, or (iii) granting immediate effect to the transformation appears to take

precedence because the court finds at its free discretion that the material disadvantages to S24 AG and its shareholders, as depicted by the applicant, outweigh the disadvantages to the respondent, except where the case involves a particularly severe infringement of rights. In these three cases, registration of the transformation would be effected despite the action having been filed against the validity of the resolution.

In addition, an SE may only be registered in the commercial register after the procedure for the involvement of employees has been completed (see Section 6 of the Terms of Transformation and the relevant explanations in Section 6.1(f) of this report). The procedure for the involvement of employees as regards the transformation involving a change of legal form of S24 AG is currently still being carried out. The S24 Agreement on Employee Involvement is expected to be concluded in Q4 2021.

Once all conditions for registration have been met, the transformation, *i.e.* the SE, is to be registered in the commercial register at the registered office of the Company, *i.e.* in the commercial register at the Local Court of Munich. Upon entry in the commercial register, the SE acquires its legal personality (*cf.* Article 16 (1) of the SE Regulation). The principle of the identity of legal entity applies, however, *i.e.* S24 AG does not cease to exist, but only changes its legal form.

The members of the management board of the SE are to be registered immediately upon registration of the transformation (Section 246 (2) UmwG). The members of the management board must be appointed in advance by the supervisory board of the SE to be founded and must provide the required affirmations pursuant to Sections 37 (2) and 76 (3) sentence 2 nos 2 and 3 and sentence 3 AktG.

S24 SE comes into existence upon entry in the commercial register. Due to the identity being maintained between S24 AG and S24 SE (*cf.* Article 37 (2) of the SE Regulation), it can be assumed that no pre-SE exists. The shareholders of S24 SE are in any event not subject to any founder's liability. However, it should be noted that all persons performing legal acts in the name of the SE before registration of S24 SE are jointly and severally liable on an unrestricted basis pursuant to Article 16 (2) of the SE Regulation; the same applies for the formation of an SE by way of transformation. This liability is not triggered when acting in the name of S24 AG since this does not constitute acting in the name of S24 SE. S24 AG can therefore continue its normal operations in the time prior to registration of the change of legal form to an SE despite the liability of the persons involved (*Handelndenhaftung*).

5.7 Establishment of the first supervisory board, appointment of the management board

Once the transformation has taken effect, the terms of office of the current management and supervisory board members of S24 AG will end. However, the members of the SE's management board are to be appointed by the first supervisory board of the future S24 SE prior to the transformation taking effect. The first supervisory board of S24 SE consists of six members (article 9 (1) sentence 1 of the articles of association of S24 SE). All members are appointed pursuant to Article 40 (2) sentence 2 of the SE Regulation.

Prior to the application for registration of the transformation in the commercial register for the Company, the first supervisory board of S24 SE will establish itself, will elect the chairman of the supervisory board and a deputy chairman and will appoint the members of the management board. The members of the management board are to be registered in the commercial register together with the transformation (Article 15 (1) of the SE Regulation in conjunction with Section 246 (2) UmwG). Without prejudice to the decision-making competence of the supervisory board of S24 SE under German stock corporation law, it is to be expected that the current members of the management board of S24 AG will be appointed members of the management board of S24 SE. The current members of the management board of S24 AG are Tobias Hartmann (chairman of the management board), Dr Dirk Schmelzer, Dr Thomas Schroeter and Ralf Weitz. It is intended that Mr Tobias Hartmann will also be appointed chairman of the management board of S24 SE and that the areas of responsibility of the aforementioned persons at S24 AG will essentially continue to exist at S24 SE.

6. EXPLANATION OF THE TERMS OF TRANSFORMATION AND THE FIRST ARTICLES OF ASSOCIATION OF S24 SE

6.1 Explanation of the Terms of Transformation

(a) Transformation of S24 AG into S24 SE (Section 1 of the Terms of Transformation)

Section 1 of the Terms of Transformation provides that S24 AG will be transformed into a European company (*Societas Europaea*, SE) pursuant to Article 2 (4) in conjunction with Article 37 of the SE Regulation. S24 AG has had at least one subsidiary that is subject to the laws of another member state of the EU for several years. Immobilien Scout Österreich GmbH with its registered office in Vienna, Austria, registered in the company register under number FN 416454h, has been an indirect wholly-owned subsidiary of S24 AG since 2014 and thus a subsidiary of S24 AG that is subject to the laws of another member state of the EU for more than two years. Thus, the requirements for a transformation of S24 AG into S24 SE pursuant to Article 2 (4) of the SE Regulation are fulfilled. The transformation of S24 AG into an SE will lead neither to the dissolution of S24 AG nor to the formation of a new legal entity. Since the identity of the legal entity itself will be preserved, no transfer of assets will take place. The Company will continue to exist in the legal form of an SE. Moreover, since the identity of the legal entity itself will be preserved, the shareholders' interests in the Company will continue to exist without change.

Section 1 of the Terms of Transformation further provides that S24 SE – just as S24 AG – will have a two-tier administrative structure consisting of a management board (management organ within the meaning of Article 38 (b) 1st alternative of the SE Regulation) and a supervisory board (supervisory organ within the meaning of Article 38 (b) 1st alternative of the SE Regulation).

(b) Effective date of the transformation (Section 2 of the Terms of Transformation)

The transformation will become effective upon its entry in the commercial register of S24 SE. This is made clear in the Terms of Transformation and corresponds to Article 16 of the SE Regulation in conjunction with Section 4 SEAG. Pursuant to Article 12 (2) of the SE Regulation, it is a necessary condition for the registration that the employee involvement procedure has been completed. To this end, generally negotiations have to be conducted with the SNB (*cf.* in detail Section 6 of the Terms of Transformation and Section 6.1(f) of this report).

(c) Company name, registered office, capital and articles of association of S24 SE (Section 3 of the Terms of Transformation)

Section 3 of the Terms of Transformation provides the company name, registered office, capital and articles of association of the Company. The name of the SE will be "Scout24 SE" after the transformation; this is provided by Section 3.1 of the Terms of Transformation. A change of the name is necessary in connection with the change of legal form as the name of an SE must be preceded or followed by the abbreviation SE (Article 11 (1) of the SE Regulation). The registered office of S24 SE will be in Munich, Germany. Its head office will also be there. Corresponding information is included in the Terms of Transformation in Section 3.2.

Section 3.3 of the Terms of Transformation describes the capital structure of S24 SE. Since the transformation will preserve the identity, the share capital of S24 AG in the amount existing as of the transformation date and in the division into no-par value shares existing as of the transformation date will become the share capital of S24 SE. Thus, the existing capital structure

of S24 AG will continue to exist at S24 SE. Accordingly, the share capital of S24 SE, subject to any change occurring by the effective date of the transformation, will continue to amount to EUR 92,100,000 and will be divided into the same number of no-par value shares. The notional portion of share capital represented by each no-par value share (currently EUR 1.00) will remain the same as immediately prior to the effective date of the transformation. The persons and companies that are shareholders of S24 AG as of the time of entry of the transformation in the commercial register will become shareholders of S24 SE to the same extent and with the same number of no-par value shares in the share capital of S24 SE as participating in the share capital of S24 AG immediately prior to the effective date of the transformation. As regards the exchange of share certificates certificated by a global certificate see Section 7.4 of this report in addition.

Section 3.4 of the Terms of Transformation refers to the articles of association of S24 SE, which form an integral part of the Terms of Transformation and are described in detail under Section 6.2 of this Report.

Pursuant to Section 3.4 of the Terms of Transformation, in the articles of association of S24 SE, the share capital figure with the division into no-par value shares of S24 SE (article 4 (1) of the articles of association of S24 SE) will correspond to the share capital figure with the division into no-par value shares of S24 AG (article 4 (1) of the articles of association of S24 AG) as of the effective date of the transformation of S24 AG into an SE, with the status immediately prior to the effective date of the transformation being decisive. The latter is made clear expressly once again at the end of the first paragraph of Section 3.4 of the Terms of Transformation.

Sections 3.5 and 3.6 of the Terms of Transformation describe particularities in connection with the share capital, the authorized and the conditional capital as well as the other authorizations granted to the management board.

