

*D. Selling Shareholders*

Not applicable.

*E. Dilution*

Not applicable.

*F. Expenses of the Issue*

Not applicable.

**Item 10. Additional Information**

*A. Share Capital*

Not applicable.

*B. Memorandum and Articles of Association*

The information set forth in our Registration Statement on F-1 (File No. 333-260143), effective upon the closing of our initial public offering originally filed with the SEC on October 8, 2021 under the heading DESCRIPTION OF SHARE CAPITAL AND ARTICLES OF ASSOCIATION (SATZUNG) is incorporated herein by reference.

*C. Material Contracts*

We have not entered into any material contracts other than in the ordinary course of business and other than those described in “Item 4. Business Overview” or “Item 5. Operating and Financial Review and Prospects” or elsewhere in this annual report (including the Exhibits).

*D. Exchange Controls*

There are currently no legal restrictions in the Federal Republic of Germany on international capital movements and foreign exchange transactions, except in limited embargo circumstances and connection with economic sanctions restrictions relating to certain areas, entities or persons because of applicable resolutions adopted by the United Nations and regulations and other legal provisions adopted by the European Union.

For statistical purposes, there are, however, reporting duties regarding transactions involving cross-border monetary transfers. With some exceptions, every corporation or individual residing in the Federal Republic of Germany must report to the German Central Bank (Deutsche Bundesbank) within a certain period of time (i) any payment received from, or made to, a non-resident corporation or individual, or for the account of such person, that exceeds €12,500 (or the equivalent in a foreign currency) and (ii) in case the sum of claims against, or liabilities payable to, non-residents or corporations exceeds €5,000,000 (or the equivalent in a foreign currency) at the end of any calendar month. Payments include cash payments made by means of direct debit, checks and bills, remittances denominated in euros and other currencies made through financial institutions, netting and clearing arrangements, as well as bringing in property and rights into a corporation, branch office or production site. Not included are payments made for the import and export of goods as well as payments made for the processing of loans. Infringements of these reporting duties can be fined as an administrative offense.

*E. Taxation*

**German Taxation of Holders of ADSs**

The following discussion addresses certain German tax consequences of acquiring, owning or disposing of the ADSs. With the exception of “– Taxation of Holders Tax Resident in Germany” below, which provides an overview of dividend taxation and of capital gains

taxation with respect to holders that are residents of Germany, this discussion applies only to U.S. treaty beneficiaries (defined below) that hold our ADSs.

This discussion is based on domestic German tax laws, including, but not limited to, circulars issued by German tax authorities, which, for example, are not binding on the German courts, and the Treaty (defined below). It is based upon tax laws in effect at the time of filing of this annual report. These laws are subject to change, possibly with retroactive effect. For example, certain member states of the European Union are considering introducing a financial transaction tax (Finanztransaktionssteuer) which, when introduced, may also be applicable on sales and/or transfer of ADSs. In addition, in Germany, for example, there are currently ongoing discussions on an increase of the top tax rate, which may also have an effect on the German tax consequences of acquiring, owning and disposing of the ADSs. There is no assurance that German tax authorities will not challenge one or more of the tax consequences described in this discussion.

In addition, this discussion is based upon the assumption that each obligation in the deposit agreement and any related agreement will be performed in accordance with its terms. It does not purport to be a comprehensive or exhaustive description of all German tax considerations that may be of relevance in the context of acquiring, owning and disposing of ADSs.

The tax information presented in this annual report is not a substitute for tax advice. Prospective holders of ADSs should consult their own tax advisors regarding the German tax consequences of the purchase, ownership, disposition, donation or inheritance of ADSs in light of their particular circumstances, including the effect of any state, local, or other foreign or domestic laws or changes in tax law or interpretation. The same applies with respect to the rules governing the refund of any German dividend withholding tax (Kapitalertragsteuer) withheld. Only an individual tax consultation can appropriately account for the particular tax situation of each investor.

#### **General**

Based on the circular issued by the German Federal Ministry of Finance (BMF-Schreiben), dated May 24, 2013, reference number IV C 1-S2204/12/10003, as amended by the circular dated December 18, 2018 (reference number IV C 1 - S 2204/12/10003), in respect of the taxation of American Depositary Receipts, or ADRs, on domestic shares, or the ADR Tax Circular, for German tax purposes, the ADSs should represent a beneficial ownership interest in the underlying shares of Evotec and qualify as ADRs for the purpose of the ADR Tax Circular. If the ADSs qualify as ADRs under the ADR Tax Circular, dividends will accordingly be attributable to holders of the ADSs for German tax purposes, and not to the legal owner of the ordinary shares (i.e., the financial institution on behalf of which the ordinary shares are deposited at a domestic depository for the ADS holders).

