

finexpert
German Takeover Report 2024

05 | 2024

Volume 10

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Preface

Dear finexpert members,

We proudly present the 2024 issue of the finexpert German takeover report. It covers all takeover offers and delisting tender offers of the year 2023 according to the German takeover code WpÜG and provides extensive information on relevant variables like bid types, premia offered, market reaction of target's and (if available) on bidder's stock prices. In addition, our extensive database allows to compare last year's figures of these variables against the moving average of the preceding years and thus to highlight trends and long term developments. Finally, the finexpert German takeover report contains a unique and extensive analysis of fairness opinions and statements of management and supervisory board of the target company (§27 WpÜG), allowing for a detailed analysis of the relationship of these factors upon target stock price reaction and success rates of the takeover bid. Along with the "traditional" success definitions of takeover offers, we analyse an alternative success measure that takes potential bidder toeholds into account.

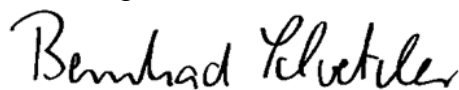
2023 has seen a modest recovery in German public M&A activity from the low values in 2022. While the number of offers is again close to pre-Covid19 levels, deal volume is still far from the corresponding pre-crisis figures.

This report contains a detailed description of the takeover offer of EQT X fund for Deutsche va-Q-tech from February 2023.

Finexpert members have free access to download this (and all other) finexpert reports from our website www.finexpert.info. We hope that the information provided in this report is helpful in your day to day business.



Best regards,



Prof. Dr. Bernhard Schwetzler,
Chair of Financial Management
HHL - Leipzig Graduate School of Management

People



Prof. Dr. Christian Aders
Senior Managing Director at ValueTrust
E-Mail: christian.aders@value-trust.com



Renata Lavrova, M.Sc. PGDip
Associate at ValueTrust
Research Interests: Corporate Finance, M&A
E-Mail: renata.lavrova@value-trust.com



Dennis Muxfeld, CIIA, CVA
Managing Director at ValueTrust
E-Mail: dennis.muxfeld@value-trust.com



Osei Kwabena Brefo, M.Sc.
Data Collection, Analysis & Technical Editing
Research Interests: Corporate Finance, M&A,
E-Mail: k.osei@hhl.de

Market Overview

In 2023, we witnessed a modest rebound in the German M&A market following a period of subdued activity. The total number of bids increased by 3 (a rise of 16.7%), with primary takeover bids¹ experiencing a 9.1% uptick. Seven delisting tender offers² were initiated in 2023, mirroring the count from the previous year. Given their unique characteristics, delisting tender offers are treated as a distinct category of public offers. Since the regulatory amendment in 2016, which mandated the issuance of an offer document before delisting, a total of 47 delisting offers have been disclosed. Figure 1 illustrates the evolution of all offers from 2016 to 2023.

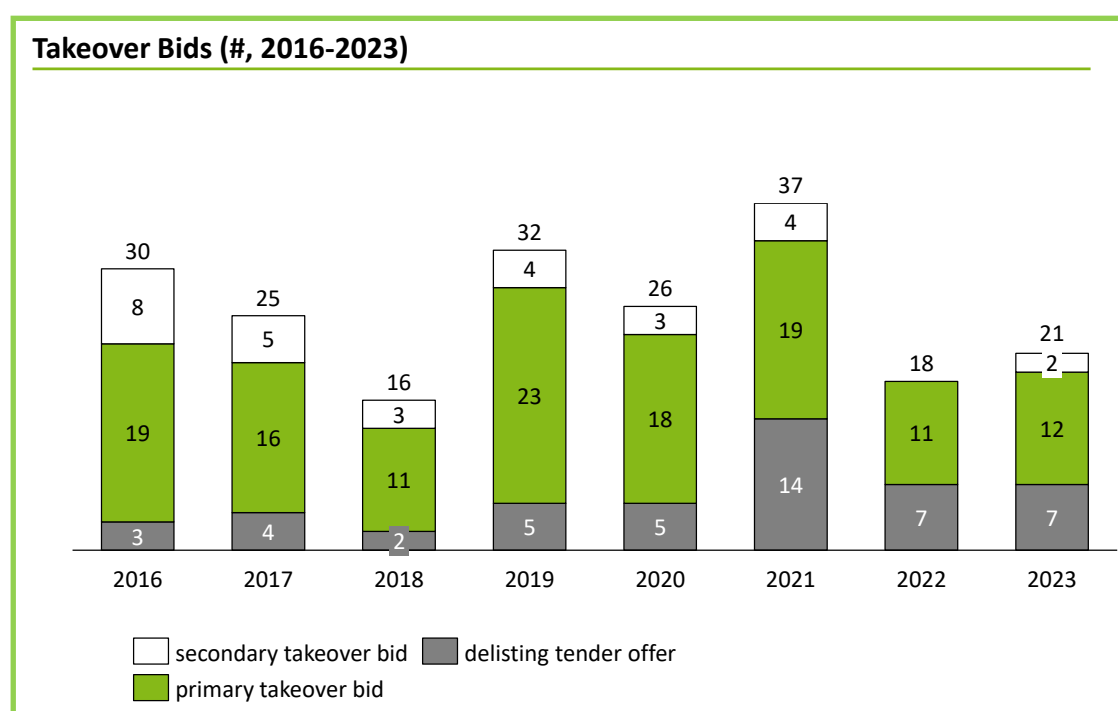


Figure 1: Takeover Bids (#, 2016-2023)³

¹ A primary takeover bid denotes the initial offer, while a secondary takeover bid refers to a change of the previous offer (e.g. increase of acquisition premium, extension of deadlines).

² A delisting tender offer is a voluntary public compensation offer as a legal requirement for a withdrawal of the admission to trading of the shares on a regulated market.

Market Overview

In 2023, the combined value of primary takeover bids and delisting tender offers reached EUR 8.92 billion, marking a 30% increase compared to 2022. Primary offers accounted for EUR 8.34 billion of this total, reflecting a substantial 36.5% surge, while the volume of delisting offers experienced a 24% decline to EUR 0.58 billion. Primary offers saw a significant uptick in size in 2023, with the average offer volume increasing by 25% to EUR 0.70 billion. In contrast, delisting offers shrank in magnitude by 24%, reaching EUR 0.08 billion. Noteworthy transactions from 2023 included Schaeffler AG's bid of EUR 1.82 billion for Vitesco Technologies Group AG, published towards the end of the year, as well as Mosel Bidco SE's EUR 1.66 billion offer for Software AG shares. Other notable transactions in 2023 comprised Atlantic Bid-Co GmbH's bid of EUR 0.19 billion for Aareal Bank AG, Ephios Luxembourg S.àr.l.'s bid of EUR 1.27 billion for SYNLAB AB, Port of Hamburg Beteiligungsgesellschaft SE's bid of EUR 0.31 billion for Hamburger Hafen und Logistik AG, and Telefónica Local Services GmbH's bid of EUR 1.39 billion for Telefónica Deutschland Holding AG.

Figure 2 depicts the development of the bid volumes between 2016 and 2023.

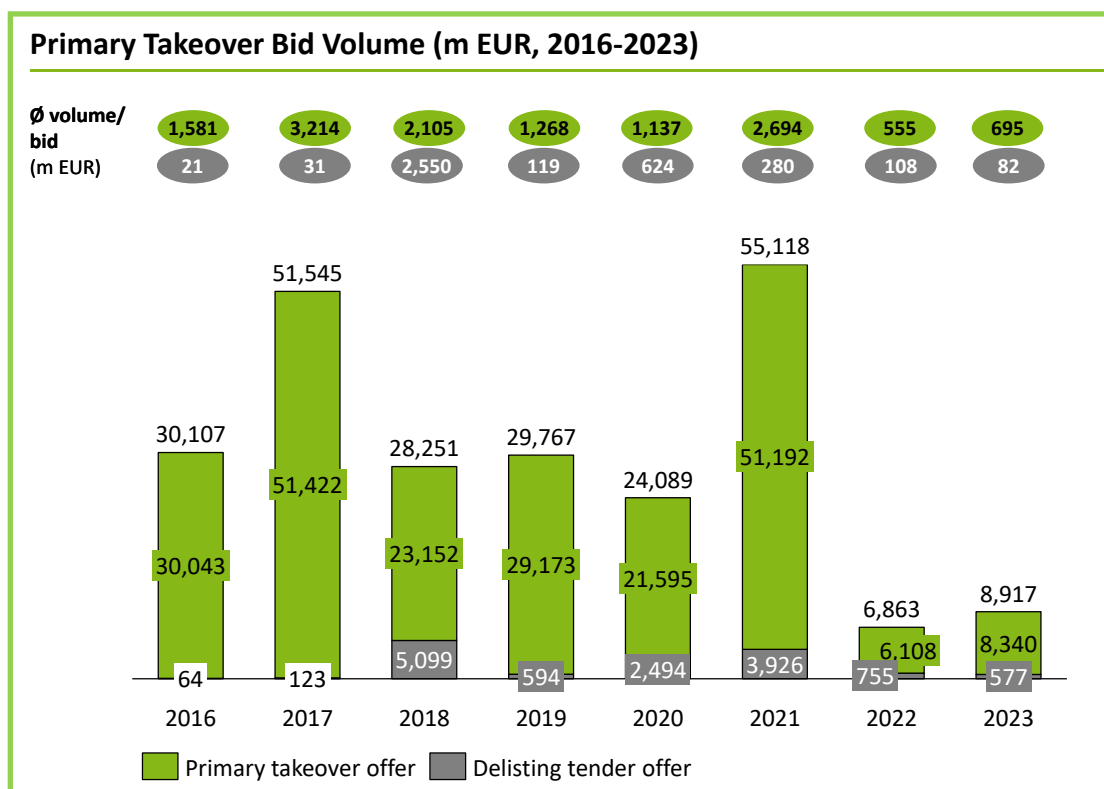


Figure 2: Primary Takeover Bid Volume (m EUR, 2016-2023)

Market Overview

When distinguishing between financial and strategic investors as bidders, we observe a slight predominance of financial investors in terms of the total number of offers in 2023, constituting 7 out of 12 bids (58%). Average bid volume has slightly increased with financial bidders averaging EUR 0.62 billion compared to EUR 0.79 billion for strategic bidders, but still is way below the levels of the record year 2021.

Furthermore, the proportion of bids originating from foreign investors remains elevated, with 57% of financial investors and 40% of strategic investors being foreign in 2023. Figure 3 illustrates the distribution of primary takeover bids by investor type and origin over the past five years.

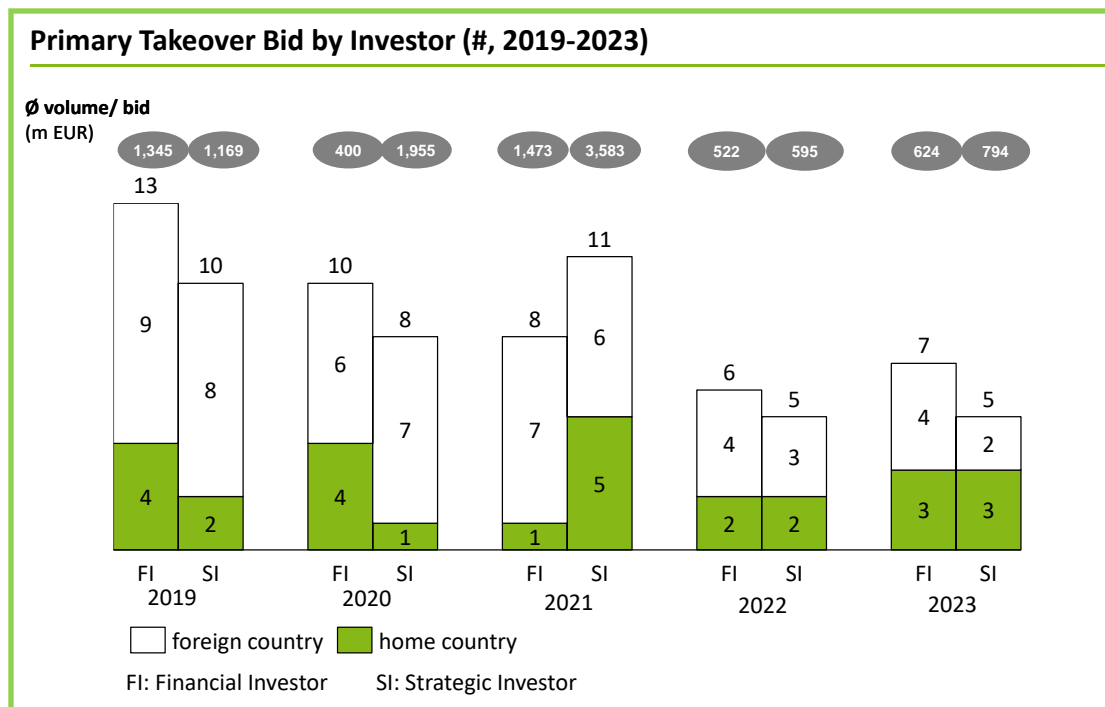


Figure 3: Primary Takeover Bid by Investor (#, 2019-2023) w/o delisting offers

Market Overview

Figure 4 illustrates a separate breakdown for delisting tender offers, categorizing them based on whether they originate from financial or strategic bidders. In 2023, the average volume of delisting offers initiated by financial investors was approximately half the size of the only delisting offer made by a strategic bidder. Notably, strategic investors accounted for only one out of seven delisting offers in 2023. Concurrently, foreign investors played a significant role, being responsible for 43% of the delisting offers, totaling three offers.