The authorizations of the management board to increase the share capital of the Company up until 17 June 2025 with the approval of the supervisory board by issuing new no-par value registered shares against contributions in cash and/or in kind once or several times by up to EUR 32,280,000.00 in total (Authorized Capital 2020, article 4 (6) of the articles of association of S24 AG) will continue to exist. Likewise, the conditional capital pursuant to article 4 (7) of the articles of association of S24 AG (Conditional Capital 2018) will continue to exist.

The authorization to use treasury shares as resolved by the general meeting of S24 AG under agenda item 8 on 18 June 2020, the authorization to use treasury shares as resolved by the general meeting of S24 AG under agenda item 6 on 8 June 2017 as well as the authorization of the management board to issue bonds with warrants and convertible bonds, profit participation rights and/or participating bonds and to exclude subscription rights as resolved by the general meeting of S24 AG under agenda item 10 on 21 June 2018 and valid until 20 June 2023 will continue to exist in the event of transformation of S24 AG into an SE also for the management board of S24 SE.

Under agenda item 9, a proposal is made to the general meeting of S24 AG on 8 July 2021, which is to pass a resolution on whether or not to approve the transformation of S24 AG into an SE under agenda item 8, to revoke the authorization granted by the general meeting of S24 AG under agenda item 8 on 18 June 2020 to purchase treasury shares and to grant a new authorization to the management board to purchase and use treasury shares pursuant to Section 71 (1) no. 8 AktG, with the possible exclusion of subscription rights and any rights to tender. If the general meeting of S24 AG should validly grant this authorization to the management board on 8 July 2021, it will continue to apply for the management board of S24 SE after the transformation of S24 AG into an SE enters into effect. If, however, the general meeting of S24 AG should not validly grant this proposed authorization to the management board on

8 July 2021, the existing authorization to purchase treasury shares up until 17 June 2025 as granted by the general meeting of S24 AG on 18 June 2020 will continue to apply and thus also for the management board of S24 SE, provided that the transformation of S24 AG into an SE has been completed by this date.

Section 3.7 of the Terms of Transformation makes clear that shareholders who object to the transformation will not be offered any compensation in cash, as such an offer is not provided for by law.

(d) Management board (Section 4 of the Terms of Transformation)

Without prejudice to the decision-making competence under German stock corporation law of the supervisory board of S24 SE, it is to be expected that the following current members of the management board of S24 AG will be appointed members of the management board of S24 SE: Tobias Hartmann (chairman of the management board), Dr Dirk Schmelzer, Dr Thomas Schroeter and Ralf Weitz. Corresponding information can be found in Section 4 of the Terms of Transformation.

(e) Supervisory board (Section 5 of the Terms of Transformation)

Within the scope of the transformation, no conversion to the so-called one-tier system, in which only one administrative organ exists in addition to the general meeting, will take place at S24 SE. Rather, the corporate organs of the Company will continue to be the management board, the supervisory board and the general meeting. Pursuant to article 9 (1) of the articles of association of S24 SE, a supervisory board consisting of six members who are all elected by the general meeting, just as the former supervisory board of S24 AG, will be established at S24 SE.

Section 5.2 of the Terms of Transformation initially includes the information that the terms of office of the members of the supervisory board of S24 AG will end upon the entry into effect of the transformation, *i.e.*, upon the registration of the transformation in the commercial register of S24 SE.

Furthermore, Section 5.2 of the Terms of Transformation includes information regarding the appointment of the members of the first supervisory board of S24 SE. The members of the first supervisory board of S24 SE will be appointed in the articles of association of S24 SE in accordance with Article 40 (2) sentence 2 of the SE Regulation. Pursuant to Section 5.2 of the Terms of Transformation by reference to Section 9 (2) of the articles of association of S24 SE, out of the members of the supervisory board of S24 AG the following members will be appointed members of the first supervisory board of S24 SE upon the recommendation of the Executive Committee:

a. Dr Hans-Holger Albrecht, resident in Umhausen, Austria, chief executive officer and member of the board of directors of the unlisted company Deezer S.A., Paris, France and London, United Kingdom;

b. Mr Christoph Brand, resident in Hedingen, Switzerland, chief executive officer of the unlisted company Axpo Holding AG, Baden, Switzerland;

c. Dr Elke Frank, resident in Stuttgart, Germany, member of the management board of the listed Software AG, Darmstadt, Germany;

d. Mr Frank H. Lutz, resident in Munich, Germany, CEO of the unlisted company CRX Markets AG, Munich, Germany;

e. Mr Peter Schwarzenbauer, resident in Munich, Germany, former member of the management board of BMW AG, Munich, Germany; and

f. Mr André Schwämmlein, resident in Munich, Germany, managing director of FlixMobility GmbH, Munich, Germany.

(f) Information on the procedure for establishing arrangements for employee involvement in S24 SE (Section 6 of the Terms of Transformation)

Section 6 of the Terms of Transformation describes and explains the procedure for employee involvement in connection with the transformation into an SE.

(i) Basic provisions regarding employee involvement in S24 SE (Section 6.1 of the Terms of Transformation)

In order to secure the acquired rights of the employees of S24 AG to involvement in corporate decisions in connection with the transformation into an SE, a procedure for employee involvement in S24 SE has to be conducted. The objective is to conclude an Agreement on Employee Involvement, in particular regarding the procedure for the information and consultation of employees either by the formation of an SE works council or in any other manner to be agreed with the management board of S24 AG. In case that such an Agreement on Employee Involvement is not reached, a statutory standard solution will apply. The completion of the negotiation procedure is a precondition for the registration of the SE in the commercial register and thus for the entry into effect of the transformation into an SE (Article 12 (2) of the SE Regulation).

The procedure for employee involvement is based on the principle of securing the rights acquired by the employees of S24 AG. The level of employee involvement in the SE is governed by Section 2 (8) SEBG, which essentially follows Article 2 (h) SE Involvement Directive.

Pursuant to that provision, involvement of employees means any procedure, in particular information, consultation and participation, through which employee representatives may exercise an influence on decisions to be taken within the Company. Information in this context means the informing of the SE works council or other employee representatives by the management organ of the SE on questions which concern the SE itself or any of its subsidiaries or establishments situated in another member state or which exceed the powers of the competent organs in a single member state. Consultation means, in addition to employee representatives expressing an opinion on matters that are relevant for decision-making, the exchange of views between employee representatives and the management and a dialogue with the objective of reaching agreement, although the management will be free to take the final decision. Participation means the influence of the employees in the affairs of the SE; pursuant to Section 2 (12) SEBG, it refers either to the right to appoint or elect members of the supervisory board or alternatively the right to nominate such members of the supervisory board or to reject members nominated by third parties.

(ii) Notification of employees and request for formation of the SNB (Section 6.2 of the Terms of Transformation)

The procedure for employee involvement will be initiated in accordance with the provisions of the SEBG. Accordingly, the management of the company involved will notify the employees and/or their respective employee representative bodies of the planned transformation and request them to form a special negotiating body (**SNB**).

Pursuant to Section 4 (3) SEBG, the notification given to the employees and/or their representative bodies must in particular include (i) the names and respective structures of the company, the subsidiaries and establishments concerned and their distribution among the member states, (ii) the employee representative bodies existing within these companies and establishments, (iii) the number of employees employed in these companies and establishments and the total number of employees employed in a given member state determined on the basis thereof and (iv) the number of employees entitled to participation rights in the corporate bodies of these companies.

The management board of S24 AG notified the employee representative bodies in Germany and the employees in Austria of the intended transformation of S24 AG into the legal form of an SE and requested them to form the SNB in writing. By request and notification letter of 1 March 2021, the group works council and the economic committee of S24 AG, the works council of Immobilien Scout GmbH as well as on 2 March 2021 the employees of Immobilien Scout Österreich GmbH (AT) and of Immoverkauf24 GmbH (AT) were notified. The executive staff of the Scout24 group were notified of the intended transformation by the management board of S24 AG.

(iii) Establishment and composition of the SNB (Section 6.3 of the Terms of Transformation)

The allocation of seats on the SNB to the individual member states of the EU in which the Scout24 group employs employees is governed by Section 5 (1) SEBG also for the formation of an SE by transformation with registered office of the SE in Germany. The seats will be allocated according to the following basic rules:

Any member state of the EU and contracting state to the EEA in which any companies of the Scout24 group employ employees will generally receive at least one seat on the SNB. The number of seats allocated to a member state of the EU will be increased by one each to the extent that the number of employees employed in such member state of the EU exceeds the threshold of 10%, 20%, 30%, etc. of all employees of the Scout24 group in the EU in each case. The allocation of seats on the SNB will generally be determined on the basis of the date on which the employees and/or their respective representative bodies were notified (*cf.* Section 4 (4) SEBG).

