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Report of the Administrative Board pursuant to article 5 SE-Reg, section 221 (4) AktG in conjunction with section 186 (4) sentence 2 AktG on item 7 of the agenda:

An adequate capital base and adequate financing are essential foundations for the further development of GFT Technologies SE, for growth and for a successful market presence. By issuing convertible bonds and/or bonds with warrants, the company can take advantage of attractive financing opportunities at comparatively low interest rates, depending on the market situation and its financing needs, for example in order to provide the company with debt capital at favourable conditions. Moreover, by issuing convertible bonds and/or bonds with warrants, if necessary in addition to the use of other instruments such as a capital increase, the company can reach new investor groups. Furthermore, the company benefits from the conversion and option premiums generated by the issuance.

The proposed authorisation is intended to replace the authorisation to issue convertible or option bonds adopted by the Annual General Meeting on 31 May 2017. The authorisation resolved on 31 May 2017 expires on 30 May 2022 and thus prior to the forthcoming Annual General Meeting on 1 June 2022 and has not been used to date. The Administrative Board considers it reasonable to continue to enable the company to be able to issue convertible bonds and/or bonds with warrants in a flexible manner and, if necessary, to be able to exclude shareholders' subscription rights in whole or in part under certain conditions. The new authorisation to issue bonds proposed under agenda item 7 and the Conditional Capital 2022 also proposed enable the Administrative Board to issue bearer or registered convertible bonds and/or bonds with warrants with conversion or option rights and/or conversion or option obligations (or a combination of these instruments) on one or more occasions until 31 May 2027 (inclusive) with a total nominal amount of up to €400,000,000.00 with or without a limited term (hereinafter jointly referred to as the **'bonds'**) and to grant or impose on the creditors of bonds conversion or option rights and/or conversion or option obligations to subscribe a total of up to 10,000,000 new no-par bearer shares of the

company with a prorated amount of the share capital of up to €10,000,000.00 in total in accordance with the respective terms and conditions of the bonds (hereinafter jointly referred to as the **'bond terms and conditions'**). The authorisation proposed under agenda item 7 also enables the Administrative Board to issue bonds with a variable interest rate, whereby the interest rate may be fully or partially dependent on the amount of the net income for the year, the distributable profit or the dividend of the company.

The issue of bonds is limited by the fact that the total number of shares issued to service bonds issued on the basis of this authorisation, taking into account shares issued from Authorised Capital during the term of this authorisation, may not exceed a pro rata amount of 40% of share capital, neither at the time this authorisation becomes effective nor at the time it is exercised. This capital limit restricts the total volume of shares issued from the issue of bonds and authorised capital to 40% of the current share capital. In this way, shareholders are protected to a particularly high degree against a dilution of their shareholdings.

The possibility provided for in the authorisation to also include a conversion or option obligation for bonds at the end of the term or at other times extends the scope for structuring financing instruments of this kind.

When issuing bonds, the company shall be able to make use of the German or international capital markets, depending on the market situation, and to issue the bonds not only in euros but also in the legal currency of an OECD country – limited to the corresponding euro equivalent. The bonds may also be issued by domestic or foreign companies in which the company directly or indirectly holds a majority of the votes and capital (hereinafter also referred to as a **'majority-owned company'**); in this case, the Administrative Board shall be authorised to assume the guarantee for the bonds on behalf of the company and to grant the creditors of such bonds conversion



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or option rights to shares of the company or to fulfil conversion or option obligations in shares of the company as well as to make further declarations and take further actions necessary for a successful issue. When the bonds are issued, they may, or will generally, be divided into fractional bonds with equal rights.

Insofar as a bond provides for an obligation to deliver shares of GFT Technologies SE or conversion or option rights or conversion or option obligations on shares of GFT Technologies SE only after an exchange declaration by the issuing company or GFT Technologies SE, the corresponding declaration must be submitted by 31 May 2027 (inclusive).

The bonds may only be issued for cash contribution.

The proposed Conditional Capital 2022 serves the purpose of being able to issue shares to the creditors of bonds issued on the basis of the new authorisation to be created under agenda item 7. The new shares from Conditional Capital 2022 are to be issued at the conversion or option price to be determined in each case in accordance with the authorisation granted by the Annual General Meeting of the company on 1 June 2022 under agenda item 7. Pursuant to section 193 (2) no. 3 AktG, the authorisation merely determines the basis for determining the relevant minimum issue price, so that the company is given the necessary flexibility in determining the conditions. The conditional capital increase will only be carried out to the extent that the bearers of conversion or option rights from the aforementioned bonds exercise their conversion or option rights or conversion or option obligations from such bonds are fulfilled, and to the extent that the conversion or option rights or conversion or option obligations are not satisfied by treasury shares, by shares from authorised capital or by other benefits.

