Report of the Executive Board on Agenda Item 12

Beiersdorf Aktiengesellschaft, Hamburg
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Report of the Executive Board on Item 12 of the Agenda (Resolution on the authorization to issue convertible bonds and/or bonds with warrants and on the creation of contingent capital)

As the Executive Board's previous authorization to issue convertible bonds and/or bonds with warrants (also referred to collectively in the following as "bonds") in accordance with § 5 (5) of Articles of Association will expire on April 28, 2025, a new authorization is to be created in agenda item 12 that has been adapted to business developments and the company's current financial situation. In addition, new contingent capital is to be resolved, and the current contingent capital in § 5 (5) of the Articles of Association is to be canceled, in order to service the options and/or conversion rights and/or conversion obligations if the new authorization is utilized. The proposed volume of the new contingent capital is to be only €30,000,000.00. The purpose of reducing the volume is to ensure that the volumes of the capital authorizations proposed to this Annual General Meeting (see not only agenda item 12 but also agenda items 9 to 11 on the Authorized Capitals) in total account for a proportionate interest of less than 50% in the company's share capital existing at the time of the resolutions. Apart from that, the new contingent capital is largely identical.

In addition to the traditional options of raising debt capital and equity, the authorization to issue convertible bonds and/or bonds with warrants allows the company to take advantage of attractive financing opportunities, depending on the market conditions pertaining at the time, so as to access capital at attractive interest rates and hence ensure an adequate capital base. The possibility of providing for a conversion obligation in the case of convertible bonds broadens the scope for structuring such financing tools. The objective is to enable the company, via its investees, where appropriate, to access the German and/or international capital markets, depending on market conditions.

In principle, shareholders are entitled to the statutory preemptive rights attached to bonds with options and/or conversion rights or conversion obligations (§ 221 (4) in conjunction with § 186 (1) *AktG*). In order to facilitate settlement, use is to be made of the option to issue bonds to a credit or financial institution or a syndicate of such institutions with the obligation to offer them to shareholders in accordance with their preemptive rights (indirect preemptive rights within the meaning of § 186 (5) *AktG*).

However, preemptive rights may be disapplied with the approval of the Supervisory Board if the convertible bonds and/or bonds with warrants are issued in each case at a price that, according to the Executive Board's due examination, is not materially lower than the theoretical fair value of the bonds calculated by recognized methods, and in particular by financial methods. The ability to disapply preemptive rights allows the company to take advantage of favorable market opportunities quickly and flexibly and to achieve better conditions when the interest rates and issue prices of bonds are determined by ensuring that the conditions are in line with the market.

§ 221 (4) sentence 2 *AktG* specifies that the provision laid down in § 186 (3) sentence 4 *AktG* applies with the necessary modifications to the disapplication of preemptive rights. Although the Act on the Financing of Investments to Secure the Future (*Zukunftsfinanzierungsgesetz – ZuFinG*) raised the statutory upper limit for the simplified disapplication of preemptive rights in § 186 (3) sentence 4 *AktG* from 10% to 20% of the share capital, the resolution proposed by the Executive Board and Supervisory Board deliberately does not utilize this wider legal framework to the full, but instead retains the limit at a volume of up to 10% of the share capital. To comply with the envisaged 10% limit for the disapplication of preemptive rights, the convertible bonds and/or bonds with warrants with conversion or option rights or with a conversion obligation for shares issued while disapplying preemptive rights may not exceed a total of 10% of the share capital existing at the time that the authorization comes into effect or, in the event that this amount is lower, at the time the authorization is exercised. Furthermore, this is only permissible to the extent that this limit has not already been exhausted by the utilization of other authorizations to service convertible bonds and/or bonds with warrants such as Authorized Capital II and/or the authorization to sell own shares in accordance with § 186 (3) sentence 4 *AktG*.