The involvement of the Austrian employees of the Scout24 group depends on the provisions of the Austrian Labor Constitution Act (*Arbeitsverfassungsgesetz*; **ArbVG**). The members of the SNB nominated from Austria may be either employees (works council members) of the domestic companies and establishments or representatives of the competent voluntary professional association in Austria (if existing). Pursuant to the applicable statutory provisions of the ArbVG, the SNB member sent from Austria may only be sent from an employee representative body (group representative body, central works council, works committee, works council). As no works council is established in the Austrian establishment at present, any sending from Austria into the SNB is not possible at present, so that the seat for Austria will remain vacant.

Based on these principles and the employee figures of the Scout24 group in the individual member states of the EU as of 1 March 2021, the following allocation of seats resulted.

Member state	Number of employees (incl. working students)	Share in %	Number of seats on the SNB

Germany	919	94.7	10
Austria	51	5.3	0
Total	**970**	**100**	**10**

In Germany, the election and/or appointment of the members as well as the constitution of the SNB generally lies within the responsibility of the employees and their representative bodies and/or the trade unions responsible for them. The respective national provisions apply. As a result, various procedures apply in principle, such as election by direct vote, appointment by trade unions or, as is the case under German law, election by an election body (*cf.* Section 8 SEBG).

The election body to be formed in Germany will be formed from among the members of the group works council, if existing (Section 8 (2) sentence 1 1st alternative SEBG).

In the present case, the election body consisted of the members of the group works council of the Scout24 group.

Of the ten members of the SNB from Germany, three members may be determined upon a proposal from a trade union represented in the establishment.

As more than six members from Germany belonged to the SNB, one member was an executive employee. As no representative body for executive staff exists in any company of the Scout24 group, the executive staff were able to submit nominations, which had to be signed by one twentieth or 50 of the executive staff, to the election body themselves pursuant to Section 8 (1) sentence 6 SEBG. Women and men will be elected according to their respective proportion.

The election body elected the following members of the SNB by secret and direct election:

Member of SNB
Thomas Lehmann, Scout24 AG
Andreas Böhm, Immobilien Scout GmbH
Ilka Breitsprecher, Immobilien Scout GmbH
Volkmar Grimm, flowfact GmbH
Stefan Harsdorff, Immobilien Scout GmbH
Dorothee Jovanovic, Immobilien Scout GmbH
Andrea Kraus, Scout24 AG
Roman Weber, Scout24 AG
Sylvia Mareck, Immobilien Scout GmbH

Michael Klemund, Scout24 AG (executive); substitute member Jost Paffrath, Immobilien Scout GmbH (executive)

Substitute members, non-executive, (moving up in the order given here in the respective case)
Nicole Duic, Immobilien Scout GmbH
Stefanie Luther, Immobilien Scout GmbH
Christian Dietze, Scout24 AG
Mira Ernst, Immobilien Scout GmbH
Christoph Lipka, Scout24 AG
Sa-San Schadkami, flowfact GmbH
Tina Hartwig, Immobilien Scout GmbH
Yvonne Mechsner, Immobilien Scout GmbH

The names of the members of the SNB, their addresses as well as their respective affiliation were notified to the management board of S24 AG immediately and/or were known to it. The management board then notified such data to the local establishment and company management as well as the employee representative bodies existing there.

(iv) Negotiation procedure and provisions regarding employee involvement of S24 SE (Section 6.4 of the Terms of Transformation)

After all members had been named, the management board of S24 AG invited the elected members of the SNB to constitute the SNB and notified the local establishment and company management accordingly on 7 May 2021, *i.e.*, within ten weeks after the notification within the meaning of Section 4 (2) and (3) SEBG (*cf.* Section 12 (1), Section 11 (1) SEBG). The constituent meeting of the SNB took place on 18 May 2021 virtually in the form of a video conference due to the ongoing hazards posed by the pandemic and with a view to the legal requirements regarding occupational safety and hygiene. Upon the constitution of the SNB, the procedure for the formation of the SNB ended and the negotiations started, for which – subject to any extension of time by common consent – a duration of up to six months is provided for by law.

The aim of the negotiations is to conclude an Agreement on Employee Involvement. The object of the negotiations is the determination of a procedure for informing and hearing the employees. This may take place either by the formation of an SE works council or any other procedure provided for by the negotiating parties which guarantees that employees in S24 SE are informed and heard.

(v) Agreement on employee involvement (Section 6.5 of the Terms of Transformation)

The conclusion of an Agreement on Employee Involvement between the company management and the SNB requires a resolution of the SNB. The resolution must be adopted by the majority of the members, which majority must also represent the majority of the employees represented. Any resolution on non-commencement as well as the discontinuation of negotiations are excluded (*cf.* Section 16 (3) SEBG).

(vi) Costs of the employee involvement procedure (Section 6.9 of the Terms of Transformation)

The necessary costs incurred due to the formation and activities of the SNB will be borne by S24 AG as well as after the transformation by S24 SE. The obligation to bear the costs also covers the material and personal expenses incurred in connection with the activities of the SNB, including the negotiations. In particular, the necessary premises, material resources (e.g. telephone, fax, required literature), interpreters and clerical staff are to be provided for meetings and the necessary travel and subsistence expenses of the members of the SNB must be paid.

(g) Other implications of the transformation for the employees and their representative bodies (Section 7 of the Terms of Transformation)

Section 7 of the Terms of Transformation explains the other implications of the transformation of S24 AG into an SE for the employees and their representative bodies.

In this connection, the Terms of Transformation make clear that the rights and obligations of the employees under the existing employment and service contracts remain unaffected even after the transformation and that this also applies with regard to the involved company itself. As no transfer of an undertaking takes place due to the identity of the legal entities, Section 613a of the German Civil Code (*Bürgerliches Gesetzbuch*; **BGB**) is not applicable to the transformation into an SE. This is made clear in Section 7.1(a) of the Terms of Transformation.

Section 7.1(b) of the Terms of Transformation includes the statement that any works agreements and other collective labor provisions applicable to the employees of the Scout24 group will continue to apply unchanged for these employees in accordance with the respective agreements.

It is made clear in the first paragraph of Section 7.1(c) of the Terms of Transformation that the transformation – with the exception of the procedure for the involvement of employees specified above in Section 6.1(f) of this report and the changes specified there in this connection – will have no implications for the existing employee representative bodies in S24 AG and the companies of the Scout24 group and that, moreover, the validity of the corporate employee participation laws in group companies with registered office in Germany will remain unaffected by the transformation of S24 AG into S24 SE.

As pointed out in the last paragraph of Section 7.1(c) of the Terms of Transformation, after the transformation, therefore, employee participation will be governed primarily by the Agreement on Employee Involvement, which is currently being negotiated and accordingly still has to be concluded. If no agreement on employee involvement is reached, employee participation will be governed by the statutory fallback provisions of the SEBG.

Finally, it is pointed out in Section 7.2 of the Terms of Transformation that no measures are provided for or planned on the basis of the transformation which would have implications for the situation of the employees.

(h) Auditors (Section 8 of the Terms of Transformation)

Section 8 of the Terms of Transformation contains the information regarding the auditors for the first financial year of S24 SE. Accordingly, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, will be appointed auditors as well as group auditors for the first financial year of S24 SE. The first financial year of S24 SE will be the calendar year in which the transformation of S24 AG into S24 SE is registered in the commercial register of S24 SE. In addition, Section 8 of the Terms of Transformation contains the information that KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, will be appointed for a potential auditor's review of the condensed financial statements and the interim management report (Section 115 (5), Section 117 no. 2 WpHG) as well as for a potential auditor's review of any interim financial information (Section 115 (7) WpHG) in the first and, if appropriate, second financial year of S24 SE in each case and only until the next annual general meeting in each case.

(i) No further rights or special advantages (Section 9 of the Terms of Transformation)

Like terms of merger (Article 20 (1) (f) and (g) of the SE Regulation), the Terms of Transformation also include information on special rights and special advantages.

Section 9.1 of the Terms of Transformation points out that persons within the meaning of Section 194 (1) no. 5 UmwG and/or Article 20 (1) sentence 2 (f) of the SE Regulation will not be granted any rights, and no special measures are provided for such persons.