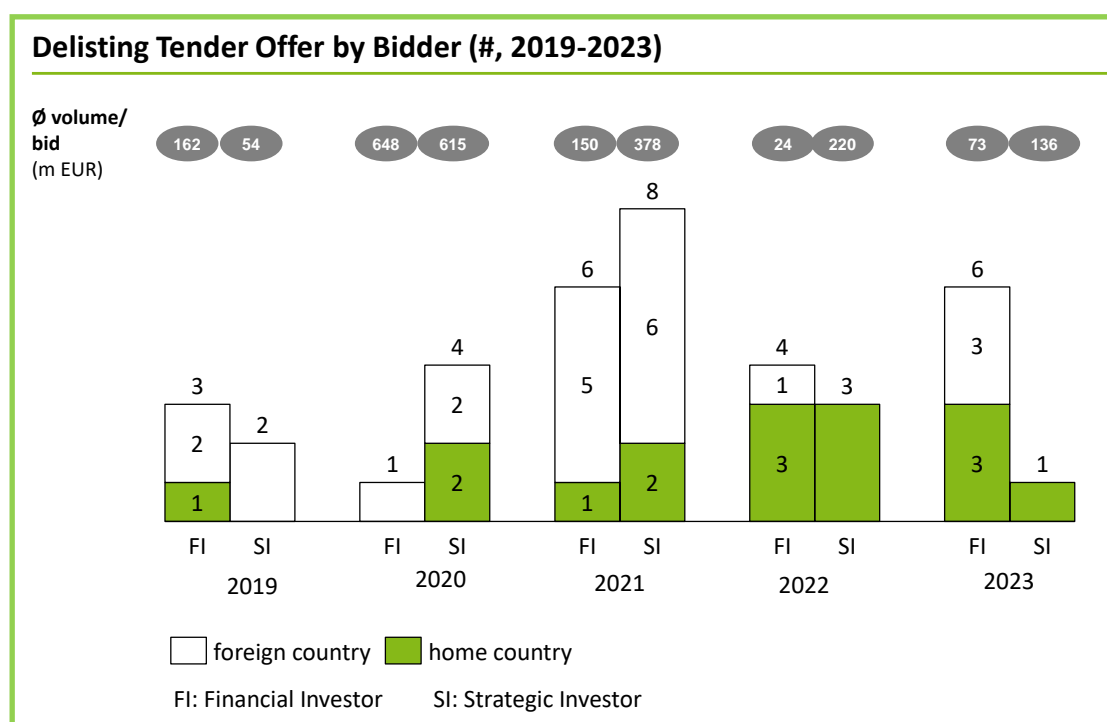


Figure 4: Delisting Tender Offer by Bidder (#, 2019-2023)

Market Overview

Figure 5 highlights the evolution of offer premiums, both weighted³ and unweighted. In 2023, unweighted average premiums experienced a significant decline to 27% (a decrease of 42 percentage points)⁴ whereas weighted premiums remained relatively stable at 27.8% (an increase of 4.5% compared to 2022).

Offer premium is defined as the markup of the bid price in comparison to the three-month average stock price of the target company before the bid announcement, in accordance with the WpÜG⁵.

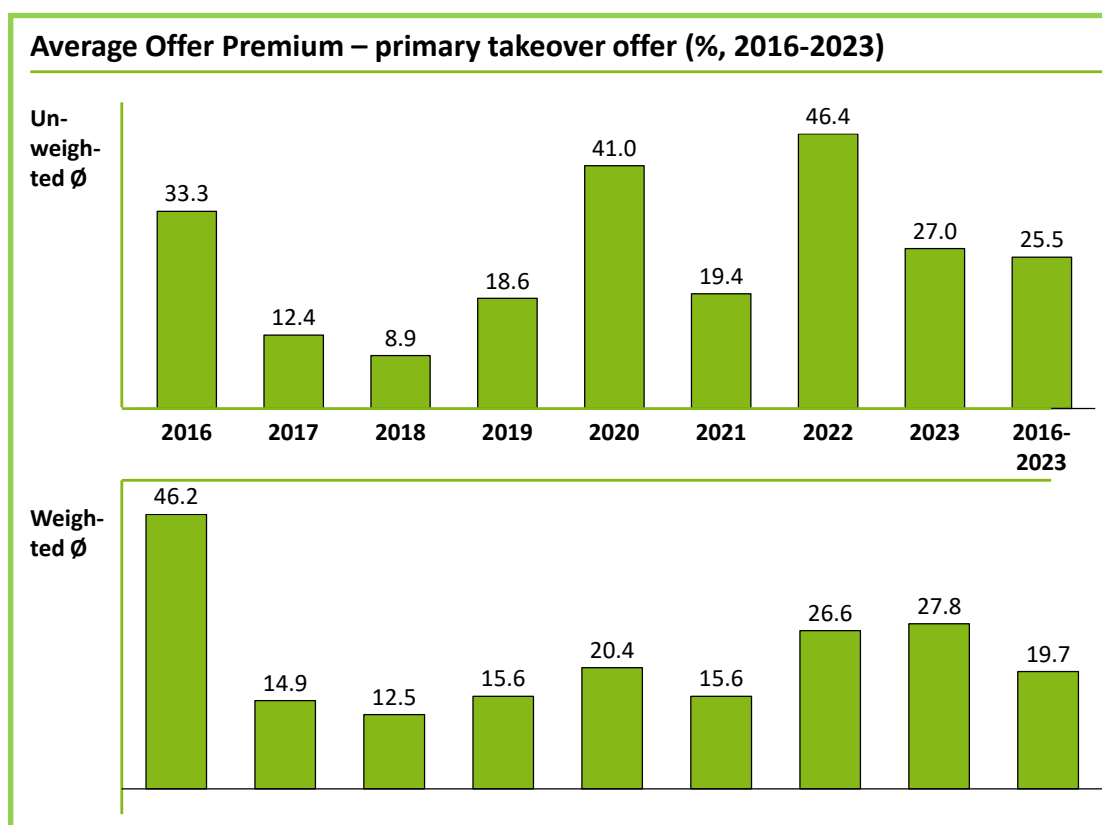


Figure 5: Average Offer Premium (% , 2016-2023)³

³ Weighted bid premiums account for the takeover value (outstanding shares not owned by the bidder times the bid price), i.e. bids with a higher takeover value are assigned a higher weight.

⁴ The extraordinary high average premium in 2022 was caused by two smaller offers with a premium above 100%.

⁵ The three-month average stock price prior to the bid is the minimum required bid price defined by the WpÜG and, thus, the basis for premium calculation. If the three-month average stock price is not available or not reliable, the highest price of preemptions is taken or a valu-

Market Overview

Figure 6 illustrates the distribution of offer premiums for the year 2023 as well as cumulatively for the period spanning from 2016 to 2023.

Examining the offer premiums within clustered intervals of 5% reveals notable discrepancies between delisting offers and primary bids. In 2023, over 85% of all delisting tender offers featured premiums falling within the 0% to 5% range, whereas for primary takeover bids, this fraction was merely 16%. Low-premium primary bids are sometimes observed in mandatory offers dictated by the WpÜG, when the bidder is not interested in acquiring many shares in this (enforced) offer.

Noteworthy is one takeover offer in 2023 that stood out with an exceptionally high premium: The voluntary takeover bid by Mosel Bidco SE for Software Aktiengesellschaft boasted a premium of 57.48%. Software AG was acquired by Silver Lake via a holding company Mosel BidCo SE

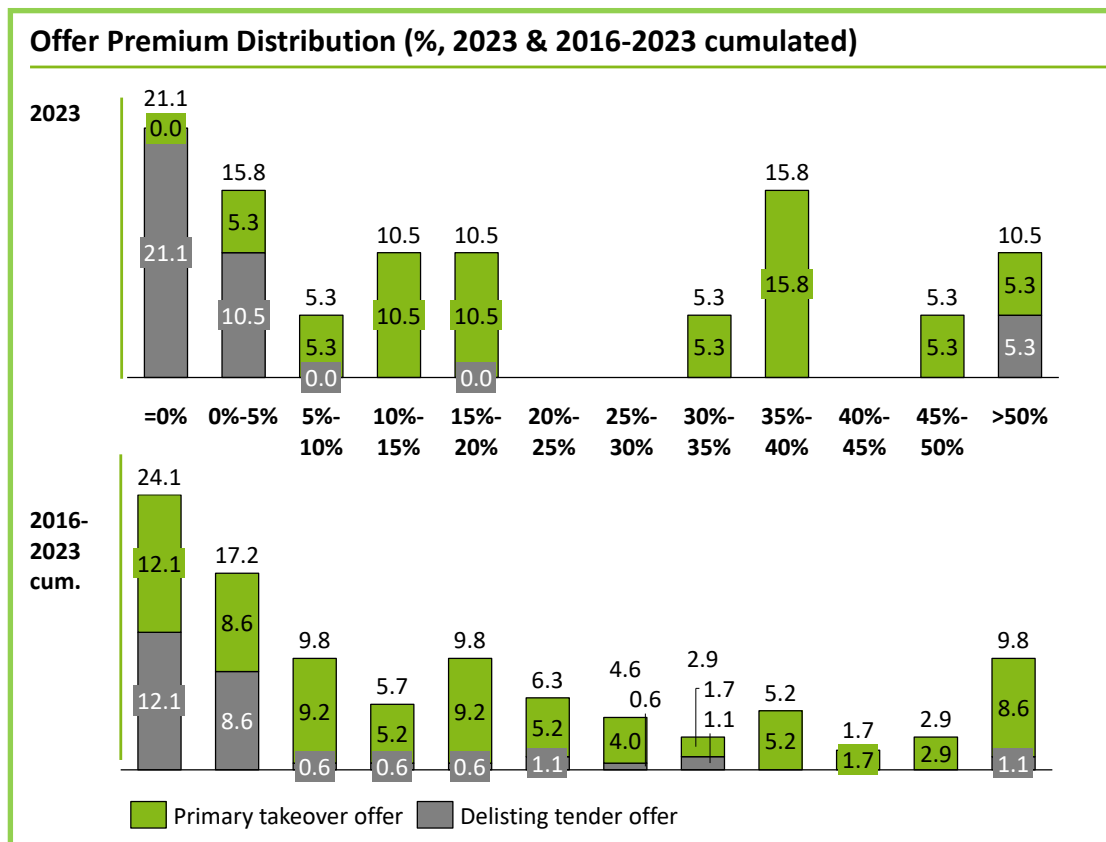


Figure 6: Offer Premium Distribution (% , 2023 & 2016-2023 cumulated)

Market Overview

The German takeover code defines ownership exceeding 30% as the threshold for acquiring control over a company. With a particular focus on the characteristics of control-taking offers, Figure 7 below illustrates the distribution of premiums for bids originating from a bidder with a toehold ownership below 30% of the target company.

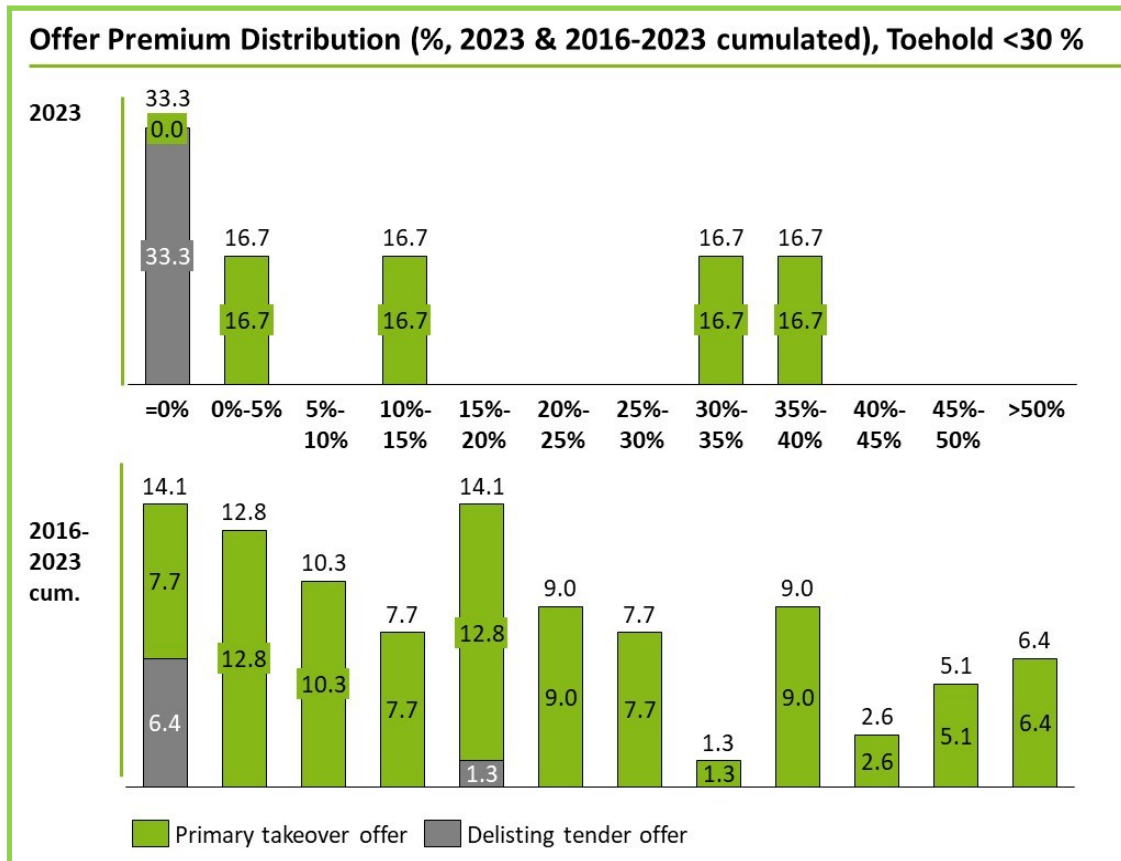


Figure 7: Offer Premium Distribution (% , 2023 & 2016-2023 cumulated; toehold <30%)

A detailed examination of strategic and financial investors reveals a narrowing gap in the premiums offered by these two types of bidders. The substantial disparity between premiums offered by the two bidder types has diminished over time. The annual average premium by strategic investors, which previously stood at a record level of 60.6%, has reverted to long-term average levels of 29.1%. Meanwhile, premiums offered by financial investors have experienced a decline from 34.5% to 25.5% in 2023.

Market Overview

When analyzing the weighted offer premiums by investor type, the results are consistent with the unweighted data, showing that strategic investors offered higher premiums than financial investors in 2023 (not reported: 28.5% vs. 27.1%). However, the five-year average values of weighted offer premiums present a different scenario, showing that there was not much difference in premium payments between the two investor types for the period 2019-2023 (16.2% vs. 20.8%).

Figure 8 provides the average unweighted offer premiums by investor type over the last 5 years.