In accordance with the statutory requirement set out in § 186 (3) sentence 4 *AktG*, the authorization proposed under agenda item 12 provides that the issue price may not be significantly lower than the market price. This is intended to ensure that there is no significant economic dilution of the value of shareholders' shares (discount to the quoted market price). The likelihood of such a dilutive effect can be calculated by comparing the theoretical fair value of the bond with the issue price. The Executive Board is obliged to guarantee, by means of due examination, that the theoretical fair value of the bond is calculated by recognized methods, and in particular by financial methods. In this context, the Executive Board may obtain professional advice and the support of experts if it deems this necessary in a particular situation. If the issue price is not materially (i.e. not more than 5%) lower than the theoretical fair value of the convertible bonds or bonds with warrants at the time of issue, disapplication of preemptive rights is permitted within the meaning and purpose of § 186 (3) sentence 4 *AktG*. When making use of this authorization, the Executive Board will keep any discount to the then-quoted market price as low as possible given the prevailing market conditions at the time when the issue price is finalized. This takes account of the need to protect shareholders against a dilution of their shareholdings.

Please refer to the disclosures in the report of the Executive Board on item 9 of the agenda regarding the authorization to disapply shareholders' preemptive rights for fractions and for holders of convertible bonds and/or bonds with warrants, which shall also apply in this case with the necessary modifications.

The contingent capital is required to service the conversion or option rights, or conversion obligations relating to the convertible bonds and/or bonds with warrants with Beiersdorf shares, if the company exercises its discretion not to utilize own shares. The conversion or option price for a share may not fall below 80% of the volume-weighted average market price of the shares on the ten stock exchange trading days preceding the resolution on the issue. Alternatively, the conversion or option price for a share can be determined on the basis of the volume-weighted average market price of the shares on the days when the subscription rights are traded (with the exception of the final two days of rights trading), whereby the conversion and option prices may not fall below 80% of this average price. Furthermore, provision may be made for the conversion ratio and/or the conversion price specified in the conversion terms and conditions to be variable, and for the conversion price to be determined within a range to be specified depending on the share price performance during the term of the bond. These options make it possible for the terms of the issue to be as close to the market as possible.

§ 193 (2) no. 3 *AktG* makes clear that it is sufficient to determine the minimum issue price or the basis for finalizing the issue price or the minimum issue price in the resolution by the Annual General Meeting on a contingent capital increase designed to issue convertible bonds (§ 192 (2) no. 1 *AktG*) or in the associated resolution in accordance with § 221 *AktG*. This also corresponds to the interpretation of the law by the *Bundesgerichtshof* (German Federal Supreme Court), which states that the executive board of an Aktiengesellschaft (German stock corporation) can be authorized by the Annual General Meeting to determine the issue price of new shares in line with current capital market conditions when issuing convertible bonds. This enables the Executive Board to make flexible use of convertible bonds. The proposed authorization is in line with the legislation and with the current interpretation of the law by the *Bundesgerichtshof*, which give the Executive Board the necessary freedom when issuing convertible bonds and/or bonds with warrants, and therefore provides for a minimum issue price of 80% of the market price, which is defined in detail, at the time the bonds are issued.

To further limit the total number of shares in the company issued while disapplying preemptive rights and thus limit the dilution effect for shareholders as far as possible, the Executive Board may only disapply preemptive rights when issuing convertible bonds and/or bonds with warrants to the extent that the total proportionate interest attributable to shares issued in connection with convertible bonds and/or bonds with warrants while disapplying preemptive rights does not exceed 10% of the share capital at the time these authorizations become effective or at the time these authorizations are exercised. If other authorizations to issue or sell shares in the company or to issue rights that enable or oblige the holder to subscribe for shares in the company are exercised while disapplying preemptive rights during the term of this authorization to issue convertible bonds and/or bonds with warrants, this must be counted towards the above-mentioned limit.

Hamburg in February 2025

Beiersdorf Aktiengesellschaft

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