Special advantages are all special advantages granted to the independent expert pursuant to Article 37 (6) of the SE Regulation or the members of the management or controlling organs of the Company.

Section 9.2 of the Terms of Transformation points out that persons within the meaning of Article 20 (1) sentence 2 (g) of the SE Regulation will not be granted any special advantages within the scope of the transformation.

However, as a matter of precaution, it is made clear by Section 9.2 of the Terms of Transformation that the former members of the supervisory board of S24 AG, Dr Hans-Holger Albrecht, Mr Christoph Brand, Dr Elke Frank, Mr Frank H. Lutz, Mr Peter Schwarzenbauer and Mr André Schwämmlein, will be appointed members of the first supervisory board of S24 SE in the articles of association of S24 SE for the term of their current office, *i.e.*, until the end of the general meeting which resolves on their discharge for the financial year 2023.

Section 9.3 of the Terms of Transformation finally points out that any rights of third parties arising from the shares in S24 AG will continue to exist with respect to the shares in S24 SE.

(j) Transformation costs (Section 10 of the Terms of Transformation)

Section 10 of the Terms of Transformation makes clear that the costs of transformation, up to a maximum of EUR 1,500,000, will be borne by the Company. As regards the cost factors and the estimated actual amount of such costs see Section 3.3 of this report.

6.2 Explanation of the articles of association of S24 SE

Upon the transformation taking effect, S24 AG will change its legal form into that of an SE. The existing articles of association of S24 AG will be replaced by new articles of association of S24 SE. These articles of association are attached to the Terms of Transformation and are to be approved by the general meeting together with the Terms.

The present draft of the articles of association for S24 SE is based on the existing articles of association of S24 AG. In this connection, a large number of the provisions of the current articles of association of

S24 AG could, for the most part, be adopted in the articles of association of the future S24 SE, as the material provisions of the SE Regulation and the SEAG in essence correspond to the provisions applicable to the articles of association of a German stock corporation. In all other respects, the articles of association of S24 SE have been drafted in such a manner as to ensure that the legal situation currently existing at S24 AG can broadly be maintained at S24 SE.

(a) Company name, registered office and financial year (article 1 of the articles of association of S24 SE)

Article 1 (1) of the articles of association of S24 SE specifies the name of the Company. The Company, currently named S24 AG, will be renamed "S24 SE". The change of the abbreviation indicating the legal form is mandatorily prescribed by Article 11 (1) of the SE Regulation.

The registered office of the Company is, as for S24 AG, Munich, Germany, as specified in article 1 (2) of the articles of association of S24 SE.

Consistent with article 1 (3) of the articles of association of S24 AG, article 1 (3) of the articles of association of S24 SE provides that the financial year of the Company shall be the calendar year.

(b) Purpose of the Company (article 2 of the articles of association of S24 SE)

The provisions contained in article 2 of the articles of association of S24 AG have been largely adopted in article 2 of the articles of association of S24 SE. The company purpose of S24 SE under the articles of association is largely identical to the company purpose of S24 AG.

Pursuant to article 2 (1) of the articles of association of S24 SE, the purpose of the Company shall be the acquisition, holding, managing and selling of interests in enterprises – in Germany and abroad – of any legal form, which (a) are active in the field of online and internet services, and/or (b) render services online and/or offline in the sector of the real estate industry, in particular the commission and management of real estate properties or connected or related business purposes, the performance of all measures which relate to the activities of a holding company with group-management functions, especially rendering management and providing advisory and other services against consideration *vis-à-vis* affiliated companies, as well as activities in the fields described in (a) and (b) in Germany and abroad.

The dynamic development of the Company and the opening up of new fields of business is taken into account by expanding the purpose of the Company towards the sector of the offline real estate industry without deviating from the current successful business areas.

Pursuant to article 2 (2) sentence 1 of the articles of association of S24 SE, which has remained unchanged compared to the articles of association of S24 AG, the Company may directly and indirectly engage in all activities which are suitable for serving the purpose of the Company.

Pursuant to article 2 (2) sentence 2 of the articles of association of S24 SE, which has also remained unchanged compared to the articles of association of S24 AG, the Company may establish branches and other enterprises in Germany and abroad. Furthermore, it may limit its activities to a part of the fields of activity mentioned in article 2 (1) (article 2 (2) sentence 3 of the articles of association of S24 SE).

(c) Announcements and information (article 3 of the articles of association of S24 SE)

The wording of article 3 (1) of the articles of association of S24 SE is identical to article 3 (1) of the articles of association of S24 AG. Public announcements of S24 SE shall therefore be made in the Federal Gazette (*Bundesanzeiger*). The Company may provide information to the

shareholders also by way of remote data transmission. In article 3 (2) of the articles of association of S24 SE, Section 30b (3) WpHG, (old version), as contained in the articles of association of S24 AG, was replaced by Section 49 (3) WpHG, as Section 30b WpHG was changed to Section 49 WpHG by the implementation of the Second Act Amending Financial Market Regulations (*Zweites Finanzmarktnovellierungsgesetz*).

(d) Share capital (article 4 of the articles of association of S24 SE)

Article 4 (1) of the articles of association of S24 SE stipulates the same amount and division of share capital for S24 SE as for S24 AG without amendment. The shares will continue to be registered shares (article 4 (2) sentence 1). Pursuant to article 4 (2) sentence 2 of the articles of association of S24 SE, the shareholders are required to submit, for purposes of recording the shares in the stock register, to the Company the number of shares held by them and an e-mail address if they have one and, in case of individuals, their name, address and date of birth or, in case of legal entities, their company name, business address and registered offices. The change of the German term "*Aktienverzeichnis*" in the articles of association of S24 AG to "*Aktienregister*", both of which can be translated as "stock register", merely constitutes a terminological change and serves to reflect the wording of the law in the wording of the articles of association without any changes to the content.

Article 4 (3) of the articles of association of S24 SE states that the Company's share capital will be contributed by conversion of S24 AG. This paragraph has been added with a view to compliance with the rules of incorporation under German stock corporation law.

Article 4 (4) sentence 1 of the articles of association of S24 SE provides that the form of the share certificates as well as dividend coupons and renewal coupons, if any, shall be determined by the management board. Article 4 (4) sentence 2 of the articles of association of S24 SE provides that it shall be possible to issue global certificates of shares. The rights of shareholders to receive definitive share certificates for their shares shall be excluded unless the issuance of share certificates is required under the rules applying to a stock exchange to which the shares are admitted for trading (article 4 (4) sentence 3 of the articles of association of S24 SE). Likewise, the right of shareholders to dividend coupons and renewal coupons being issued shall be excluded (article 4 (4) sentence 4 of the articles of association of S24 SE). This is identical to the provision of article 4 (4) of the articles of association of S24 AG in terms of content.

Article 4 (5) of the articles of association of S24 SE states, identical to the wording at S24 AG, that in case of new shares being issued in the context of a capital increase, the profit participation may be determined in deviation from Section 60 AktG.

The authorization of the management board to increase the Company's share capital, with the approval of the supervisory board, once or several times up until 17 June 2025 by issuing new no-par value registered shares against contributions in cash and/or in kind by an amount of up to EUR 32,280,000.00 in total (Authorized Capital 2020, article 4 (6) of the articles of association of S24 AG) will continue to exist. Likewise, the conditional capital pursuant to article 4 (7) of the articles of association of S24 AG will continue to exist.

(e) Corporate bodies (article 5 of the articles of association of S24 SE)

Pursuant to article 5 of the articles of association of S24 SE, the corporate bodies of S24 SE will be the management board, the supervisory board and the general meeting also following the transformation.

(f) Composition and appointment of the management board (article 6 of the articles of association of S24 SE)

In article 6 (1) sentence 1 of the articles of association of S24 SE, the term "the management organ" was added in brackets. This is based on provisions of the SE Regulation, which distinguishes, as regards the structure of a two-tier *Societas Europaea*, between the general meeting of shareholders, the supervisory and the management organ (Article 38 of the SE Regulation). It is thus only meant to be a clarification that the management board is the management organ within the meaning of Article 38 (b) 1st alternative of the SE Regulation. Article 6 (1) sentence 2 of the articles of association of S24 SE, according to which the number of members of the management board shall be determined by the supervisory board, will be adopted without amendment for the SE.