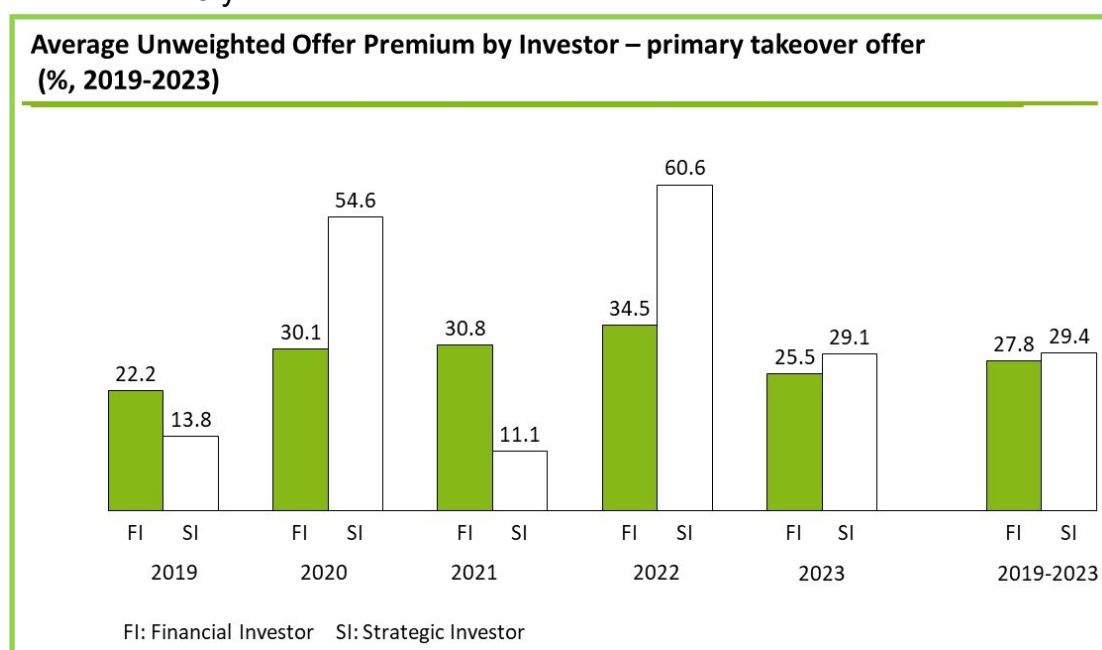


Figure 8: Average Unweighted Offer Premium by Investor (%, 2019-2023)⁶

Consistent with previous years, takeover offers continue to predominantly feature cash as the method of payment. In the 2023 bids, cash payment accounted for 100% of primary tender offers. Correspondingly, there were no acquisition offers in 2023 made in exchange for a combination of cash and shares or solely shares.

⁶ Delisting tender offers are excluded from this overview.

Market Overview

Figure 9 depicts the overview of the annual distribution of different payment methods with respect to all takeover bids in the previous five years.

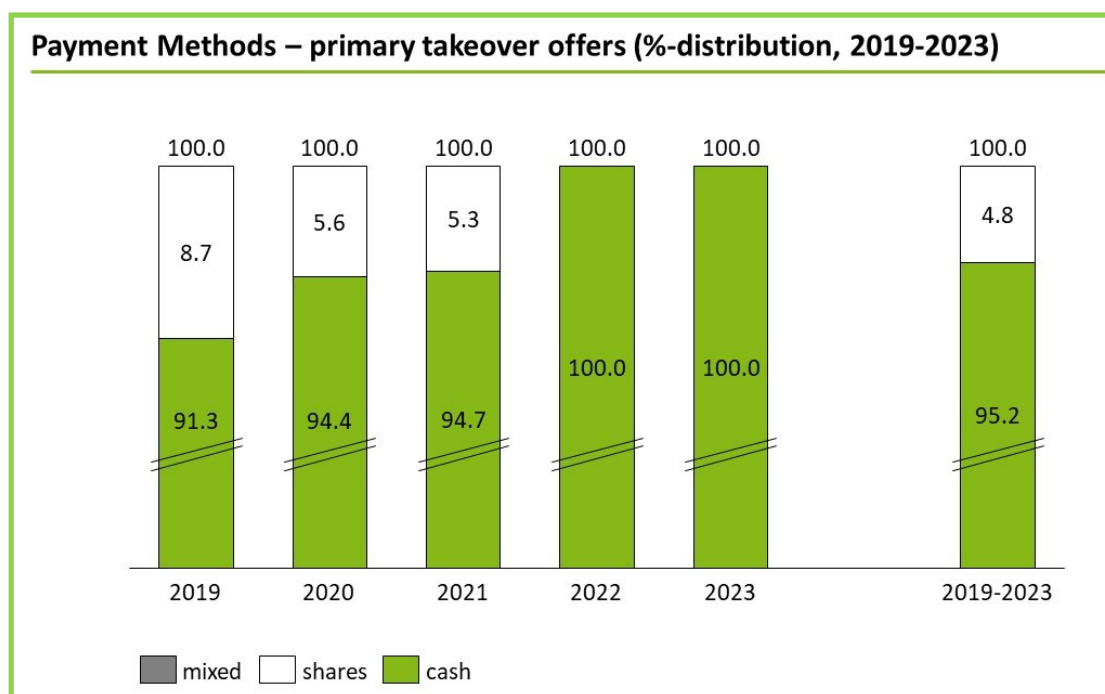


Figure 9: Payment Methods (%-distribution, 2019-2023)

Capital Market Reaction

To assess the capital market reaction to the offers, we computed the cumulated abnormal returns (CARs) for both bidder and target companies surrounding the day of offer publication. Our analysis focuses specifically on primary bids where the bidder holds less than 75% of the target company prior to the bid. This threshold is significant, as a 75% majority ownership enables the majority shareholder to enter into a domination agreement with the corporation, effectively granting the bidder full control over the company. Therefore, for our study on the premium of control-taking offers, we exclude bids made by bidders with an ownership stake exceeding 75%.

CARs are calculated for two distinct event windows: -1 to +1 days and -7 to +7 days around the day of offer publication. For benchmarking purposes, we utilize the DAX Prime All Share index, chosen for its domestic coverage, broad representation, and adherence of listed companies to the highest level of reporting requirements set by Deutsche Börse AG.

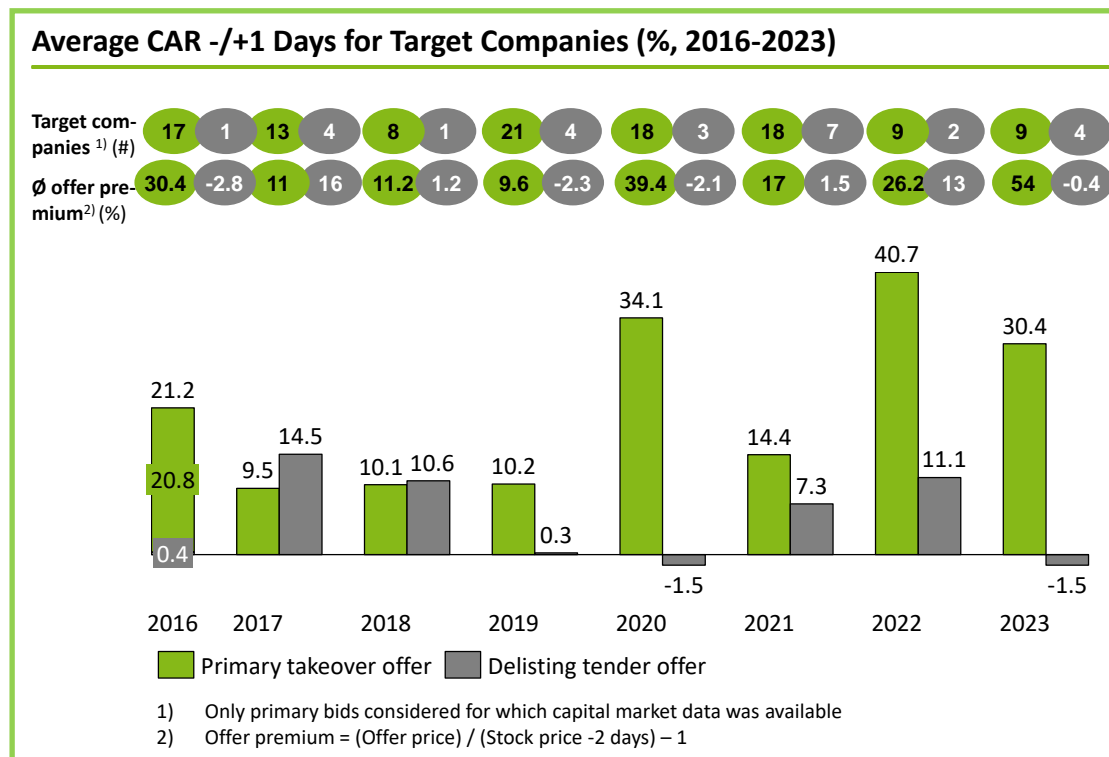


Figure 10: Average cumulated abnormal return +/-1 days for target companies (% , 2016-2023)

Capital Market Reaction

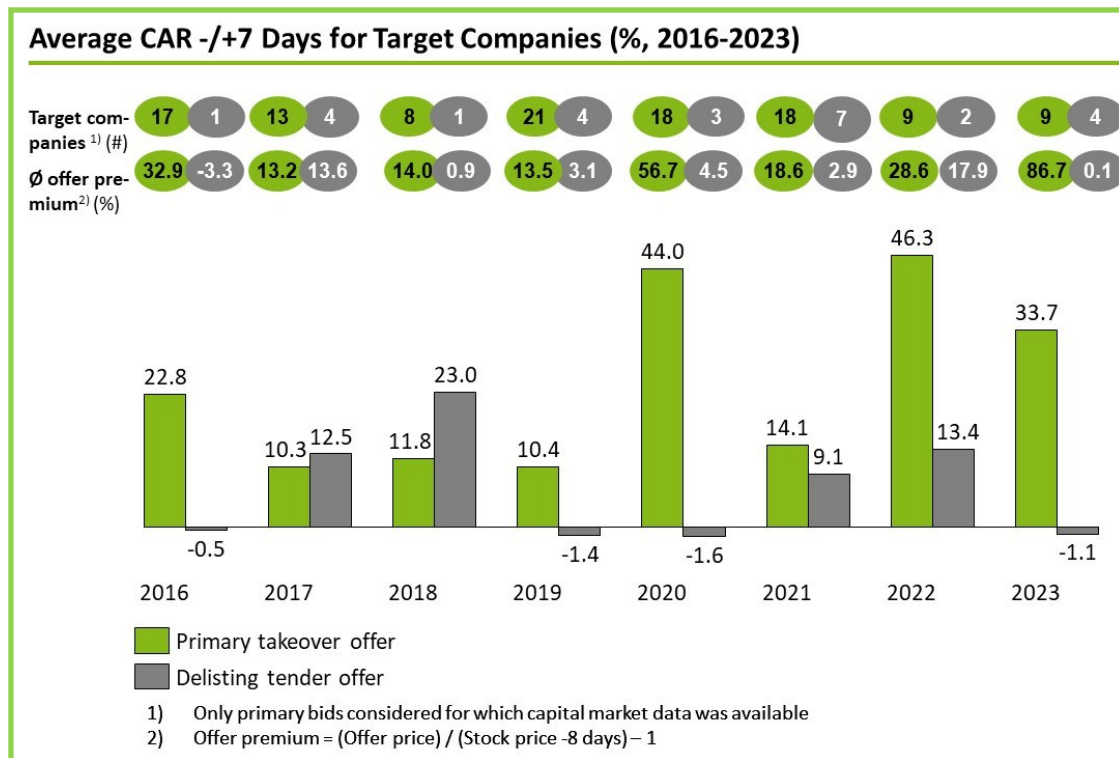


Figure 11: Average cumulated abnormal return -/+7 days for target companies (% , 2016-2023)

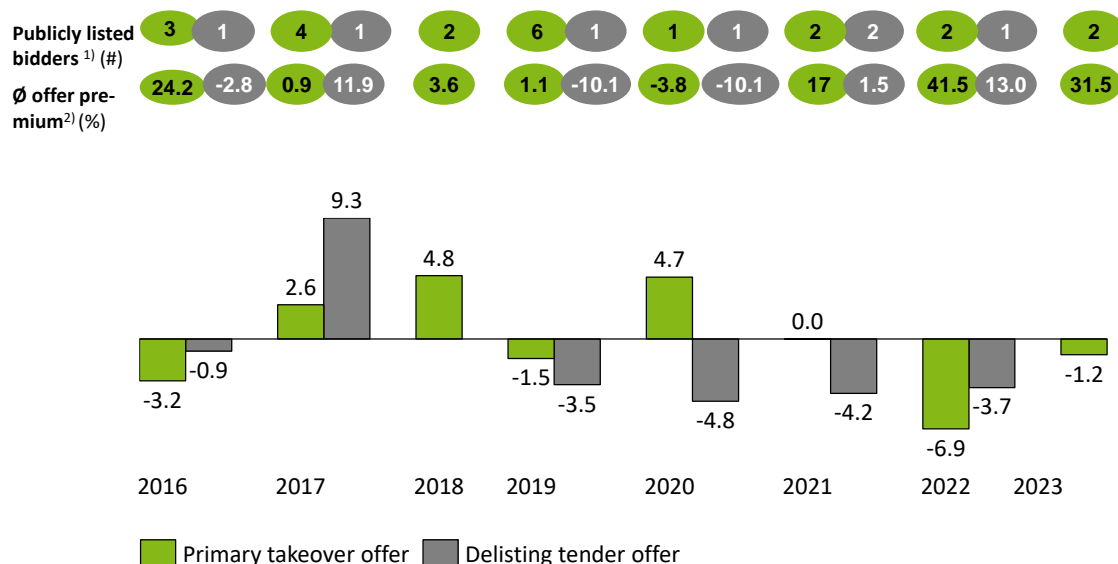
For target companies, we consistently observe positive average CARs across all years, due to positive offer premiums. In this analysis, offer premiums are computed based on the last observable stock price before the commencement of the event window. In contrast to other types of takeover offers, delisting offers typically exhibit low or even negative average CARs and premiums.

The two figures above illustrate comparatively high average CAR values for companies targeted by primary takeover offers in 2022. Similarly, CAR values for targets of delisting tender offers were relatively elevated.