Furthermore, holders of the ADSs should, in light of the ADR Tax Circular, be treated as beneficial owners of the capital of Evotec with respect to capital gains (see below in section “German Taxation of Capital Gains of the U.S. Treaty Beneficiaries of the ADSs”). However, investors should note that circulars published by the German tax authorities (including the ADR Tax Circular) are not binding on German courts, including German tax courts, and it is unclear whether a German court would follow the ADR Tax Circular in determining the German tax treatment of the ADSs. For the purpose of this German tax section, it is assumed that the ADSs qualify as ADRs within the meaning of the ADR Tax Circular.

#### **Taxation of Holders Not Tax Resident in Germany**

The following discussion describes selected German tax consequences of acquiring the ADSs, owning the ADSs and disposing of the ADSs for a holder that is a U.S. treaty beneficiary (defined below). For purposes of this discussion, a “U.S. treaty beneficiary” is a resident of the United States for purposes of the Convention between the Federal Republic of Germany and United States of America for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and on Capital and Certain Other Taxes of 1989, as amended by the Protocol as of June 4, 2008 (Abkommen zwischen der Bundesrepublik Deutschland und den Vereinigten Staaten von Amerika zur Vermeidung der Doppelbesteuerung und zur Verhinderung der Steuerverkürzung auf dem Gebiet der Steuern vom Einkommen und vom Vermögen und einiger anderer Steuern in der Fassung vom 4. Juni 2008) hereinafter referred to as the “Treaty,” who is eligible for relevant benefits under the Treaty.

A holder will be a U.S. treaty beneficiary entitled to full Treaty benefits in respect of the ADSs if it is, inter alia:

- The beneficial owner of the ADSs (and the dividends paid with respect thereto);

- A U.S. tax resident corporation or individual;
- Not also a resident of Germany for German tax purposes; and
- Not subject to the limitation on benefits (i.e., anti-treaty shopping) article of the Treaty that applies in limited circumstances.

Special rules apply to pension funds and certain other tax-exempt investors.

This discussion does not address the treatment of ADSs that are (i) held in connection with a permanent establishment or fixed base through which a U.S. treaty beneficiary carries on business or performs personal services in Germany or (ii) part of business assets for which a permanent representative in Germany has been appointed.

#### **General Rules for the Taxation of Holders Not Tax Resident in Germany**

Non-German resident holders of ADSs are subject to German taxation with respect to German source income (*beschränkte Steuerpflicht*). Dividends distributed by stock corporations having their registered seat or place of management in Germany qualify as German source income.

According to the ADR Tax Circular, income from the shares should be attributed to the holder of the ADSs for German tax purposes. Consequently, income from the ADSs should be treated as German source income.

#### **German Withholding Taxation of Dividends of the U.S. Treaty Beneficiaries of the ADSs**

Generally, the full amount of a dividend distributed by Evotec to a non-German resident holder which does not maintain a permanent establishment or other taxable presence in Germany is subject to (final) German withholding tax at an aggregate rate of 26.375% (that amount consists of 25% on dividends distributed plus solidarity surcharge of 5.5% thereon). The basis for the withholding tax is generally the dividend approved for distribution by our general shareholders' meeting. German withholding tax is withheld and remitted to the German tax authorities by (i) the disbursing agent (i.e., the German credit institution, financial services institution or securities institution) and in each case including a German branch of a foreign enterprise, but excluding a foreign branch of a German enterprise)) that holds or administers the underlying shares in custody and (a) disburses or credits the dividend income from the underlying shares, (b) disburses or credits the dividend income from the underlying shares on delivery of the dividend coupons or (c) disburses such dividend income to a foreign agent; (ii) the central securities depository (*Wertpapiersammelbank*) holding the underlying shares in collective safe custody, if such central securities depository disburses the dividend income from the underlying shares to a foreign agent, or (iii) the Company itself if and to the extent shares held in collective custody (*Sammelverwahrung*) by the central securities depository (*Wertpapiersammelbank*) are treated as so-called "abgesetzte Bestände" (stock being held separately), in each case regardless of whether a holder must report the dividend for tax purposes and regardless of whether or not a holder is a resident of Germany. Dividend payments, to the extent funded from Evotec's tax-recognized contribution account (*steuerliches Einlagekonto*), do not, subject to certain prerequisites, form part of the taxable dividend income but should lower the holder's acquisition costs for the ADSs.