The provision contained in article 6 (2) of the articles of association of S24 SE is new. Pursuant to the provision, the members of the management board are appointed for a maximum period of five years. While at a stock corporation, the supervisory board may appoint management board members for a maximum term of five years (Section 84 (1) sentence 1 AktG), the term of office for which a member of the management board of an SE is appointed may not exceed six years. The period for which management board members are appointed is to be expressly laid down in the articles of association of the SE (*cf.* Article 46 (1) of the SE Regulation). With a maximum period of appointment of five years, the articles of association of S24 SE continue the rules of S24 AG without making use of the option to extend the period. A reappointment of a management board member is permissible both for a stock corporation (Section 84 (1) sentence 2 AktG) and for an SE. This was included in article 6 (2) sentence 2 of the articles of association of S24 SE for clarification purposes.

The previous article 6 (2) of the articles of association of S24 AG will be adopted in the articles of association of S24 SE without amendment as article 6 (3) of the articles of association of S24 SE. Pursuant to the article, the supervisory board will be responsible for the appointment, the revocation of the appointment and the allocation of responsibilities of the management board members.

Pursuant to article 6 (4) of the SE's articles of association, with unchanged content, the supervisory board may appoint a chairman of the management board and a deputy chairman of the management board as well as deputy members of the management board.

(g) Representation (article 7 of the articles of association of S24 SE)

The wording of article 7 (1) of the articles of association of S24 SE is identical to article 7 (1) of the articles of association of S24 AG, and thus continues to provide that the Company shall be represented by a member of the management board if the supervisory board has granted such member the authority to represent the Company alone; otherwise, the Company shall be represented by two members of the management board or by one member of the management board acting jointly with a procuration officer (*Prokurist*). With regard to the authority to represent the Company, the position of deputy members of the management board shall be equivalent to that of regular members.

The provision in article 7 (2) of the articles of association of S24 SE has also been adopted in terms of content from the articles of association of S24 AG without amendment. The inclusion of Article 9 (1) (c) (ii) of the SE Regulation in sentence 2 is merely of declaratory nature and serves to derive the further applicability of Section 112 AktG referenced in sentence 2. Pursuant to article 7 (2) sentence 1 of the articles of association of S24 SE, the supervisory board may, generally or for individual cases, release all or single members of the management board and the procuration officers being authorized to legally represent the Company jointly with a member of the management board from the prohibition of multiple representation in accordance with Section 181 2nd alternative BGB. Article 9 (1) (c) (ii) of the SE Regulation and Section 112 AktG remain unaffected.

(h) Management and adoption of resolutions (article 8 of the articles of association of S24 SE)

Pursuant to article 8 (1) of the articles of association of S24 SE, which has remained unchanged compared to the articles of association of S24 AG, the management board shall conduct the business of the Company in accordance with the law, these articles of association and the rules of procedure for the management board and is obliged towards the Company to comply with the limitations determined by these articles of association or the rules of procedure for the management board with regard to the authority to manage the Company's business or which have been determined by the supervisory board or the general meeting within their competences.

Article 8 (2) of the articles of association of S24 SE was newly included compared to the articles of association of S24 AG and stipulates the quorum for the management board. Pursuant to sentence 1 the management board meeting shall have a quorum if at least two-thirds of its members are present or represented. If the management board consists of only two members, its meetings shall, pursuant to sentence 2, have a quorum only if both of them are present or represented. Pursuant to sentence 3, meetings of the management board can also be held by video or audio conference upon request of the chairman. Inclusion of the provision regarding the quorum for the management board in the articles of association instead of the rules of procedure for the management board, as has been previously the case, observes Article 50 (1) (a) of the SE Regulation. Pursuant to this Article, the management board meeting has a quorum if at least half of its members are present or represented. If, as in the present case, a different provision is to apply, such provision must be mandatorily provided for in the articles of association and cannot be provided for in the rules of procedure as in the case of an AG.

Article 8 (3) of the articles of association of the SE was also newly included. Pursuant to this article, if the management board consists of more than three members and a meeting does not have a quorum as set forth in paragraph 2, another meeting with an identical agenda has to be called without undue delay within a period of one week's time. The meeting called in this manner has a quorum if at least two of the members of the management board are present or cast their vote otherwise. The inclusion of this provision is also based on Article 50 (1) (a) of the SE Regulation as set out above.

Article 8 (2) sentence 1 of the articles of association of S24 AG was changed to article 8 (4) sentence 1 of the articles of association of S24 SE. This article provides that the resolutions of the management board shall be adopted with the simple majority of votes cast, unless a different majority is stipulated by mandatory law. Contrary to article 8 (2) sentence 1 of the articles of association of S24 AG, not the simple majority of votes but the simple majority of votes cast is decisive. This was necessary in view of the provision under Article 50 (1) (b) of the SE Regulation in order to maintain the current voting majority. Pursuant to Article 50 (1) (b) of the SE Regulation, resolutions are passed by the majority of the members present or represented unless otherwise provided for by the articles of association. Due to the reference to members present or represented in Article 50 (1) (b) of the SE Regulation, it is irrelevant whether these members actually cast a vote, abstain from voting or do not participate in the vote at all. Thus, any abstentions or votes not cast would be included in the count. In order to avoid this and to include only yes and no votes cast, as has been previously the case, an amendment of the wording as described above was necessary.

Article 8 (4) sentence 2 provides, consistent with article 8 (2) sentence 2 of the articles of association of S24 AG, that the chairman shall have the casting vote in case of a tie of votes if the management board consists of more than two members. Article 8 (4) sentence 3 of the articles of association of S24 SE was newly included compared to the articles of association of S24 AG and clarifies that the chairman of the management board shall establish the result of the vote and the resolutions adapted.

Article 8 (5) of the articles of association of S24 SE stipulates that the management board shall adopt rules of procedure for itself by an unanimously adopted resolution of all members of the management board if the supervisory board does not issue rules of procedure for the management board, and is identical to article 8 (3) of the articles of association of S24 AG.

(i) Composition, term of office, resignation, and adoption of resolution of the supervisory board (article 9 of the articles of association of S24 SE)

Article 9 of the articles of association of S24 SE provides for the composition of the supervisory board, its adoption of resolutions, the appointment and term of office of its members and the procedure for any resignation from office. In this regard, article 9 (1) of the articles of association of S24 SE initially states that the supervisory board is the supervisory organ (within the meaning of Article 38 (b) 1st alternative of the SE Regulation). Further, the supervisory board shall consist of six members which shall all be elected by the general meeting. This corresponds to the current situation at S24 AG.

Consistent with article 9 (1) of the articles of association of S24 AG, article 9 (1) sentence 1 of the articles of association of S24 SE provides that the resolutions of the supervisory board consisting of six members shall be adopted by simple majority of the votes cast unless other majorities are required by law. In this regard, the newly included sentence 2 expressly states again that abstentions shall not be counted when determining the result of the vote. Consistent with article 9 (1) sentence 2 of the articles of association of S24 AG, article 9 (1) sentence 3 of the articles of association of S24 SE stipulates that in the event of a tied vote, the chairman will have a casting vote.

Article 9 (2) of the articles of association of S24 SE stipulates that the members of the current supervisory board of S24 AG, Dr Hans-Holger Albrecht, Mr Christoph Brand, Dr Elke Frank, Mr Frank H. Lutz, Mr Peter Schwarzenbauer and Mr André Schwämmlein, are appointed members of the first supervisory board of S24 SE until the end of that general meeting which resolves on the discharge for the financial year 2023. The appointment is based on Article 40 (2) sentence 2 of the SE Regulation. Pursuant to this Article, the members of the first supervisory organ may be appointed by the articles of association. By appointing the current members of the supervisory board of S24 AG as members of the supervisory board of S24 SE for the period of their current term of office, the Company ensures that the supervisory board is able to effectively and optimally fulfil its monitoring and advisory function as usual also at S24 SE.

Article 9 (3) and (4) of the articles of association of S24 SE provides for the supervisory board's procedure of adopting resolutions. Pursuant to paragraph 3, the chairman of the supervisory board shall chair the meetings of the supervisory board. If the chairman is not available, the deputy shall chair the meeting. Pursuant to paragraph 4, resolutions of the supervisory board are, as a rule, adopted in meetings in which the members of the supervisory board are present. Members of the supervisory board who are connected by video or telephone conference are considered to be present for the purposes of article 9 of the articles of association of S24 SE and may cast their votes in this way. These provisions correspond to the rules of procedure of the supervisory board of SE24 AG.