However, for bidding firms, we encounter different findings. We do not observe strongly negative capital market reactions at the offer announcement for the year 2022. Due to the limited number of listed bidder companies, the obtained results fall below a statistically meaningful level of confidence (refer to Figures 12 and 13).

Capital Market Reaction

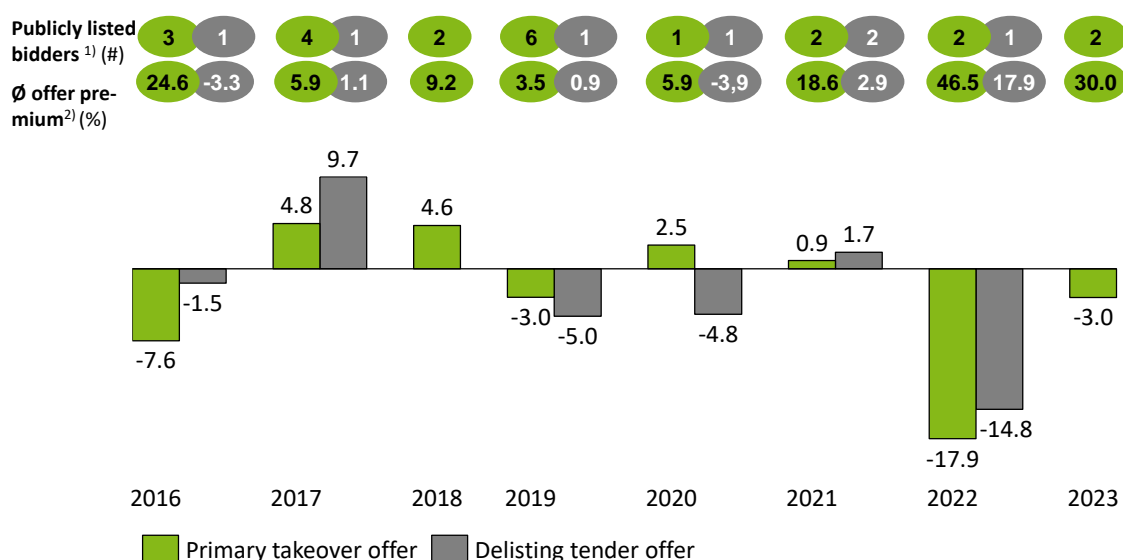
Average CAR -/+1 Days for Bidder Companies (% , 2016-2023)



- 1) Only primary bids considered for which capital market data was available
 2) Offer premium = (Offer price) / (Stock price - 2 days) - 1

Figure 12: Average cumulated abnormal return -/+1 days for bidder companies (% , 2016-2023)

Average CAR -/+7 Days for Bidder Companies (% , 2016-2023)



- 1) Only primary bids considered for which capital market data was available
 2) Offer premium = (Offer price) / (Stock price - 8 days) - 1

Figure 13: Average cumulated abnormal return -/+7 days for bidder companies (% , 2016-2023)

Capital Market Reaction

Finally, we illustrate the relationship between individual offer premiums and target CARs for the event window of -1 to +1 day. Figure 14 reveals a strong positive correlation, with a correlation coefficient of 85.87%.

Such analysis provides valuable insights into market expectations regarding the success of the bid, and it can be interpreted as follows: If the target CAR lags behind the offer premium, it suggests that the market assigns a low probability to the successful execution of the deal. Conversely, if the target CAR significantly exceeds the offer premium, it indicates that the capital market anticipates an improved offer. When the target CAR and offer premium align closely, there is a significant probability for the original bid's success.

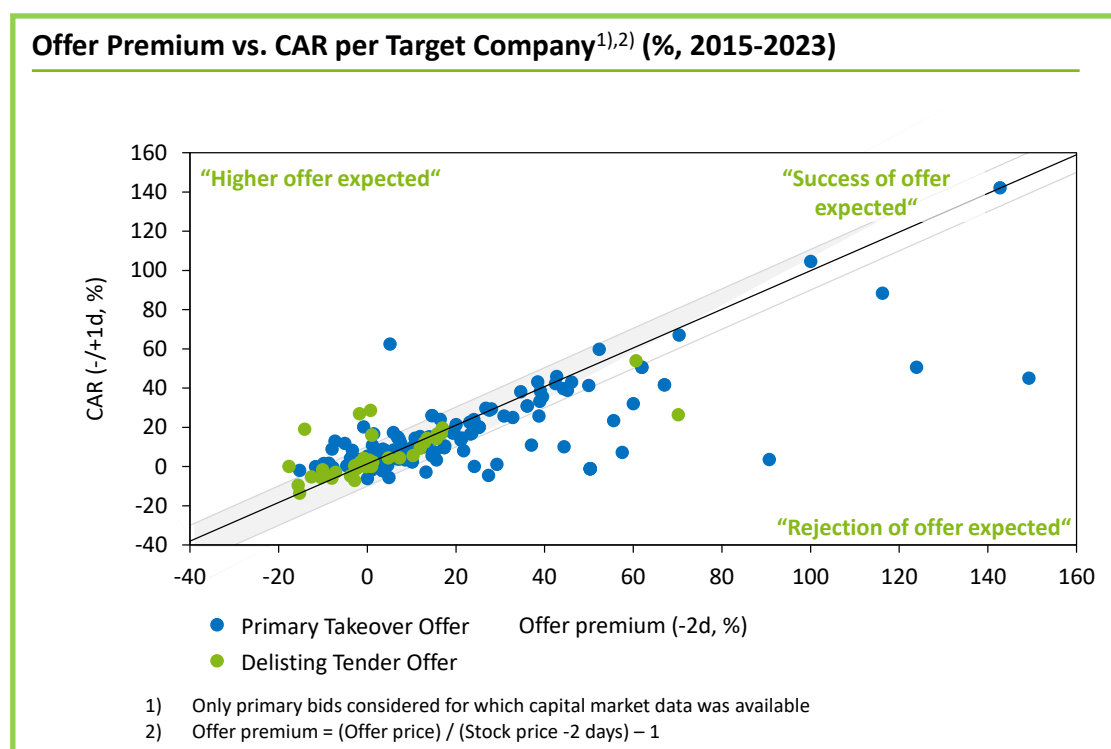


Figure 14: Offer premium vs. cumulated abnormal return per target company (% , 2015-2023)

Statements & Fairness Opinions

According to §27 WpÜG, both the supervisory board and the executive board of the target company are obligated to provide an opinion statement regarding the adequacy of a takeover bid. In recent years, an increasing number of target companies have additionally opted to request a Fairness Opinion from a third party to assess the offer's adequacy. These statements, along with the Fairness Opinion, serve as important tools for facilitating communication between the management and shareholders of the target company, ultimately influencing the success of the takeover bid. Typically, the supervisory and executive boards issue a joint statement, accounting for 97.0% of all statements from 2019 to 2023. However, there have been instances where separate statements were issued. In 2020, for example, one takeover bid elicited separate statements from the supervisory board and the executive board. Similarly, in 2021, there was another offer for which the executive board issued an individual statement. However, in 2022 and 2023, all statements once again were joint statements.

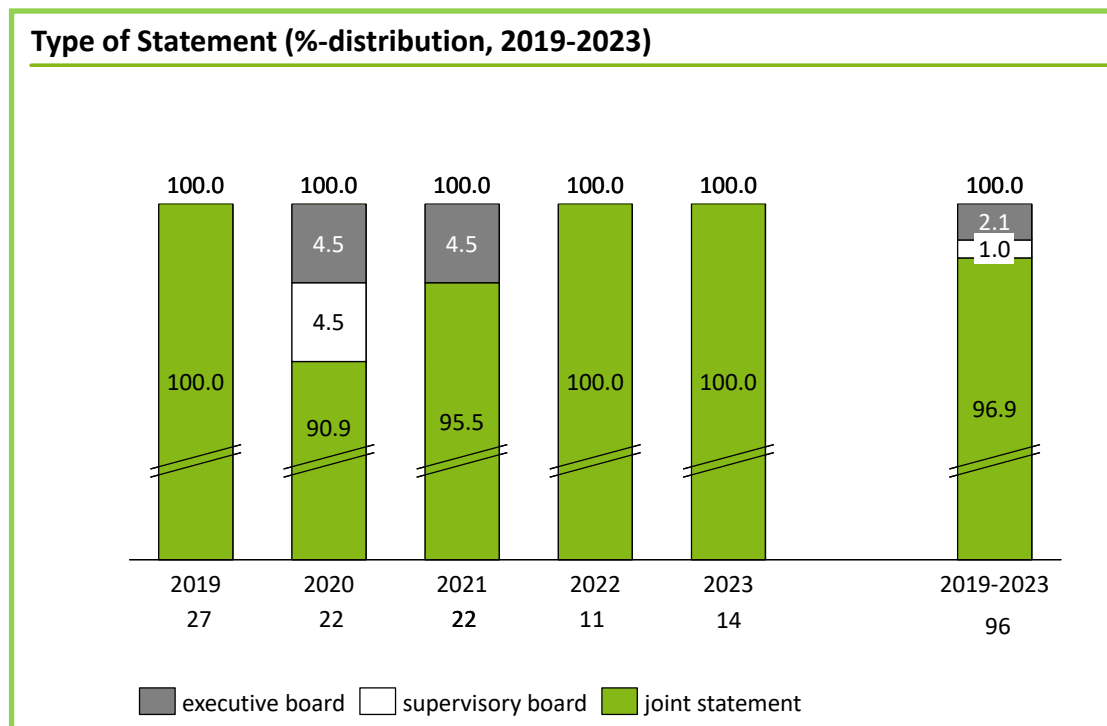


Figure 15: Type of Statement (%-distribution, 2019-2023)

Statements & Fairness Opinions

According to §27 WpÜG, opinion statements are mandated to include a recommendation to shareholders regarding whether to accept or reject a takeover bid. Between 2019 and 2023, the statements from both the supervisory and executive boards offered a clear suggestion in 81,2% of cases: 60.4% advised shareholders to accept the offer, while 20.8% recommended rejection. In 18.8% of cases, no recommendation was provided.

Similarly, in 2023, the proportion of statements without a recommendation increased, with 14.3% of all bids lacking an opinion on whether to accept or reject the offer. The majority of recommendations in 2023 favored accepting the offer.

For opinion statements regarding delisting tender offers, acceptance of the offer was recommended in 100% of cases. In 71.4% of cases, no recommendation was provided, while for the remaining delisting offers, the recommendation was to accept the offer.

Figure 16 illustrates the trend in the recommendations provided by the statements for takeover bids over the past 5 years.

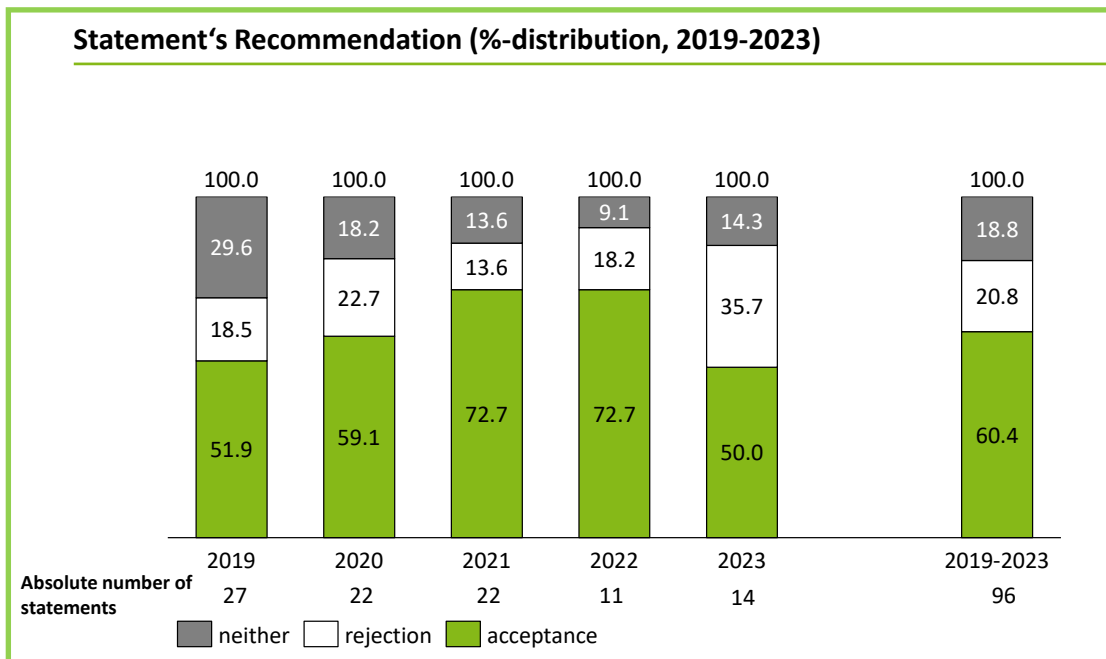


Figure 16: Statement's Recommendation (%-distribution, 2019-2023)¹⁰

Statements & Fairness Opinions

A Fairness Opinion is a professional assessment provided by external experts regarding the adequacy of a takeover bid or any other corporate transaction. Typically, investment banks or financial advisers engaged in advising the management on the specific transaction issue these opinions. In Germany, target companies commonly seek Fairness Opinions for legal protection and to obtain an independent third-party perspective. Unlike the opinion statements required by law, the content and requirements of Fairness Opinions are not regulated by legislation. However, guidelines on their content, publication, and conflict of interest management have been established by organizations such as DVFA⁷ and IDW⁸.

In 2023, external experts provided Fairness Opinions assessing the adequacy of 71.4% of takeover bids. Additionally, for two takeover offers, Fairness Opinions were sought from multiple external experts. Over the past five years, Fairness Opinions have accompanied 75.0% of the target company's statements regarding takeover bids. Figure 17 depicts the development since 2016, excluding delisting tender offers.