Shareholders are generally entitled to subscription rights when bonds with conversion or option rights or conversion or option obligations are issued (section 221 (4) AktG in conjunction with section 186 (1) AktG). If the bonds are issued by a majority-owned company, GFT Technologies SE must ensure that shareholders are granted statutory subscription rights. In order to facilitate processing, the bonds may be taken over

by one or more credit institutions or one or more companies operating in accordance with section 53 (1) sentence 1 or section 53b (1) sentence 1 or (7) of the German Banking Act ('Gesetz über das Kreditwesen'), with the obligation to offer them to the shareholders for subscription (so-called indirect subscription right), in accordance with section 186 (5) AktG.

The Administrative Board is to be enabled to structure the subscription right partly as a direct and otherwise as an indirect subscription right. In particular, it may be expedient and in the company's interest for cost reasons to offer these bonds directly for subscription to a major shareholder with subscription rights who has agreed in advance to purchase a fixed number of (fractional) bonds, in order to avoid the fees of the issuing banks that would be incurred by the company in the case of an indirect subscription right. For those shareholders to whom bonds are offered by way of indirect subscription rights, this does not constitute a restriction of their subscription rights.

In accordance with the statutory provisions, the Administrative Board shall be authorised to exclude shareholders' subscription rights in the cases set out in detail in the authorisation.

Exclusion of subscription rights for fractional amounts

The Administrative Board shall first of all be authorised to exclude the subscription rights of shareholders for fractional amounts. Such an exclusion of subscription rights is intended to enable a practicable subscription ratio and thus facilitate the technical processing of the bond issue. The value of fractional amounts is usually low, whereas the time and effort required to issue bonds without excluding subscription rights for fractional amounts is regularly much higher. The costs of trading subscription rights in the case of fractional amounts would not be in any reasonable relation to the advantage for shareholders. Bonds excluded from subscription rights due to fractional amounts will be used in the company's best possible interest. The exclusion of subscription rights in these cases thus serves to make the issue more practical and easier to execute.



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Exclusion of subscription rights for convertible bonds and bonds with warrants

The Administrative Board is also to be authorised, when issuing bonds, to exclude shareholders' subscription rights to the extent necessary to grant subscription rights to bearers or creditors of conversion or option rights or creditors of bonds with conversion or option obligations issued or to be issued by the company or a majority-owned company to the extent to which they would be entitled as shareholders after exercising their conversion or option rights or after fulfilling their conversion or option obligations.

This has the following background: the economic value of the aforementioned conversion or option rights or the bonds with conversion or option obligations depends not only on the conversion or option price but also, in particular, on the value of the shares of the company to which the conversion or option rights or conversion or option obligations relate. In order to ensure a successful placement of the relevant bonds or to avoid a corresponding markdown during placement, it is therefore customary to include so-called anti-dilution provisions in the bond terms and conditions, which protect the beneficiaries from a loss in value of their conversion or option rights due to a dilution of the value of the shares to be subscribed; the inclusion of such anti-dilution provisions in the bond terms and conditions is thus also provided for in the authorisation to issue bonds proposed under agenda item 7. In the absence of such dilution protection, any subsequent issue of further bonds with a granting of shareholders' subscription rights would typically lead to such a dilution of the value. This is because in order to make the subscription right attractive to the shareholders and ensure their acceptance, the respective convertible bonds or bonds with warrants are, if subscription rights are granted, generally issued at more favourable conditions than would correspond to their market value. This leads to a corresponding dilution of value. The aforementioned anti-dilution provisions in the bond terms and conditions usually provide for a reduction of the conversion or option price in such a case, with the result that in the event of a subsequent conversion or exercise of the option or the subsequent fulfilment of a conversion or option obligation, the funds

flowing to the company are reduced or the number of shares to be issued by the company is increased.

As an alternative, which avoids the reduction of the conversion or option price, the anti-dilution provisions usually allow the beneficiaries of the bonds to be granted a subscription right to subsequently issued convertible bonds and/or bonds with warrants to the extent to which they would be entitled after exercising their own conversion or option rights or after fulfilling their conversion or option obligations. They are thus placed in the same position as if they had already become shareholders by exercising the conversion or option rights or by fulfilling any conversion or option obligations prior to the subscription offer and were already entitled to subscribe to this extent; they are thus compensated for the dilution in value – like all shareholders already participating – by the value of the subscription right. For the company, this second alternative for granting dilution protection has the advantage that the conversion or option price does not have to be reduced; it therefore serves to ensure the greatest possible inflow of funds in the event of a subsequent conversion or exercise of the option or the subsequent fulfilment of any conversion or option obligation or reduces the number of shares to be issued in this case. This also benefits the participating shareholders, so that it also constitutes compensation for the restriction of their subscription rights. Their subscription rights as such continue to exist and are merely reduced proportionately to the extent to which, in addition to the participating shareholders, the bearers of the conversion or option rights or the bonds with conversion or option obligations are also granted subscription rights. In the event of a rights issue, this authorisation gives the company the opportunity to choose between the two aforementioned alternatives for granting dilution protection, after weighing the interests of the shareholders and the company.