As already explained under Section 6.2(h), Article 50 (1) (a) of the SE Regulation stipulates that the relevant organ will be quorate if at least half of the members are present or represented. If a deviating provision is intended, a corresponding provision must, in contrast to AGs, be included in the articles of association of the company and not merely in the relevant rules of procedure. In order to maintain the previous provisions regarding the quorum of the supervisory board in deviation from Article 50 (1) (a) of the SE Regulation, sub-sections (5) and (6) of article 9 were included in the articles of association of S24 SE.

In accordance with the applicable rules of procedure of the supervisory board of S24 AG, article 9 (5) stipulates that the supervisory board shall have a quorum if notice of the meeting was given to all members of the supervisory board under the address most recently notified and no less than three members of the supervisory board participate in the adoption of the resolution. A supervisory board member will be deemed to have participated in the vote even if such member abstains from voting. Absent members of the supervisory board may participate in the adoption of resolutions via vote in writing, by fax or any other customary means of communication (e.g. e-mail) submitted by another member of the supervisory board.

Article 9 (6) states in accordance with the applicable rules of procedure of the supervisory board of S24 AG that the supervisory board may only pass resolutions on items which have not been announced or have not been announced in good time if no supervisory board member present objects and at least 2/3 of the members are present. In such cases, absent members of the supervisory board shall be given the opportunity to subsequently object to the resolution within a reasonable period to be set by the chairman or to cast their vote in writing, by fax or any other customary means of communication (e.g. by e-mail); the resolution shall only become effective if no absent member has objected within this period.

Article 9 (7) of the articles of association of S24 SE contains the general rule for the term of office of the members of the supervisory board. While supervisory board members of a stock corporation cannot be appointed for a term of office longer than until the end of the general meeting resolving on their discharge for the fourth financial year after commencement of the term of office (with the financial year in which the term of office commenced not counting towards this period (Section 102 (1) AktG)), supervisory board members of an SE may be appointed for a period laid down in the articles of association which may not exceed six years (Article 46 (1) of the SE Regulation). In an SE longer terms of office are thus generally permissible.

At S24 SE, the supervisory board members will generally be appointed for a term of office expiring upon the end of the annual general meeting resolving on their discharge for the fourth financial year after commencement of the term of office unless the general meeting resolves on a shorter term of office for individual members or the entire supervisory board. The year in which the term of office commences shall not be taken into account for this purpose. The legal situation existing at S24 AG will be adopted for S24 SE in this regard. Furthermore, a clarifying addition will be included that a member may under no circumstances be appointed for a term of more than six years (article 9 (7) sentence 1 last half-sentence of the articles of association of S24 SE) and that reappointments are permissible (article 9 (7) sentence 3 of the articles of association of S24 SE).

Further reference is made to the provisions applicable to the first supervisory board of S24 SE pursuant to article 9 (2) of the articles of association of S24 SE (article 9 (7) sentence 1 of the articles of association of S24 SE).

Substitute members may be elected for supervisory board members; such substitute members will replace any supervisory board members who depart early from their position in the order determined in the election (article 9 (8) of the articles of association of S24 SE).

If a member of the supervisory board is elected in place of a departing member, such member will be elected for the residual term of office of the departing member also at S24 SE (article 9 (9) sentence 1 of the articles of association of S24 SE). If a substitute member pursuant to article 9 (8) of the articles of association of S24 SE replaces the departing member, the substitute member's term of office shall end upon the end of the next general meeting in which a new supervisory board member is elected with a majority of no less than three quarters of the votes cast, at the latest, however, upon the expiry of the departing member's term of office (article 9 (9) sentence 2 of the articles of association of S24 SE).

In accordance with the provision set out in article 9 (5) of the articles of association of S24 AG, any member and substitute member of the supervisory board may resign from their office, also without a good cause (*wichtiger Grund*), by giving written notice to the chairman of the supervisory board or to the deputy chairman by observing a four-week notice period pursuant to article 9 (10) of the articles of association of S24 SE. In case of a good cause the member may resign with immediate effect.

(j) Duties and rights (article 10 of the articles of association of S24 SE)

As for the AG, it is also provided for the SE that the supervisory board shall have all duties and rights assigned to and conferred on it by law, by the articles of association or otherwise (article 10 (1) sentence 1 of the articles of association of S24 SE). The declaratory list of certain duties and rights additionally contained in article 10 (2) of the articles of association of S24 AG has not been adopted in the articles of association of S24 SE. The duties and rights of the supervisory board listed therein are all provided for by law and are incumbent on the supervisory board even without corresponding provisions being included in the articles of association. Thus, it was possible to streamline the articles of association of S24 SE.

As is the case for the AG, the supervisory board of the SE, too, shall adopt rules of procedure for the supervisory board in accordance with mandatory statutory provisions and the provisions of the articles of association (article 10 (2) of the articles of association of S24 SE). These rules of procedure shall determine, *inter alia*, that the supervisory board's approval shall be required for certain measures or types of transactions or measures of the management board. Newly included in article 10 (2) sentence 2 of the articles of association of the SE was the information that this list must go beyond the scope of the list of matters requiring approval which was newly included in article 11 (1) of the articles of association of the SE.

Remaining unchanged compared to the provisions applicable at the AG, the supervisory board of the SE shall, subject to revocation, be entitled to grant in advance its consent to a certain group of measures in general or to specific measures subject to the condition that those measures satisfy certain requirements (article 10 (3) of the articles of association of S24 SE) and to amend the articles of association relating solely to their wording (article 10 (4) of the articles of association of S24 SE).

(k) Approval requirements (article 11 of the articles of association of S24 SE)

Article 11 (1) of the articles of association of S24 SE contains a list of transactions and matters for which the management board requires the approval of the supervisory board. The transactions in question are:

- Conclusion, amendment or termination of domination, profit transfer or other enterprise agreements as defined in Sections 291 and 292 AktG;

- Acquisition and disposal of companies, shareholdings in companies and parts of companies with a fair value of more than EUR 25,000,000 (in words: twenty five million euro); this does not apply to acquisitions and disposals within the group;

- Significant changes to or outsourcing of current areas of activity, significant changes to the production or sales program, the addition of significant new areas of business or the (complete or partial) discontinuation of significant existing areas of business, insofar as the corresponding measure is not provided for in the budget planning;

- The yearly budget plan for the following financial year of the Company and the group of the affiliated companies;

The articles of association of S24 AG do not contain a corresponding list. The inclusion as compared to the articles of association of S24 AG was triggered by the requirement that the articles of association of an SE must include a list of transactions requiring approval (Article 48 (1) sentence 1 of the SE Regulation).

Pursuant to article 11 (2) of the articles of association of S24 SE, the supervisory board may at any time make further types of transactions and matters of the management board subject to the approval of the supervisory board.

(l) Duty of care and duty to observe secrecy (article 12 of the articles of association of S24 SE)

The provisions relating to the duty of care and duty to observe secrecy set out in article 12 (1) and (2) of the articles of association of S24 SE are identical to those in article 11 (1) and (2) of the articles of association of S24 AG.

When performing their duties, the members of the supervisory board shall apply the due diligence of prudent and conscientious administrators of office (article 12 (1) of the articles of association of S24 SE). Pursuant to article 12 (2) of the articles of association of S24 SE, they are obliged to maintain secrecy and shall observe secrecy also after they resigned or otherwise departed from the supervisory board with regard to any confidential information and business and trade secrets. The same applies to third parties present during meetings of the supervisory board.

Article 11 (3) of the articles of association of S24 AG has not been adopted in the articles of association of S24 SE. The supervisory board members must maintain the required confidentiality.

(m) Remuneration of the supervisory board (article 13 of the articles of association of S24 SE)

The provisions relating to the remuneration of the supervisory board members set out in article 13 of the articles of association of S24 SE are identical to the corresponding provisions of article 12 of the articles of association of S24 AG.

The members of the supervisory board shall receive a fixed annual remuneration of EUR 60,000.00 p.a. in addition to the reimbursement of expenses. The chairman shall receive a fixed annual remuneration of EUR 140,000.00 p.a., the deputy chairman a fixed annual remuneration of EUR 120,000.00 p.a. Further, each member of a committee shall receive an additional annual remuneration of EUR 20,000.00 p.a. and each chairman of a committee an annual remuneration of EUR 40,000.00 p.a. (article 13 (1) of the articles of association of S24 SE).