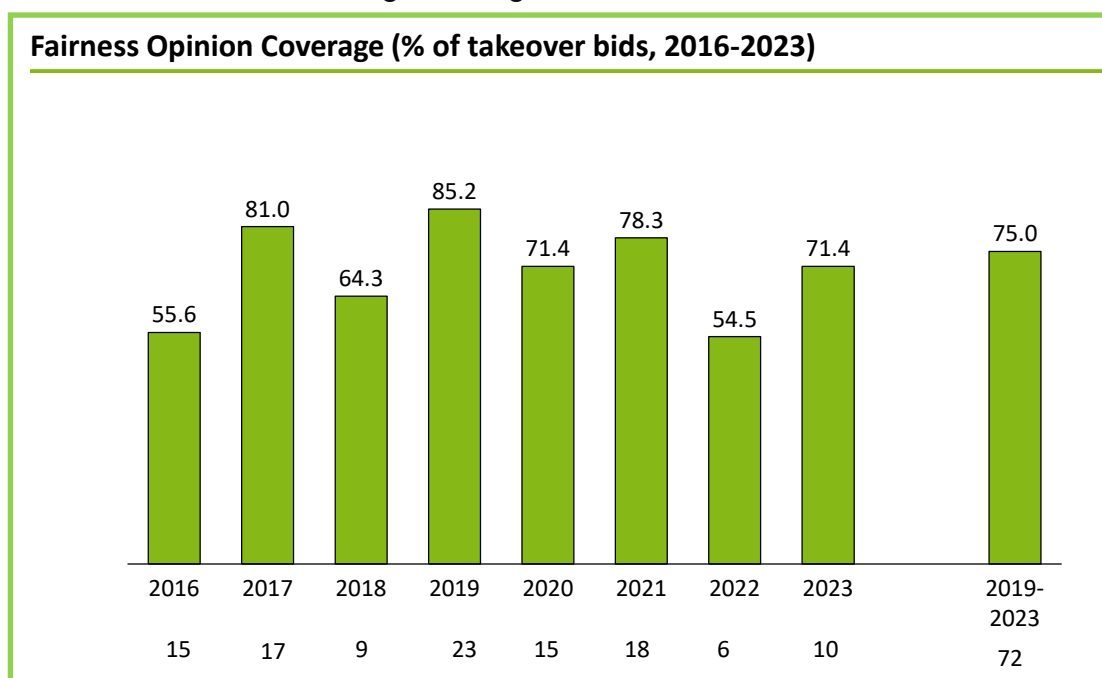


Figure 17: Fairness Opinion Coverage (% of takeover bids, 2016-2023)⁹

⁷ DVFA Expert Group „Fairness Opinions“, The principles of compiling a Fairness Opinions, available online at http://www.dvfa.de/files/die_dvfa/kommissionen/application/pdf/grundsaeetze_fairness_opinions.pdf

⁸ IDW S8 „Grundsätze für die Erstellung von Fairness Opinions“

⁹ The figures for the year 2020 slightly diverge from the numbers quoted in our last report. This is due to the reclassification of one takeover bid as delisting tender offer. Additionally, one offer which was announced in 2020 entered the second round in January 2021 which also counts to 2020.

Statements & Fairness Opinions

Fairness Opinions were issued for 28.6% of delisting offers in 2023. Correspondingly, since 2018, external Fairness Opinions have assessed the compensation adequacy for only 39.4% of delisting offers.

In 2023, 70% of Fairness Opinions affirmed the appropriateness of the bidder's takeover offer. A similar trend is observed when assessing the distribution of Fairness Opinion judgments regarding the adequacy of all takeover offers published from 2019 to 2023: 74.3% of the evaluated takeover bids were deemed adequate.

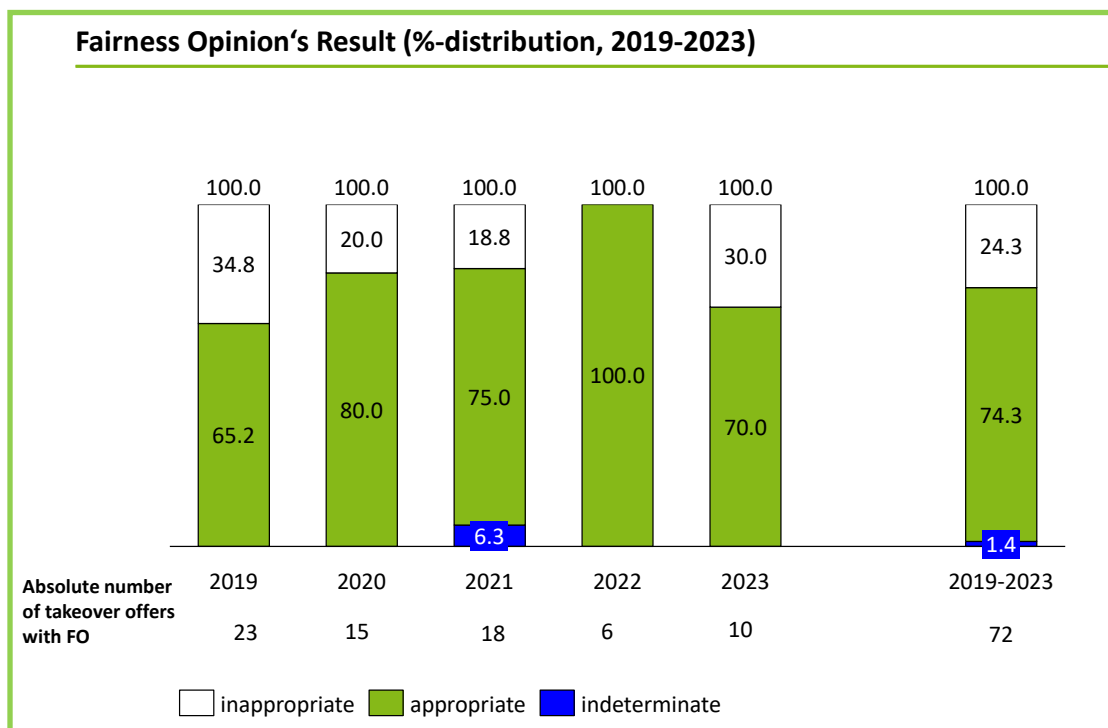


Figure 18: Fairness Opinion's Result (%-distribution, 2019-2023)

Statements & Fairness Opinions

The results of Fairness Opinions typically align with the recommendations provided in the statements issued by the target company, as illustrated in Figure 19. In 2023, there was a notable uptick in instances where the supervisory board and executive board refrained from providing a recommendation to shareholders regarding whether to accept or reject the bid.

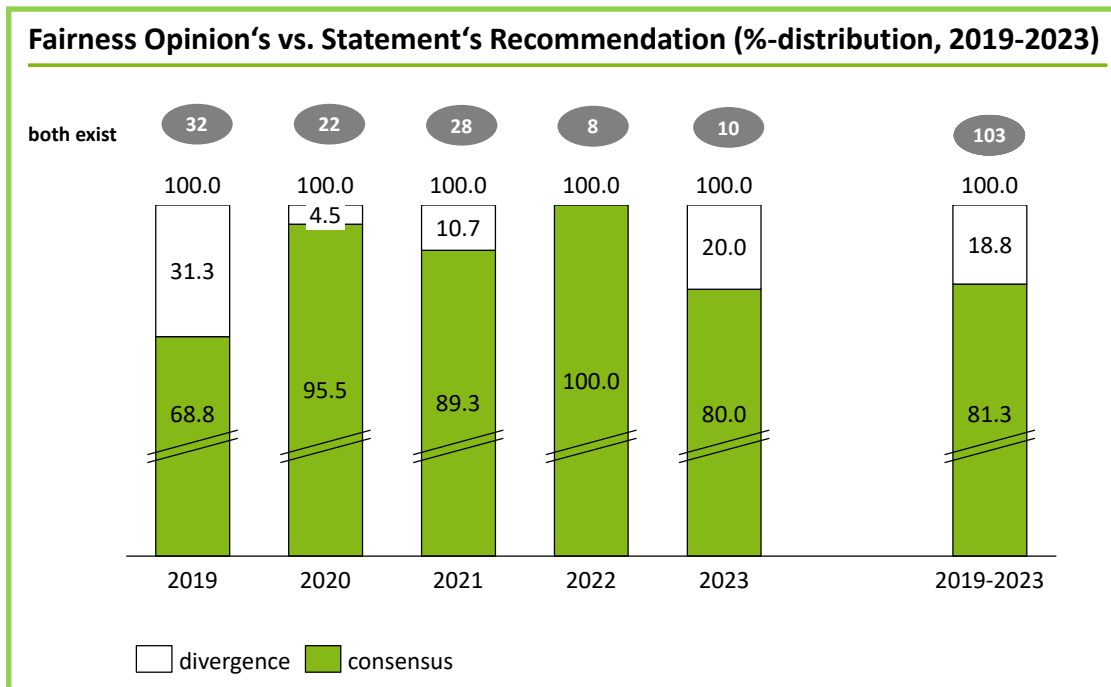


Figure 19: Fairness Opinion's vs. Statement's Recommendation (%-distribution, 2019-2023)

Statements & Fairness Opinions

Fairness Opinions are sourced from various providers, categorized into four groups: consultants, auditors, private banks, and major banks (commercial/investment banks). As of 2023, commercial/investment banks continue to dominate the market, holding a market share of 66.7%. Consultants secured a 26.7% share of the fairness opinion market in 2023. Conversely, private banks lost their entire market share, while auditors improved their position, contributing 6.7% of fairness opinions. Looking at the cumulative results from 2019 to 2023, major banks accounted for more than half of all fairness opinions (62.0%), followed by consultants and auditors at 18.1% and 15.2%, respectively. Private banks held the smallest share. The trend over the past five years is depicted in Figure 20¹⁰.

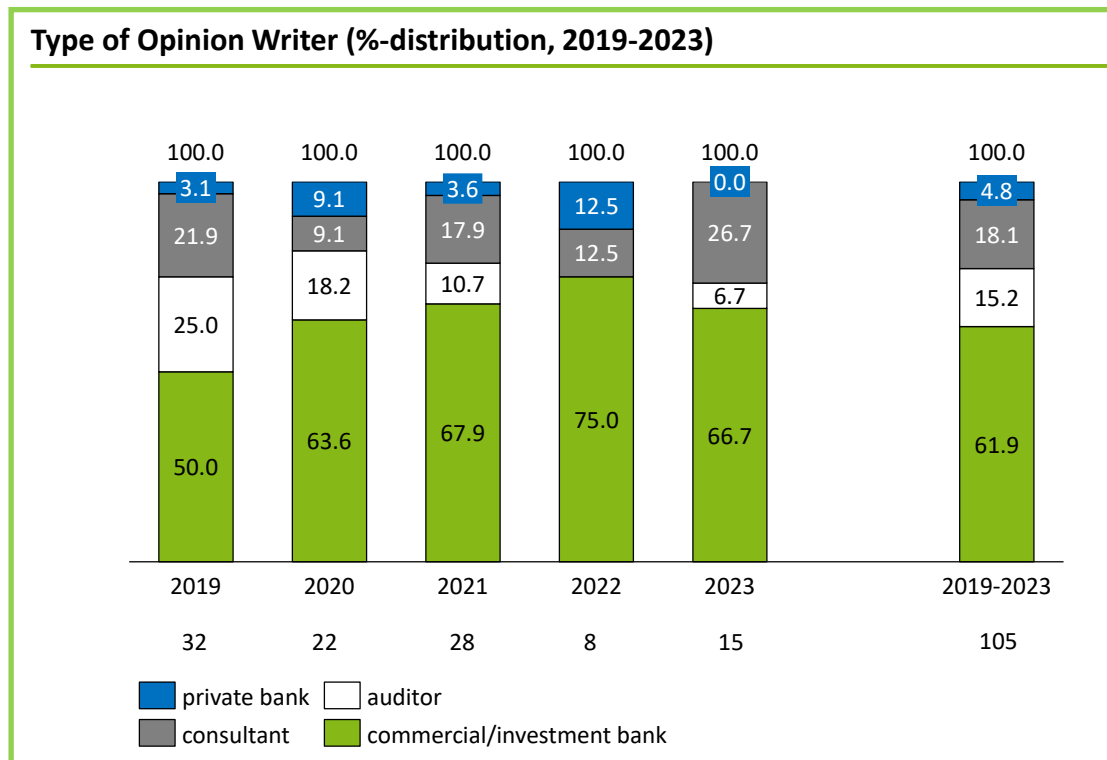


Figure 20: Type of Opinion Writer (%-distribution, 2019-2023)¹⁰

¹⁰ Delisting tender offers are excluded from this overview.

Statements & Fairness Opinions

The significance of a Fairness Opinion majority hinges on the impartiality of the opinion writer. Only if the opinion writer is neither affiliated with the target company nor with the bidder company the trustworthiness of the fairness statement can be granted. Yet, it is particularly the two transaction partners who commission Fairness Opinions. When the Fairness Opinion writer is not only dependent on the transaction partners but also is involved in the transaction as an advisor on success fee basis, the problem of a potential bias aggravates.

Figure 21 shows that on average over the last 5 years 72.9% of all Fairness Opinions to takeover bids were issued by transaction advisors of a target company. Therefore only 27.1% of Fairness Opinions were issued by independent opinion writers (i.e. those that were not involved in the transaction). In fact, transaction advisors have been mandated in majority of Fairness Opinion requests for several years.