Exclusion of subscription rights when issuing bonds for cash contribution

Moreover, the Administrative Board is to be authorised to exclude subscription rights if, in the case of an issue of bonds for cash contribution, the Administrative Board, after due examination, is of the opinion



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that the issue price is not significantly lower than the theoretical market value of the bonds calculated in accordance with recognised, in particular actuarial, methods.

The use of this statutory option to exclude subscription rights may be expedient in order to respond swiftly to a favourable market environment and to place bonds on the market quickly and flexibly at attractive conditions. The two-week subscription period required when granting subscription rights to shareholders (in accordance with section 186 (1) sentence 2 AktG) does not permit a swift response to the current market environment. Furthermore, due to the volatility of the stock markets, conditions which are as close as possible to market conditions can usually only be achieved if the company is not bound to them for a prolonged period. If subscription rights are granted, section 186 (2) AktG stipulates that the final subscription price or, in the case of bonds with conversion and/or option rights or with conversion or option obligations, the final conditions for the bonds must be announced no later than three days before the end of the subscription period. There is therefore a higher market risk in such a case – in particular the price change risk lasting for several days – than in the case of an allotment without subscription rights. For a successful placement, corresponding safety margins are therefore regularly required when determining the bond terms and conditions if subscription rights are granted; this generally leads to less favourable conditions for the company than when placing bonds under exclusion of subscription rights. Moreover, if subscription rights are granted, a complete placement cannot be readily guaranteed due to the uncertainty regarding the exercise of the subscription rights by the beneficiaries, and a subsequent placement with third parties is usually associated with additional expenses.

The interests of shareholders are safeguarded when excluding subscription rights in this case by the fact that the bonds may not be issued at a price significantly below their theoretical market value. For this purpose, the theoretical market value is to be calculated using recognised and, in particular, actuarial principles. When setting the price, the Administrative Board is to keep the markdown from this market value as low as possible, taking into account the

respective capital market situation. The calculated value of a subscription right to the bond will thus fall to almost zero, so that the shareholders cannot suffer any significant economic disadvantage as a result of the exclusion of subscription rights. Should the Administrative Board consider it appropriate to obtain expert advice in the respective situation, it may consult experts, e.g. the underwriting banks accompanying the issue, an independent investment bank or an expert in the field, to confirm in an appropriate form that no significant dilution of the share value is to be expected. Irrespective of the review by the Administrative Board, the setting of conditions in line with general market conditions is guaranteed if a book-building process is carried out. This means that the exclusion of subscription rights will not result in any significant dilution of the share value.

This authorisation to exclude subscription rights only applies to bonds with rights to shares or obligations to subscribe shares which do not represent more than 10% of share capital, either at the time this authorisation becomes effective or at the time it is exercised. In this context, the legislator considers it reasonable for the shareholders to maintain their shareholding quota by purchasing shares on the market. Company shares issued or sold by the company during the term of this authorisation under exclusion of shareholders' subscription rights pursuant to or in analogous application of section 186 (3) sentence 4 AktG shall be counted towards this 10% limit. These offsets serve to protect the shareholders in order to keep the dilution of their shareholding as low as possible.

Limiting the exclusion of subscription rights to a total of 10% of the share capital

The total amount of shares to be issued on account of bonds issued on the basis of the authorisation proposed under agenda item 7 under exclusion of shareholders' subscription rights, taking into account other shares of the company issued or sold after 1 June 2022 under exclusion of subscription rights, may not exceed a prorated amount of 10% of share capital, neither at the time the authorisation becomes effective nor at the time it is exercised. By limiting the total amount of shares issued without subscription rights to 10% of share capital, shareholders are protected to



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a particularly high degree against a dilution of their shareholdings.

Further information

There are currently no concrete plans to use the authorisation to issue bonds proposed under agenda item 7. The proposed anticipatory resolutions with the possibility to exclude subscription rights are standard national and international practice.

The Administrative Board will in each case carefully examine whether the use of the proposed authorisation to issue bonds is in the company's interest; when doing so, it will in particular also examine whether any exclusion of subscription rights is objectively justified in the specific case.

The Administrative Board will report on each use of the authorisation at the next Annual General Meeting.