For members commencing their term during the year, the remuneration will be paid on a *pro rata* basis in the amount of one twelfth for each commenced month of their function (article 13 (2) of the articles of association of S24 SE). The remuneration pursuant to article 13 (1) shall become due after the end of the relevant financial year; the Company shall moreover reimburse the supervisory board members the VAT payable in relation to their remuneration/compensation (article 13 (3) and (4) of the articles of association of S24 SE).

The members of the supervisory board shall be included in an adequate D&O insurance at the costs of the Company (article 13 (5) of the articles of association of S24 SE).

(n) Place of the meeting; convening the general meeting (article 14 of the articles of association of S24 SE)

The content of the provisions regarding the place of the meeting and convening the general meeting set out in article 14 of the articles of association of S24 SE deviates only slightly from the corresponding provision in article 13 of the articles of association of S24 AG.

The general meeting of S24 SE, corresponding to the general meeting of S24 AG, will take place in Germany at the registered office of the Company or any of its subsidiaries, at a place within 100 km (beeline) of the Company's registered office, at the place of a German stock exchange where shares of the Company are listed, or in a city with a population of more than 100,000 (article 14 (1) of the articles of association of S24 SE).

The wording of article 14 (2) of the articles of association of S24 SE is identical to article 13 (2) of the articles of association of S24 AG. It provides that the general meeting shall be convened, notwithstanding the statutory rights of the supervisory board and a minority of shareholders to convene a general meeting, by the management board. Notice of the meeting will be given, unless otherwise provided by law, no less than thirty days prior to the day of the general meeting, which period will be extended by the days of the attendance notification period specified in article 15 (1) of the articles of association of S24 SE (article 14 (3) of the articles of association of S24 SE).

According to article 14 (4) of the articles of association of S24 SE, for the purpose of transmitting notices of a general meeting being convened in accordance with Section 125 (2) AktG, transmission by means of electronic communication is deemed to be sufficient in accordance with the statutory provisions. The management board is entitled, but not obliged, to send notices as paper-based documents as well. Compared to the corresponding article 13 (4) of the articles of association of S24 AG, the reference to "section 125 (2) sent. 1 AktG and section 128 (1) sent. 1 AktG" was replaced by "section 125 (2), (5) sentence 3 AktG in conjunction with sections 67a, 67b AktG". This is not driven by the transformation, but was instead merely caused by a change in law.

The general meeting of S24 SE must be held within the first six months of each financial year (article 14 (5) of the articles of association of S24 SE). Section 120 (1) sentence 1 AktG contains the statutory provision for an AG that the annual general meeting must be held in the first eight months, whereas Article 54 (1) sentence 1 of the SE Regulation requires that the general meeting of an SE be held at least once each calendar year, within six months of the end of the preceding financial year. Therefore, the articles of association of S24 SE accordingly do not stipulate that the annual general meeting will be held within the first eight months, but instead require the meeting to be held within the first six months of each financial year.

(o) Attendance and voting right (article 15 of the articles of association of S24 SE)

The provisions of article 14 (1) of the articles of association of S24 AG have been adopted in article 15 (1) of the articles of association of S24 SE unchanged, except for the mere editorial change of the German term "*Aktienverzeichnis*" to "*Aktienregister*", both of which can be translated as "stock register".

Pursuant to article 15 (1) of the articles of association of S24 SE, those shareholders shall be entitled to attend the general meeting and to exercise their voting rights who are registered in the Company's stock register and whose notification of attendance is received by the Company, in text form in German or English, at the address specified in the notice of the meeting no less than six days prior to day of the general meeting. The day of the general meeting and the day of receipt of the notification of attendance will not be taken into account

for the purpose of calculating the above time limit. The notice of the meeting may stipulate a shorter time limit expressed in days.

Article 15 (2) of the articles of association of S24 SE stipulates, as provided before by article 14 (2) of the articles of association of S24 AG, that the management board is authorized to determine that the shareholders may attend the general meeting also without being present at the place where it is held and without a proxy and may exercise the entirety of their rights, or individual of their rights, in whole or in part by means of electronic communication or may submit their votes, without attending the meeting, in writing or by means of electronic communication (absentee voting). Further, the management board is authorized to determine details regarding the extent and procedure of the terms of sentence 1. In this case, such details shall be announced in the notice of the general meeting. This takes account of existing and future legal and technological developments and is meant to provide the management board with the related possible flexibility when determining details regarding the general meeting in line with the statutory framework. The change from "their rights" to "the entirety of their rights, or individual of their rights" and the deletion of the term "online participation" will only be made to reflect the corresponding wording of Section 118 (1) sentence 2 AktG.

Each share grants one vote, as has been the case so far for S24 AG. The voting right will enter into effect upon full payment of the capital contribution (article 15 (3) of the articles of association of S24 SE).

Similarly, the voting right may be exercised by a proxy holder, as has been the case for S24 AG. The granting and revocation of a proxy and the evidence of a proxy having been granted require the text form, and corresponding details will be announced in the notice of the general meeting. Section 135 AktG remains unaffected.

(p) Chairing of the general meeting (article 16 of the articles of association of S24 SE)

Article 16 (1) of the articles of association of S24 SE, the wording of which is identical to that of article 15 (1) of the articles of association of S24 AG, stipulates that the general meeting shall be chaired by the chairman of the supervisory board. In addition, the general meeting can also be chaired by any other member of the supervisory board or a third party who has been designated by the supervisory board for this purpose. If the chairman of the supervisory board does not take the chair and neither another supervisory board member nor a third party has been designated to chair the general meeting, the chairman of the meeting shall be elected by the general meeting, such election to be chaired by the shareholder with the highest shareholding present in the meeting or its representative.

The chairman of the general meeting of S24 SE has the same rights as the chairman of the general meeting of S24 AG. Article 16 (2) of the articles of association of S24 SE stipulates, consistent with article 15 (2) of the articles of association of S24 AG, that the chairman of the meeting shall chair the proceedings, determine the order of the items to be dealt with as well as the voting procedure. As stipulated in article 16 (3) of the articles of association of S24 SE, which is identical to article 15 (3) of the articles of association of S24 AG, the chairman of the meeting may appropriately limit the shareholders' right to speak and to ask questions and generally determine a reasonable time schedule for the course of the general meeting, for the discussions regarding the individual items of the agenda and for the time to speak and to ask questions either generally or in a reasonable manner for an individual speaker.

(q) Adoption of resolutions by the general meeting (article 17 of the articles of association of S24 SE)

As is the case for an AG, resolutions of the general meeting of an SE will as a rule be passed with a majority of the votes validly cast (Article 57 of the SE Regulation).

Accordingly, article 17 sentence 1 of the articles of association of S24 SE provides, consistent with article 16 sentence 1 of the articles of association of S24 AG, that resolutions of the general meeting are passed with a simple majority of the valid votes cast, unless statutory provisions or the articles of association provide for a larger majority. The term "valid" votes was merely added for the purpose of aligning the provision with the wording of Article 57 of the SE Regulation, which does not result in a change to the content of the existing provision.

According to Article 59 (1) of the SE Regulation, a resolution of the general meeting regarding amendments to the articles of association of an SE must generally be taken by a majority which may not be less than two thirds of the votes cast. In this regard, German legislature has made use of the option granted by Article 59 (2) of the SE Regulation and has stipulated in Section 51 SEAG that the articles of association may provide that, where at least half of the share capital is represented, a simple majority of votes cast is generally sufficient for a resolution taken by the general meeting regarding amendments to articles of association.

In view of the aforesaid and in deviation from the existing article 16 sentence 2 of the articles of association of S24 AG, article 17 sentence 2 of the articles of association of S24 SE provides that, unless mandatory statutory provisions or the articles of association provide for a different majority, amendments to the articles of association require a majority of two thirds of the valid votes cast or, if at least half of the share capital is represented, a simple majority of the valid votes cast.

(r) Transmission of the general meeting (article 18 of the articles of association of S24 SE)

According to article 18 of the articles of association of S24 SE, the wording of which is identical to that of article 17 of the articles of association of S24 AG, the chairman of the general meeting is authorized to permit the audio and video transmission of all or part of the general meeting in a form to be defined by the chairman in more detail, which is to be expressly announced in the notice of the general meeting. This may also be effected such that the general public has access.