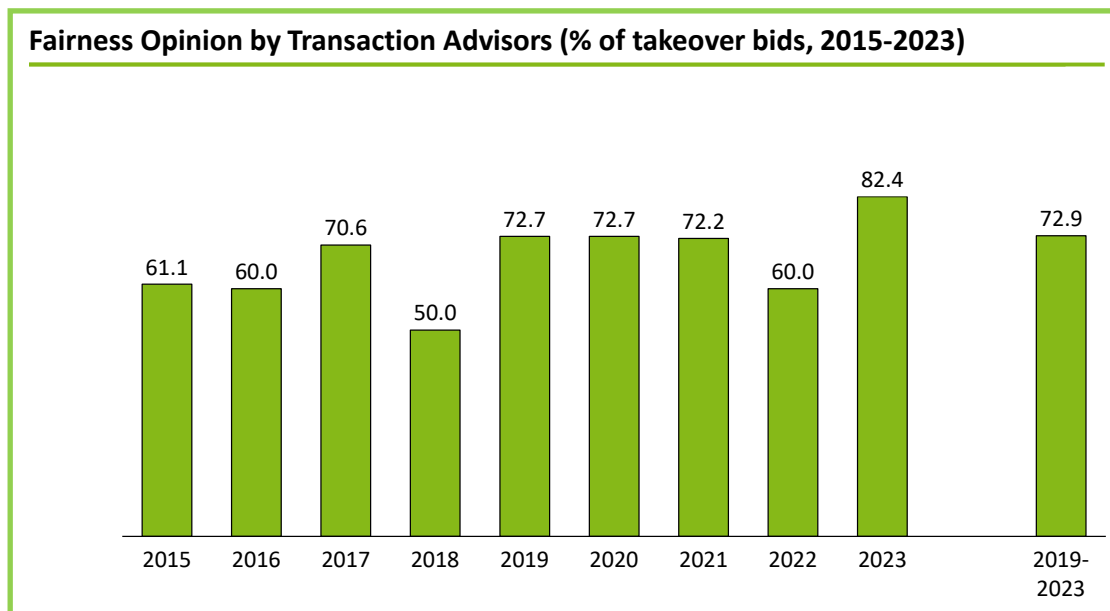


Figure 21: Fairness Opinion by Transaction Advisors (%-distribution, 2015-2023)

Statements & Fairness Opinions

To assess the impartiality of the overall fairness determinations, we compute the average conflict ratios* for transactions (as depicted in Figure 22). When all Fairness Opinions within a transaction originate from independent opinion writers not affiliated with transaction advisors, the conflict ratio is zero. Conversely, if a Fairness Opinion is solely provided by a transaction advisor without seeking additional independent opinions, the transaction's conflict ratio reaches 100%. Figure 22 reveals that, over the past five years, the average conflict ratio in transactions stands at 60.3%. In other words, approximately 39.7% of Fairness Opinions within each transaction, on average, are issued by independent entities. Therefore, even with multiple Fairness Opinions rendered on a single offer, impartiality isn't guaranteed, given that the majority of these opinions still stem from transaction advisors and could potentially carry bias. Notably, the average conflict ratios have been notably high in the last five years.

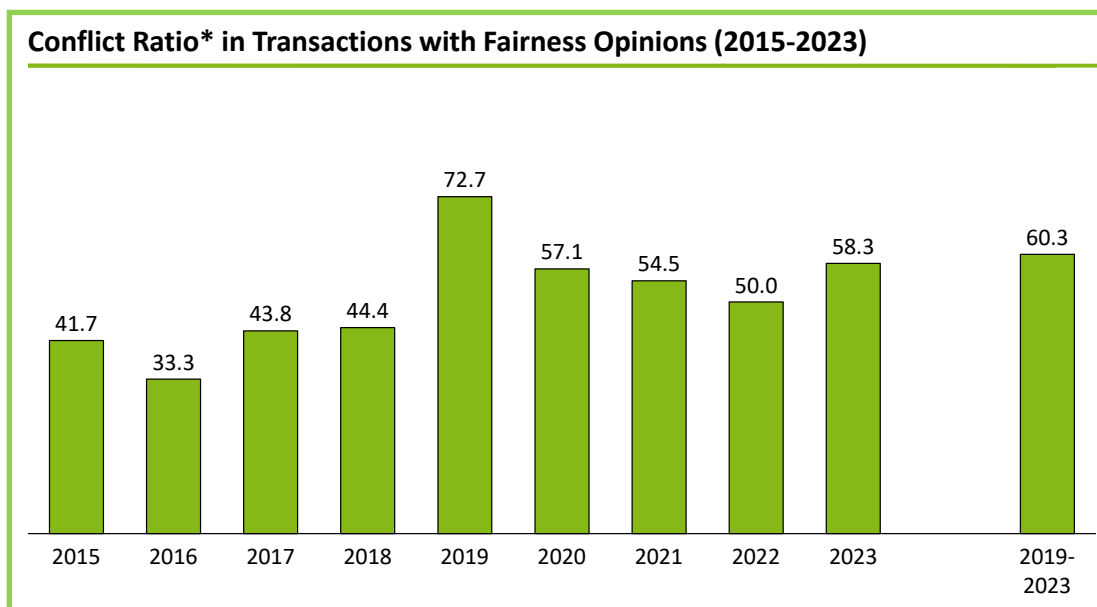


Figure 22: Conflict Ratio* in Transactions with Fairness Opinions (%-distribution, 2015-2023)

Success Rates

Measuring the success of takeover bids is a complex task, requiring careful consideration of various factors. In our analysis, we utilize two distinct measures of "success". Firstly, we examine a takeover bid's success based on two states: completed or discontinued acquisitions¹¹. We define a binary variable "success" as equal to one if a bidder achieves an ownership share of at least 50% or the minimum acceptance threshold set by the bidder within the defined term of acceptance according to WpÜG¹², and zero otherwise. It's important to note that delisting offers, which typically do not aim to gain control of the target through takeover, are excluded from this analysis.

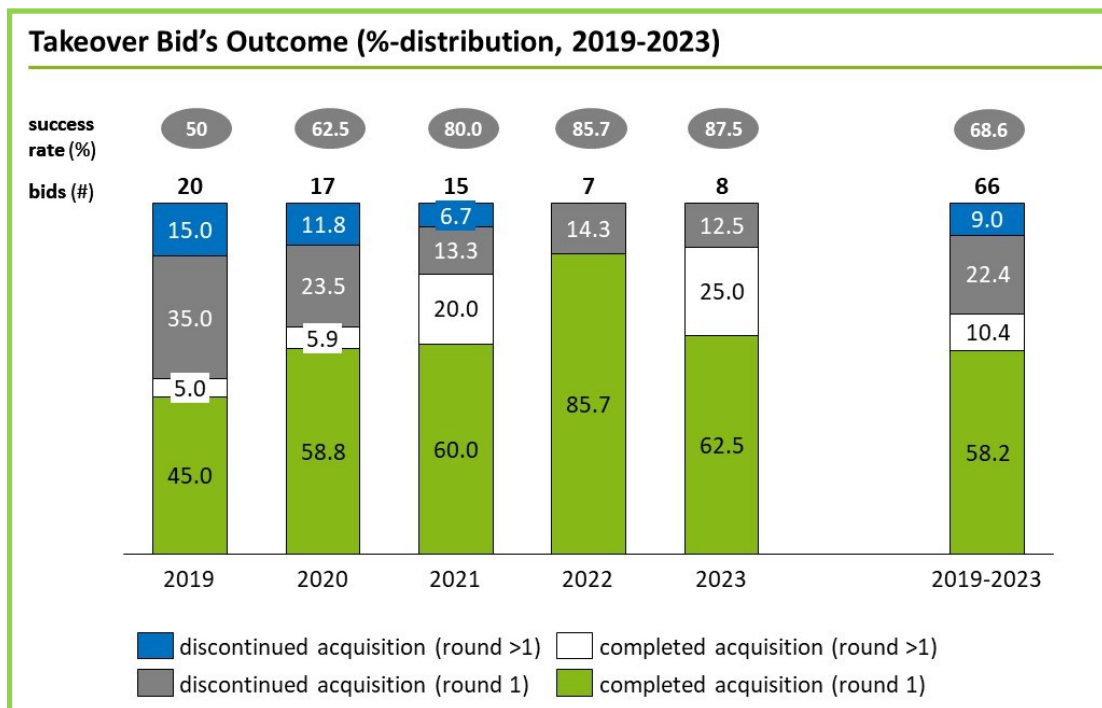


Figure 23: Takeover Bid's Outcome (%-distribution, 2019-2023)

¹¹In this context, any transaction in which the minimum acceptance level or an ownership stake of 50% is attained is classified as completed. Conversely, cases where these thresholds are not met, and no renegotiations occur, are categorized as discontinued.

¹²Furthermore, we exclude cases where the ownership share already exceeds 50% prior to the six-month period before the bid. Instances where the bidder obtains a majority within the six months preceding the bid due to purchasing arrangements with blockholders are deemed successful.

Success Rates

Using this definition, we ascertain that 68.6% of takeover offers over the past five years were successful, while the remaining 31.4% failed either in the initial round (22.4%) or subsequently (9.0%). The distribution of takeover bid outcomes from 2019-2023, as well as the cumulative results, are depicted in Figure 23. Notably, the ratio of takeover offers surpassing the 50% threshold in 2023 exceeded the average for the past five years, standing at 87.5%.

Various factors influence the success of takeover bids, with academic studies often conducting complex multivariate analyses to explore this question. This report focuses primarily on the offer premium as the most significant influencing factor. Our hypothesis is straightforward: takeover offers with higher premiums are more likely to succeed. The 0/1 "success" measure we defined earlier reflects the consummation of the deal regardless of the intermediate negotiation process.

From 2016 to 2023, we observe a notably high proportion of acquisitions among takeover bids classified as completed and successful according to our defined measure. This outcome can be attributed to bidders' prior arrangements with blockholders of the target company. On average, takeover offers with premiums ranging from 10-15% exhibit the highest fraction of successful bids.

Success Rates

Figure 24 illustrates the distribution of takeover bid success in 2023 alongside the cumulative percentages from 2016 to 2023.

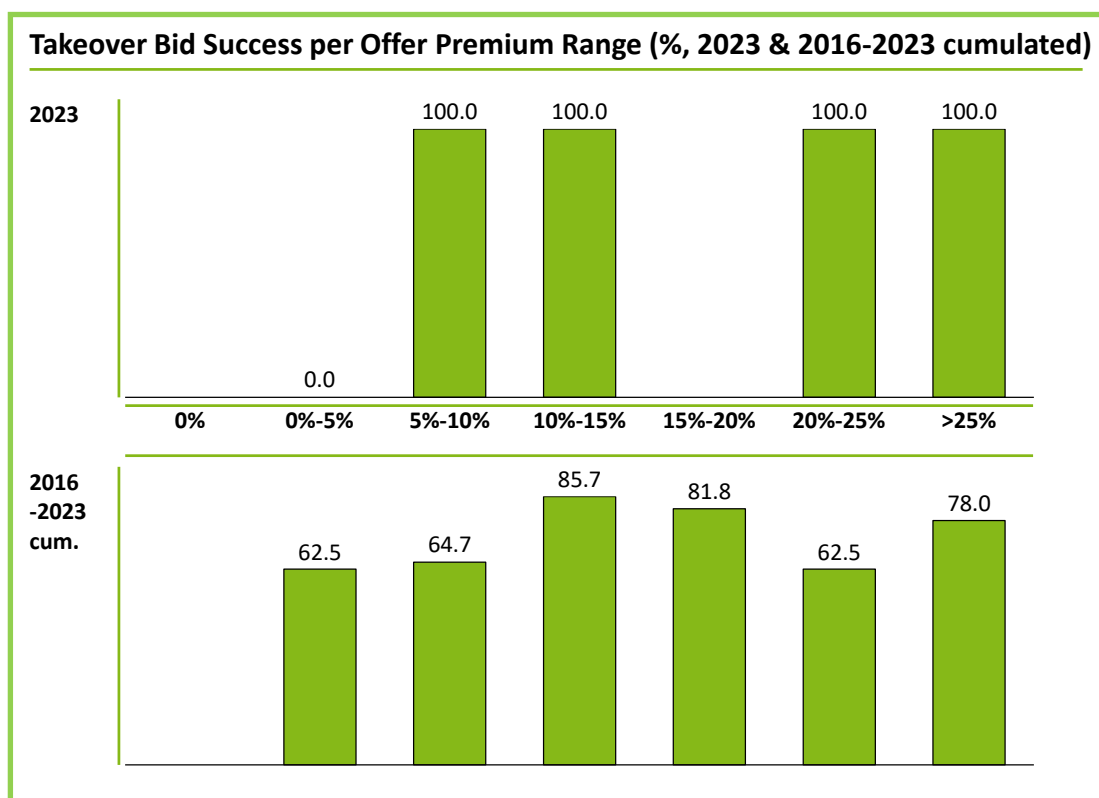


Figure 24: Takeover Bid Success per Offer Premium Range (% , 2023 & 2016-2023 cumulated)

Success Rates

As an alternative measure, we introduce a "success rate" variable, defined as the number of shares acquired by the bidder during the acceptance period divided by the number of shares not under the bidder's control when the offer is initiated. This variable considers the bidder's toehold and ranges from 0% to 100% for all offers.

Figure 25 presents a scatter plot with a trend line (line of best fit) illustrating the relationship between the success rate and the offer premium of takeover bids from 2016 to 2023. This graph supports the hypothesis of a positive correlation between premium and success rate, while also highlighting the influence of other factors.

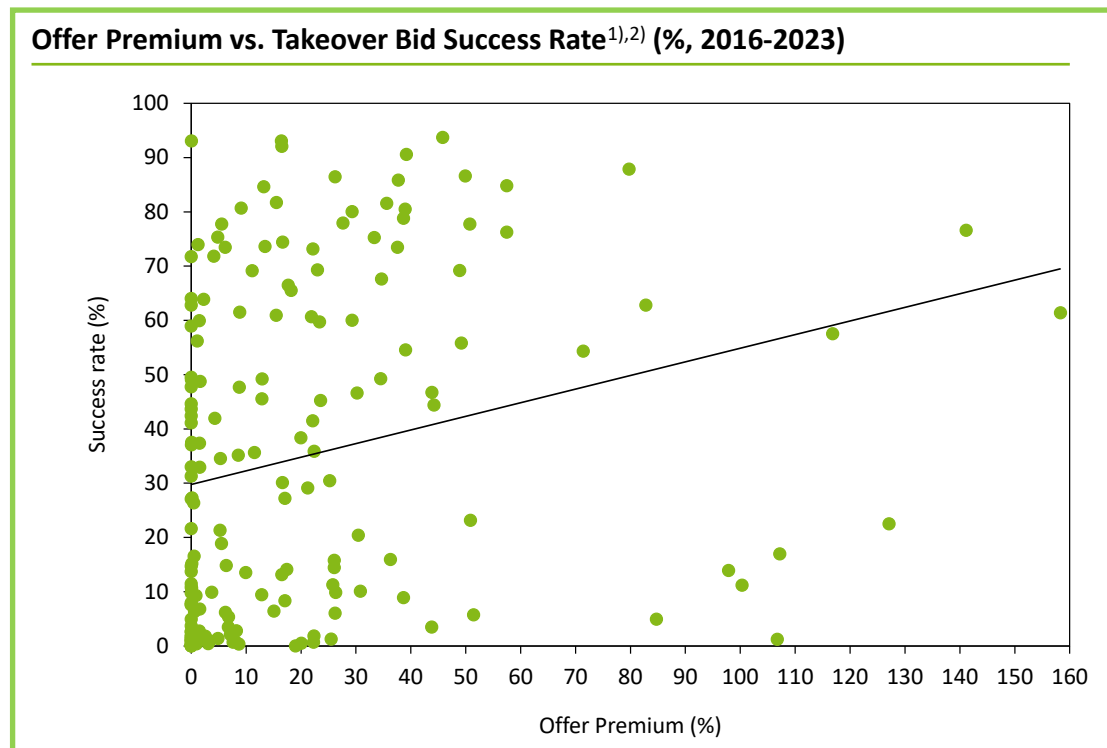


Figure 25: Offer Premium vs. Takeover Bid Success Rate (% , 2016-2023)

¹⁾ Only takeover bids are considered where the ownership share has been below 50% prior to the six-month period before the bid.