(s) Annual financial statements and appropriation of the profit (article 19 of the articles of association of S24 SE)

Article 19 (1) of the articles of association of S24 SE, which has a wording identical to that of article 18 (1) of the articles of association of S24 AG, provides that the management board shall draw up the annual financial statements for the Company and for the group within the statutory time limits after the end of each financial year and submit them to the supervisory board and to the auditor of the annual financial statements promptly after they have been drawn up. In addition, a proposal for the appropriation of the profit must be submitted to the supervisory board.

Article 19 (2) of the articles of association of S24 SE, similarly to the existing article 18 (2) of the articles of association of S24 AG, makes it clear that the supervisory board shall review the annual financial statements, the management report and the proposal for the appropriation of the balance sheet profit as well as the consolidated financial statements and the consolidated management report and report on the result of its review in writing to the general meeting. In this context, at the end of such report the supervisory board shall state whether it approves the annual financial statements and consolidated financial statements that have been drawn up, in which case the annual financial statements will be deemed to be approved (*festgestellt*)

Article 19 (3) of the articles of association of S24 SE, which has a wording identical to that of article 18 (3) of the articles of association of S24 AG, stipulates that in the event that the management board and the supervisory board approve the annual financial statements, they shall be authorized to transfer the net profit for the year, which remains after deduction of the amounts to be transferred to the statutory reserve and any loss carried forward, to other revenue reserves in whole or in part. A transfer of more than half of the net profit for the year shall however not be permitted in this case, to the extent that the other revenue reserves exceed half the amount of the share capital or would do so following the transfer.

(t) Appropriation of the profit (article 20 of the articles of association of S24 SE)

Article 20 of the articles of association of S24 SE, which has the same wording as article 19 of the articles of association of S24 AG, provides that the general meeting shall resolve on the appropriation of the balance sheet profit and, in addition to a cash distribution, may also resolve to make a distribution in kind (article 20 (1) and (2) of the articles of association of S24 SE). Pursuant to article 20 (3) of the articles of association of S24 SE, the management board, with the approval of the supervisory board, may make an advance payment in relation to the expected balance sheet profit to the shareholders after the end of the financial year.

(u) Place of jurisdiction (article 21 of the articles of association of S24 SE)

Consistent with article 20 of the articles of association of S24 AG, article 21 of the articles of association of S24 SE provides that shareholders submit to the Company's regular place of jurisdiction with regard to all disputes with the Company or with members of the Company's bodies unless mandatory statutory provisions state otherwise.

(v) Formation expenses / expenses incurred by the legal form being converted into an AG (article 22 of the articles of association of S24 SE)

The existing article 21 of the articles of association of S24 AG was included with the same content into article 22 of the articles of association of S24 SE. The tense was adjusted for clarification purposes so that this provision now unambiguously shows that it refers to the formation expenses of Asa NewCo GmbH and the expenses incurred by its legal form being converted into S24 AG. Formation expenses up to an amount of EUR 2,500.00, and costs incurred by the legal form of Asa NewCo GmbH being converted into S24 AG up to an amount of EUR 150,000.00 were borne by the Company.

(w) Costs of conversion into an SE (article 23 of the articles of association of S24 SE)

Article 23 of the articles of association of S24 SE that was added as a new provision stipulates that the Company will bear the costs of the conversion of S24 AG into an SE up to a total amount of EUR 1,500,000.

7. EFFECTS OF THE TRANSFORMATION

7.1 Corporate-law effects

(a) Legal effects of the transformation

The transformation of S24 AG into an SE does not result in the dissolution of the Company or in the creation of a new legal person (Article 37 (2) of the SE Regulation). The legal and economic identity of the Company is preserved by the change of legal form. There is thus no transfer of assets. The shareholders retain their participation in the Company unchanged. However, the jurisdiction applicable to the Company changes as a result of the change of legal form, since

the law applicable to an SE that has its registered office in Germany will then apply; however, as a result of various references, in particular to the German Stock Corporation Act, these legal provisions largely correspond to those applicable to a German stock corporation.

Article 37 (9) of the SE Regulation in particular provides that the rights and obligations of the Company to be transformed relating to the terms and conditions of employment and existing at the date of the registration will be "transferred" to the SE.

(b) Dividend entitlement

There are no differences between S24 AG and S24 SE as regards the dividend entitlement of the shareholders. As is the case for S24 AG, the general meeting decides on the appropriation of retained earnings at S24 SE.

(c) Shareholdings at S24 SE after the transformation

The shareholders' relative shareholdings will remain unaffected by the transformation into an SE. The shareholders will receive the same number of shares that they held in S24 AG immediately prior to the effective date of the transformation. The notional portion of share capital represented by each no-par value share will also remain the same as immediately prior to the effective date of the transformation.

(d) Other corporate-law effects

For other corporate-law effects, see the comparison of structural elements, in particular of the legal position of the shareholders of S24 AG and S24 SE, in Section 4 of this Report and the explanations of the articles of association of S24 SE in Section 6.2 of this Report.

7.2 Effects of the transformation on accounting

The transformation of S24 AG into an SE will not have any effects on accounting. As a transformation preserving the Company's identity, this measure does not result in the dissolution of the Company or in the creation of a new legal person (Article 37 (2) of the SE Regulation). As regards the annual financial statements, the management report, the consolidated financial statements and the consolidated management report, the same provisions will apply at S24 SE as are applicable to a German stock corporation.

7.3 Tax effects of the transformation

This section contains a brief summary of some material tax principles which are or may be relevant in connection with the transformation preserving the Company's identity. This summary is not an exhaustive and complete description of all tax aspects that may be relevant for the shareholders of S24 AG or S24 SE. It is based on German tax law as applicable at the time of preparation of this Transformation Report, the provisions of which may change, potentially also with retroactive effect. The shareholders of S24 AG or S24 SE are therefore recommended to consult their own tax advisers with regard to the possible tax effects of the transformation preserving the Company's identity and of the acquisition, holding and disposal of shares in S24 AG or S24 SE. The tax advisers are in a position to adequately consider the particular tax position of the individual shareholder.

(a) Taxation of the transformation

S24 AG assumes that the transformation preserving the Company's identity into an SE that has its registered office and place of management in Germany will not have any income tax effect nor trigger any obligation to pay German VAT or property transfer tax. After the transformation

preserving the Company's identity, the shareholders of S24 AG will retain their participation in the S24 SE unchanged. Against this background S24 AG assumes that the transformation preserving the Company's identity will not result in a taxable profit or a loss that is relevant for taxation purposes for the shareholders of S24 AG.

(b) Taxation of the future S24 SE and its shareholders

Following the transformation preserving the Company's identity, the tax situation of S24 SE will be the same as that of S24 AG prior to the transformation. For the purposes of ongoing income taxation, S24 SE will be treated like a German corporation and will be subject to corporate income tax and trade tax in the same way as S24 AG previously was.

Future dividend distributions by S24 SE as well as disposals of shares in S24 SE will generally be treated, at the level of the shareholders of S24 SE, in the same way as dividend distributions by S24 AG or disposals of shares in S24 AG, unless applicable law or the factual circumstances change.

7.4 Effects of the transformation on the shares in the Company and its listing

The transformation of S24 AG into S24 SE does not have any serious effects on the Company's shares or its listing.

As the change of legal form does not affect the legal identity of the Company, shareholders in S24 AG will become shareholders in S24 SE upon the transformation taking effect. Even after the transformation the shares in the Company will be no-par value registered shares. After the transformation the share certificate of the Company will be exchanged (*cf.* Section 2.6 of this report). Since the shares in S24 AG are represented by a global certificate, this will be achieved by way of an exchange of the global certificate.

The S24 shares (ISIN DE000A12DM80) are listed in the Prime Standard segment of the Frankfurt Stock Exchange.

Exchange trading in S24 shares will not be affected by the transformation. Even after the transformation of the Company, the shareholders of the former S24 AG will be able to trade their shares (then shares in S24 SE) at each of the stock exchanges at which the S24 AG shares are listed. The transformation will not affect the inclusion of the share in any stock exchange indices either. Also, because the identity of the Company is preserved in the course of the transformation it will not be necessary to arrange for a separate listing of the S24 SE share. However, due to the change of name the quotation must be adjusted.

Munich, May 2021

S24 AG
The Management Board