²⁾ Offer premium is calculated as $(\text{Offer price}) / (\text{3-Month Weighted Average Stock Price}) - 1$.

Success Rates

In our final analysis, we investigate the relationship between the recommendations provided in the statements and the results of Fairness Opinions concerning the success rate of takeover bids. Figure 26 presents this analysis in a cross table format. It demonstrates that the success rate tends to increase when both the statement and the Fairness Opinion offer positive recommendations (2019-2023: 80.6%). One potential explanation for this trend is that target companies recommending acceptance of an offer in their statement typically have no incentive to publish a Fairness Opinion that might convey a negative opinion on the adequacy of the offer.

Conversely, when both the target company's statement and the Fairness Opinion adopt a negative stance, the success rate is relatively low (9.1%), albeit not negligible. A closer examination of these cases reveals that prior agreements with large blockholders of the target company laid the groundwork for the bid's acceptance. Specifically, before announcing the public takeover bid, the bidder had already secured a sufficient number of selling commitments from target blockholders to achieve a majority.

| Success Rate by Statement & FO recommendation (% , 2019-2023 cumulated) | | | | |
|---|------------------|-------|---------------|--------|
| Statement | Fairness Opinion | | | |
| | | fair | not mentioned | |
| | acceptance | 80.6% | NA | 0.0 % |
| | neither | 53.8% | NA | 80.0 % |
| | rejection | NA | NA | 9.1 % |

Figure 26: Success Rate by Statement & FO recommendation (% , 2019-2023 cumulated)

Takeover Case Study: va-Q-tec AG

On December 13, 2022, va-Q-tec AG (hereinafter “va-Q-tec”) entered into a business combination agreement with EQT X Fund (hereinafter “EQT”) and its 100% subsidiary Fahrenheit AcquiCo GmbH, formerly sotus 861. GmbH, (hereinafter the “Bidder”) in relation to a voluntary public takeover offer by EQT. Va-Q-tec is a German based thermal technology company specializing in products and solutions in the area of thermal insulation and TempChain logistics. EQT is a global investment organization with EUR 114 billion in assets under management within two business segments – Private Capital and Real Assets. The agreement also includes the planned merger of va-Q-tec's pharma-focused business with Envirotainer. In the transaction, va-Q-tec received financial advisory support from ParkView Partners, while EQT was advised by UBS AG.

The Bidder made a voluntary public takeover offer to acquire all shares of va-Q-tec. In the announcement of the public takeover offer on December 13, 2022, EQT also declared its intention to promptly pursue the execution of a domination and profit and loss transfer agreement (“DPLTA”) with va-Q-tec, as subordinated company, as soon as reasonably possible after settlement of the offer.

The offer document was published on January 16, 2023 and addressed all shares of va-Q-tec at the offer price of EUR 26.00 per share. The volume-weighted average price over the last three months prior to December 13, 2022 (3 month VWAP) amounted to EUR 18.75 per va-Q-tec share. The offer represented a premium of 38.7% over va-Q-tec's 3 month VWAP, implying an equity value of EUR 0.35 billion. The premium over the price prior to the announcement of the intention to enter into a business combination agreement on December 9, 2022 is 46.0%, and it stands at 4.2% over the price on the last trading date before the offer announcement on December 13, 2022.

The offer was considered financially adequate by the supervisory board and the executive board of va-Q-tec. In their joint opinion statement, the boards relied on the fairness opinions of ParkView Partners confirming the financial adequacy of the consideration and recommended the shareholders to accept the offer.

Prior to the offer, EQT held a financial instrument relating to a total of 22.8% of the share capital of va-Q-tec via an irrevocable agreement. However, this agreement was conditional on the completion of the offer. The takeover bid was conditional to a minimum acceptance rate of 62.5%, which was surpassed by the Bidder on February 17, 2023. As of the final date of the additional acceptance period on March 7, 2023 the acceptance rate was 85.8% including shares tendered under the irrevocable agreement plus the total shares held by the participating family shareholders.

In Q2 2023 the taking private process continued: On June 30, 2023, EQT announced its intention to proceed with a delisting and to make a public delisting offer.

Takeover Case Study: va-Q-tec AG

The offer document, released on August 2, 2023, included the cash consideration of EUR 26.00 for the acquisition of all remaining va-Q-tec shares, consistent with the previous takeover offer. The end of the acceptance period was set to conclude on August 30, 2023.

In the meantime, on July 10, 2023, EQT announced the DPLTA compensation of EUR 21.80 per va-Q-tec share and a recurring cash compensation of EUR 1.18 per va-Q-tec share. The conclusion of the DPLTA was approved by a large majority of shareholders at the annual general meeting of va-Q-tec on August 29, 2023. The DPLTA became effective on January 30, 2024.

In the period from the publication of the offer document on August 2, 2023 until the end of the acceptance period on August 30, 2023, the delisting offer was accepted for approximately 1.80% of the share capital of va-Q-tec. Therefore, the total number of shares for which the delisting offer has been accepted, amounts to approximately 88.85% of the share capital of va-Q-tec. The delisting of the va-Q-tec shares, which were traded on the regulated market of the Frankfurt Stock Exchange, became effective with the conclusion of the offer upon expiry of August 30, 2023. Since September 1, 2023 the va-Q-tec shares have only been traded on the open market of the Hamburg Stock Exchange below the offer price but above the DPLTA compensation.

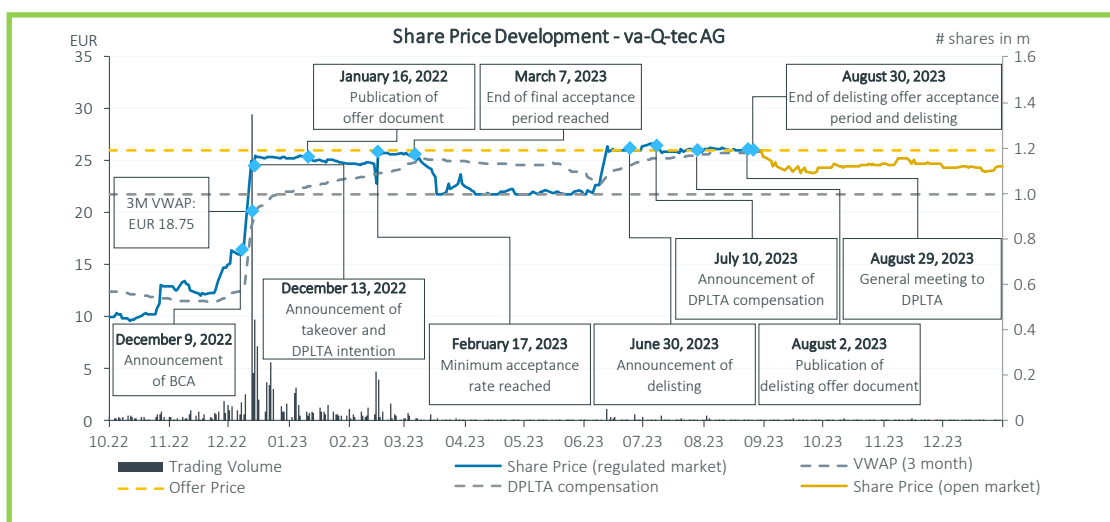


Figure 27: Course of events and stock price development takeover offer va-Q-tec AG

Endgame Analysis

Post-offer structural measures

After the completion of the takeover procedure the bidder has several measures at hand to finally reach the 100% ownership in the target company. The signing of a domination and profit- and loss transfer agreement (DPLTA) between the company and the majority shareholder requires a 75% vote in a shareholder meeting. German corporate law requires to offer a compensation to the minority shareholders (§305 AktG) that decide to leave the company (and accept the compensation) and a guaranteed dividend payment (§304 AktG) to those who decide to stay. The law requires the minimum compensation to be offered to be the highest of two values: the VWAP relating to the 3 months before the DPLTA announcement and the intrinsic value of the share calculated by a corporate valuation. In our sample we find that almost all compensation offers related to DPLTA were just equal to the minimum required by law.

Finally, the German corporate law offers several options to Squeeze-Out¹³ the remaining minority shareholders against payment of a fair compensation for the compulsory sale of their shares. We find that in the vast majority of cases the compensation offer is again just to meet the minimum requirement.

The cash compensation and the guaranteed dividend are determined by the majority shareholder and are subject to a review by the court in an appraisal proceeding subsequent to the measure becoming effective.

¹³ German corporate law recognizes three types of Squeeze-Out based on the corresponding legal framework: Takeover Act (WpÜG), Stock Corporation Act (AktG) and Transformation Act (UmwG).

Endgame Analysis

Our databank contains information on 467 primary takeover bids from 2005 to 2023 and the data on all structural measures following these bids. Of these, 222 takeover offers had subsequent structural measures. In total, for 210 structural measures minority shareholders initiated appraisal proceedings. 179 of these proceedings were finalized, i.e. there is no (further) appeal against the court decision. The other 44 appraisal proceedings are currently under court review. Figure 28 provides an overview of the takeover offers, structural measures, and related appraisal proceedings that constitute the databank and serve as a basis for the takeover endgame analysis.

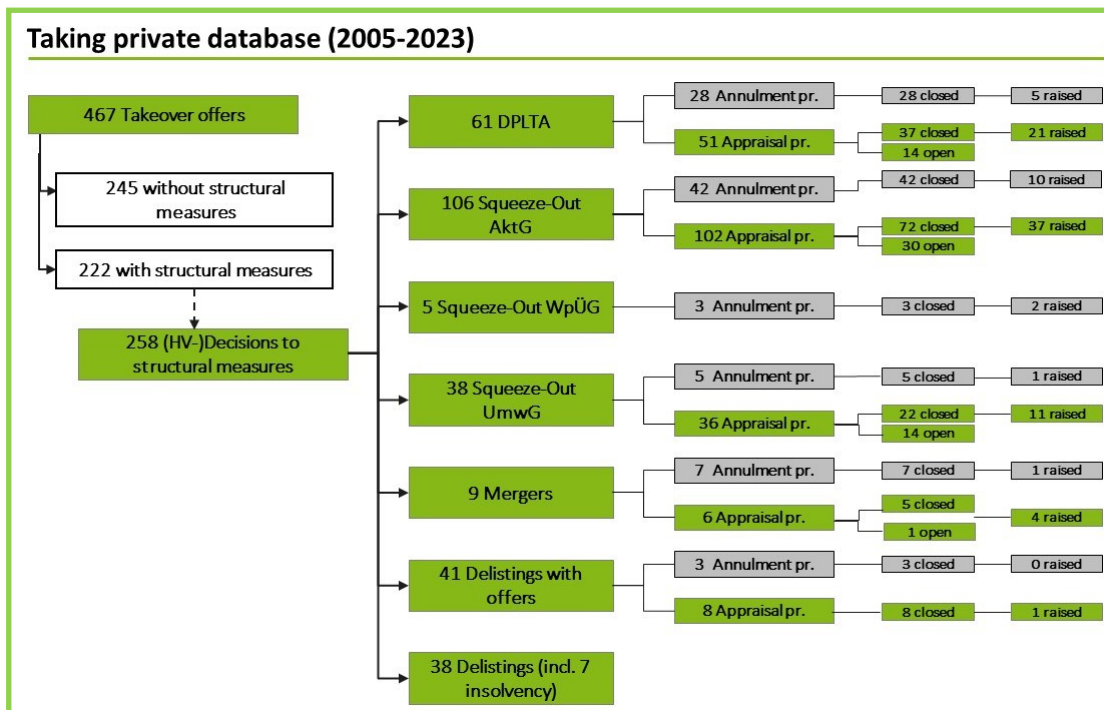


Figure 28: Overview of the taking-private database (with structural measures as of 31.12.2023)

Endgame Analysis

Out of 467 primary takeover bids published in 2005-2023, 158 acquirers eventually obtained full ownership of the target company. We observe 17 different paths in taking-private strategies. Figure 29 presents the frequency of these paths and the number of completed takeovers (including closing of appraisal proceeding). The equal-sign (=) indicates that measures were taken concurrently, and the arrow-sign (➔) shows the sequence of events. In 106 out of 158 cases, acquirers enforced a Stock Corporation Squeeze-Out. In the majority of cases there are no prior structural measures before the final squeeze-out (62 cases). Yet, in 35 takeovers, the signing of a DPLTA was concluded within the frame of the chosen taking-private strategy. Takeover Act Squeeze-Out was rarely implemented in practice (only 5 cases)¹⁸. In 9 cases the takeover was resolved by a merger, of which the two most recent cases were in 2022. Being not a structural action per se, delisting also plays an important role in taking-private strategies, and is used more and more in parallel with other structural measures.

| | Structural measures post takeover offer | Frequency | Completed takeover (incl. appraisal proceeding) |
|----|---|-----------|---|
| 1 | Stock Corporation Squeeze-Out (AktG) | 62 | 45 |
| 2 | Transformation Squeeze-Out (UmwG) | 29 | 20 |
| 3 | Merger | 4 | 4 |
| 4 | Takeover Act Squeeze-Out (WpÜG) | 1 | 1 |
| 5 | 1. Takeover Act Squeeze-Out (WpÜG) ➔ 2. DPLTA | 3 | 3 |
| 6 | DPLTA = Stock Corporation Squeeze-Out (AktG) | 5 | 5 |
| 7 | 1. DPLTA ➔ 2. Stock Corporation Squeeze-Out (AktG) | 14 | 11 |
| 8 | 1. DPLTA ➔ 2. Merger | 3 | 2 |
| 9 | 1. DPLTA ➔ 2. Transformation Squeeze-Out (UmwG) | 4 | 0 |
| 10 | 1. DPLTA = 1. Delisting ➔ 2. Stock Corporation Squeeze-Out (AktG) | 3 | 3 |
| 11 | 1. DPLTA ➔ 1. Delisting ➔ 2. Stock Corporation Squeeze-Out (AktG) | 2 | 2 |
| 12 | 1. Delisting ➔ 2. Stock Corporation Squeeze-Out (AktG) | 17 | 6 |
| 13 | 1. Delisting ➔ 2. Transformation Squeeze-Out (UmwG) | 4 | 2 |
| 14 | 1. Delisting ➔ 2. Takeover Act Squeeze-Out (WpÜG) | 1 | 1 |
| 15 | 1. Delisting ➔ 2. Merger | 2 | 0 |
| 16 | 1. Delisting ➔ 2. DPLTA ➔ 3. Stock Corporation Squeeze-Out (AktG) | 3 | 1 |
| 17 | 1. DPLTA ➔ 2. Delisting ➔ 3. Transformation Squeeze-Out (UmwG) | 1 | 0 |
| | | 158 | 106 |

Figure 29: Taking-private strategies post takeover offers (2005-2023)

¹⁸ In some of these cases a DPLTA was signed after the squeeze-out. The reason for this seemingly odd strategy was that some minority shareholders tried to challenge and block the squeeze-out.

Endgame Analysis

An appropriate compensation for the shares of minority shareholders shall be not less than the VWAP for 3 months prior announcement of structural measure, and not less than the dividend discount value (“Ertragswert”) per share determined by a verified company valuation.¹⁵ Thus, the maximum of these two limits is considered to be the minimum appropriate compensation. We analyze the distribution of the premium over VWAP. We exclude the cases where VWAP was not available due to extremely low trading volume or shares not being listed in the regulated market. Subsuming over all structural measures, the average premium of the offered compensation over VWAP amounts to 12.0%.

Minority shareholders may start appraisal proceedings under which the fairness of the DPLTA guarantee dividends, DPLTA compensation, Merger exchange ratio and/or Squeeze-Out compensation shall be verified (Spruchverfahren). Appraisal proceedings cannot delay or block the enforcement of a structural measure. In contrast, an annulment proceeding against the General Meeting decision blocks the enforcement of a structural measure. The proceeding is carried out under the regional court (first instance) and can be resolved by a judicial compromised agreement or a court ruling. The compensation offer may be increased, but cannot be reduced in appraisal proceeding, and the majority shareholder shall carry all costs of litigation. The regional court decision is a subject to appeal under the higher regional court whose decision is final. The higher regional court has a right to increase, decrease or annul the first instance ruling.

¹⁵ Recently the German Federal Court of Justice ruled that under certain circumstances the compensation can be estimated solely based on the company’s stock price.

Endgame Analysis

In Figure 30, we first evaluate the duration of appraisal proceedings. On average, the appraisal proceedings to a compensation offer related to a DPLTA run significantly longer than in other cases (4.21 years). In 8 DPLTA proceedings the duration exceeded 8 years and only small number of cases could be resolved within 2 years. Appraisal proceedings of Stock Corporation Squeeze-Outs last on average 4.98 years; however, the data show that the length of the proceeding spreads almost evenly over the first 5 years. The proceedings related to Transformation Squeeze-Outs display the shortest duration: 4.98 years on average. There are only 5 completed appraisal proceedings to Merger compensations with an average duration of 4.38 years. One further proceeding to Merger is still carried out since 2009 (since 2013 by second instance).

Finally, our analysis revealed, that, on average, minority shareholders received a compensation increase of 7.57% as compared to before the proceeding.

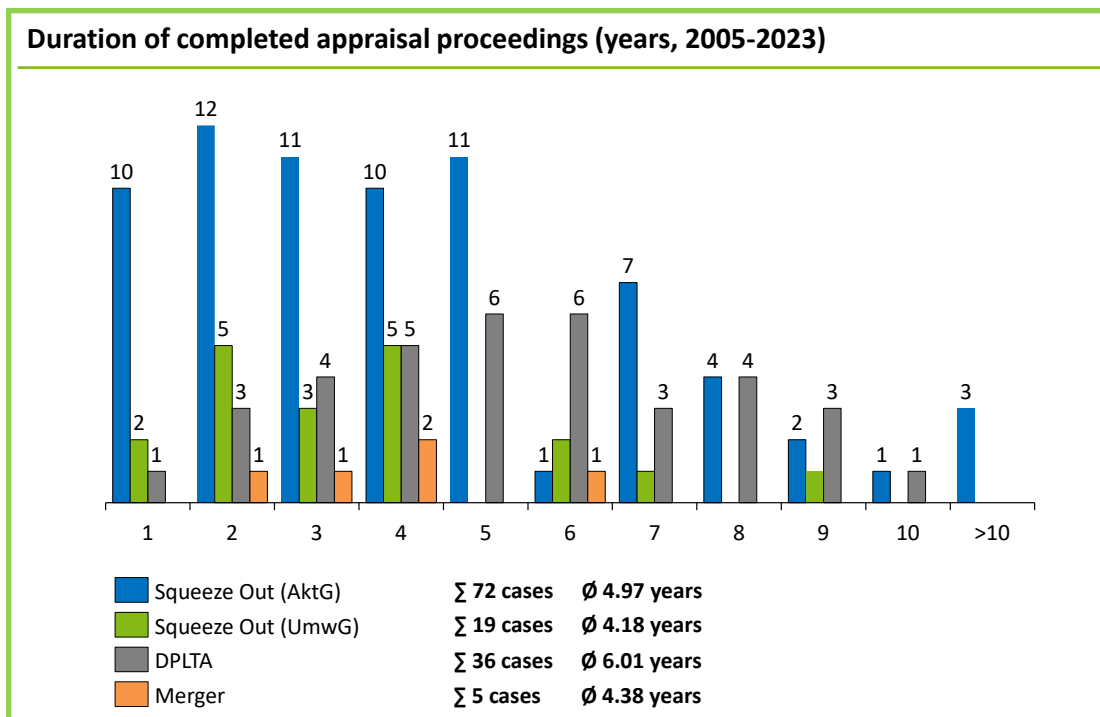


Figure 30: Duration of completed appraisal proceedings (years, 2005-2023)

Transaction Details 2023

The final section of this report offers a comprehensive overview of all takeovers and takeover bids in 2023, see figure 31. For each transaction, we present all parameters that have been analyzed on an aggregated level in the preceding chapters.

| Offer date | Bidder | Target | Offer type | Investor type | Bid round | Payment method | Share before offer | Share before offer from major inv. | Acceptance rate |
|------------|---|---|------------|---------------|-----------|----------------|--------------------|------------------------------------|-----------------|
| 16/01/2023 | sotus 861, GmbH (künftig: Fahrenheit AcquiCo GmbH) (EQT AB) | va-Q-tec AG | Takeover | FI | 1 | Cash | 0.0% | 0.0% | 85.8% |
| 01/03/2023 | Endurance GmbH & Co. KG (Atlas Family Office GmbH) | exceet Group SCA | Takeover | FI | 1 | Cash | 84.7% | 84.7% | 4.2% |
| 16/03/2023 | Triathlon Holding GmbH | Vollabox AG | Takeover | SI | 1 | Cash | 41.9% | 41.9% | 42.7% |
| 23/03/2023 | Fujitsu ND Solutions AG | GK Software SE | Takeover | SI | 1 | Cash | 0.0% | 0.0% | 67.6% |
| 27/03/2023 | SWOCTEM GmbH | Klöckner & Co SE | Takeover | FI | 1 | Cash | 30.0% | 30.0% | 11.6% |
| 12/05/2023 | SD Thesaurus GmbH | BAUER AG | Delisting | FI | 1 | Cash | 52.8% | 52.8% | 21.0% |
| 17/05/2023 | Mosel BidCo SE (Silver Lake Group) | Software Aktiengesellschaft | Takeover | FI | 1 | Cash | 30.1% | 30.1% | 29.4% |
| 17/05/2023 | Fujitsu ND Solutions AG | GK Software SE | Delisting | SI | 1 | Cash | 68.5% | 68.5% | 3.6% |
| 23/06/2023 | MS ProActive Verwaltungs GmbH | MS Industrie AG | Delisting | FI | 1 | Cash | 0.8% | 0.8% | 10.7% |
| 26/06/2023 | Octapharma AG | SNP Schneider-Neureither & Partner SE | Takeover | FI | 1 | Cash | 28.8% | 15.9% | 35.0% |
| 24/07/2023 | TPP GmbH, Aachen | Schumag Aktiengesellschaft | Delisting | FI | 1 | Cash | 25.0% | 25.0% | 10.3% |
| 28/07/2023 | RAS Beteiligungs GmbH, Österreich, LSW GmbH | home24 SE | Delisting | FI | 1 | Cash | 91.4% | 91.4% | 0.8% |
| 02/08/2023 | Fahrenheit AcquiCo GmbH (EQT AB) | va-Q-tec AG | Delisting | FI | 1 | Cash | 87.0% | 87.0% | 1.8% |
| 17/05/2023 | Mosel BidCo SE (Silver Lake Group) | Software Aktiengesellschaft | Takeover | FI | 2 | Cash | 30.1% | 30.1% | 59.3% |
| 15/09/2023 | Orchid Lux HoldCo S.à r.l. (KKR & Co. Inc) | OHB SE | Takeover | FI | 1 | Cash | 73.4% | 73.4% | 14.5% |
| 19/10/2023 | Atlantic BidCo GmbH (Advent International, L.P.) | Aareal Bank AG | Delisting | FI | 1 | Cash | 90.7% | 90.7% | 4.6% |
| 23/10/2023 | Ephios Luxembourg S.à r.l. (Cinven Capital Management L.P.) | SYNLAB AB | Takeover | FI | 1 | Cash | 42.8% | 42.8% | 35.0% |
| 23/10/2023 | Port of Hamburg Beteiligungsgesellschaft SE | Hamburger Hafen und Logistik Aktiengesellschaft | Takeover | SI | 1 | Cash | 75.0% | 75.0% | 9.7% |
| 15/11/2023 | Schaeffler AG | Vitesco Technologies Group Aktiengesellschaft | Takeover | SI | 2 | Cash | 49.9% | 49.9% | 29.9% |
| 05/12/2023 | Telefónica Local Services GmbH | Telefónica Deutschland Holding AG | Takeover | SI | 1 | Cash | 80.2% | 80.2% | 0.7% |
| 15/11/2023 | Schaeffler AG | Vitesco Technologies Group Aktiengesellschaft | Takeover | SI | 1 | Cash | 49.9% | 49.9% | 29.9% |

Figure 31: Transaction Details

Transaction Details 2023

| Offer date | Bidder | Target | Offer premium | Take-over-value (m EUR) | Joint Statement Recomm. | FO exists | FO result (Adequacy) |
|------------|---|---|---------------|-------------------------|-------------------------|-----------|----------------------|
| 16/01/2023 | sotus 861. GmbH (künftig: Fahrenheit AcquiCo GmbH) (EQT AB) | va-Q-tec AG | 38.7% | 348.8 | Accept | yes | yes |
| 01/03/2023 | Endurance GmbH & Co. KG (Atlas Family Office GmbH) | exceet Group SCA | 17.1% | 32.4 | Reject | no | |
| 16/03/2023 | Triathlon Holding GmbH | Voltabox AG | 6.2% | 13.3 | Reject | no | |
| 23/03/2023 | Fujitsu ND Solutions AG | GK Software SE | 34.7% | 431.9 | Accept | yes | yes |
| 27/03/2023 | SWOCTEM GmbH | Klöckner & Co SE | 0.5% | 681.1 | Reject | yes | no |
| 12/05/2023 | SD Thesaurus GmbH | BAUER AG | 0.0% | 127.7 | Accept | no | |
| 17/05/2023 | Mosel Bidco SE (Silver Lake Group) | Software Aktiengesellschaft | 57.5% | 1,656.0 | Accept | yes | yes |
| 17/05/2023 | Fujitsu ND Solutions AG | GK Software SE | 0.0% | 136.2 | Accept | no | |
| 23/06/2023 | MS ProActive Verwaltungs GmbH | MS Industrie AG | 0.0% | 47.9 | Accept | no | |
| 26/06/2023 | Octapharma AG | SNP Schneider-Neureither & Partner SE | 12.9% | 176.1 | Neither nor | yes | no |
| 24/07/2023 | TPPI GmbH, Aachen | Schumag Aktiengesellschaft | 0.0% | 9.2 | Accept | no | |
| 28/07/2023 | RAS Beteiligungs GmbH, Österreich, LSW GmbH, | home24 SE | 3.7% | 21.6 | Accept | no | |
| 02/08/2023 | Fahrenheit AcquiCo GmbH (EQT AB) | va-Q-tec AG | 97.9% | 49.7 | Accept | yes | yes |
| 17/05/2023 | Mosel Bidco SE (Silver Lake Group) | Software Aktiengesellschaft | 57.5% | 1,656.0 | Accept | no | |
| 15/09/2023 | Orchid Lux HoldCo S.à r.l. (KKR & Co. Inc) | OHB SE | 39.1% | 204.2 | Accept | yes | yes |
| 19/10/2023 | Atlantic BidCo GmbH (Advent International, L.P.) | Aareal Bank AG | 0.1% | 184.7 | Accept | no | |
| 23/10/2023 | Ephios Luxembourg S.à r.l. (Ginven Capital Management L.P.) | SYNLAB AB | 12.9% | 1,272.2 | Neither nor | yes | no |
| 23/10/2023 | Port of Hamburg Beteiligungsgesellschaft SE | Hamburger Hafen und Logistik Aktiengesellschaft | 48.9% | 314.4 | Accept | yes | yes |
| 15/11/2023 | Schaeffler AG | Vitesco Technologies Group Aktiengesellschaft | 23.4% | 1,883.3 | Neither nor | no | |
| 05/12/2023 | Telefónica Local Services GmbH | Telefónica Deutschland Holding AG | 36.3% | 1,386.7 | Accept | yes | no |
| 15/11/2023 | Schaeffler AG | Vitesco Technologies Group Aktiengesellschaft | 19.5% | 1,823.1 | Neither nor | yes | yes |

Figure 31: Transaction Details