Pursuant to the Treaty, the German withholding tax may generally not exceed (i) 15% of the gross amount of the dividends received by a U.S. treaty beneficiary other than a company holding ADSs which represent 10% or more of the voting shares in Evotec, and (ii) 5% of the gross amount of the dividends received by a U.S. treaty beneficiary that is a company holding ADSs which represent 10% or more of the voting shares in Evotec. The excess of the total withholding tax, including the solidarity surcharge, over the maximum rate of withholding tax permitted by the Treaty is refunded to U.S. treaty beneficiaries upon application. For example, for a declared dividend of 100, a U.S. treaty beneficiary initially receives 73.625 (100 minus the 26.375% withholding tax including solidarity surcharge). A U.S. treaty beneficiary other than a company holding ADSs which represent 10% or more of the voting shares in Evotec is entitled to a partial refund from the German tax authorities in the amount of 11.375% of the gross dividend (of 100). As a result, the U.S. treaty beneficiary ultimately receives 85 (85% of the declared dividend) following the refund of the excess withholding.

However, it should be noted that there is uncertainty as to how the German tax authorities will apply the refund process to dividends on the ADSs with respect to non-German resident holders. Further, such refund is subject to the German anti-treaty-shopping rule (as described below in "— Withholding Tax Refund for U.S. Treaty Beneficiaries").

#### **German Withholding Taxation of Capital Gains of the U.S. Treaty Beneficiaries of the ADSs**

The capital gains from the disposition of the ADSs realized by a non-German resident holder which does not maintain a permanent establishment or other taxable presence in Germany would be treated as German source income and be subject to German tax if the ADSs qualify as a Qualifying Participation. A "Qualifying Participation" exists if a holder at any time during the five years preceding the disposition, directly or indirectly, owned at least 1% or more of Evotec's share capital, irrespective of whether through the ADSs or shares of Evotec. If such holder had acquired the ADSs without consideration, the previous owner's holding period and quota would be taken into account.

Pursuant to the Treaty, capital gains from the disposal of a Qualifying Participation realized by a U.S. treaty beneficiary are, however, generally exempt from German taxation. Pursuant to the Treaty, U.S. treaty beneficiaries are not subject to German tax in relation to capital gains from the disposal of a Qualifying Participation even under the circumstances described in the preceding paragraph and therefore should not be subject to German taxation on capital gains from the disposition of the ADSs.

German statutory law requires the disbursing agent to levy withholding tax on capital gains from the sale of ADSs or other securities held in a custodial account in Germany. With regard to the German taxation of capital gains, disbursing agent generally means a German credit institution, financial services institution, securities trading enterprise or securities trading bank (in each case including a German branch of a foreign enterprise, but excluding a foreign branch of a German enterprise) that holds the ADSs in custody or administers the ADSs for the holder or conducts sales or other dispositions and disburses or credits the income from the disposal of the ADSs to the holder of the ADSs. The German statutory law does not explicitly condition the obligation to withhold taxes on capital gains being subject to taxation in Germany under German statutory law or on an applicable income tax treaty permitting Germany to tax such capital gains.

However, a circular issued by the German Federal Ministry of Finance, dated January 18, 2016, reference number IV C 1-S2252/08/10004:017, as most recently amended by a circular dated June 3, 2021, reference number IV C 1 -S 2252/19/10003:002, provides that taxes need not be withheld when the holder of the custody account is not a resident of Germany for tax purposes and the income is not subject to German taxation. The circular further states that there is no obligation to withhold such tax even if the non-resident holder owns at least 1% of the share capital of a German corporation. Pursuant to German statutory law, the entity responsible for levying withholding tax (such as the disbursing agent) has to take circulars issued by the German tax authorities which are published in the German Federal Tax Gazette (*Bundessteuerblatt*) (such as the circular mentioned above) into account when imposing withholding tax, so that in practice, the disbursing agents typically comply with the guidance mentioned above.

Therefore, a disbursing agent would only withhold tax at 26.375% on capital gains derived by a U.S. treaty beneficiary from the sale of ADSs held in a custodial account in Germany in the event that the disbursing agent did not follow the abovementioned guidance. In this case, the U.S. treaty beneficiary may be entitled to claim a refund of the withholding tax from the German tax authorities under the Treaty, as described below in "Withholding Tax Refund for U.S. Treaty Beneficiaries." Claim a refund of taxes withheld on capital gains from the disposition of the ADSs, which do not qualify as Qualifying Participations, may also base on German statutory domestic law.

#### **Withholding Tax Refund for U.S. Treaty Beneficiaries**

U.S. treaty beneficiaries are generally eligible for treaty benefits under the Treaty, as described above in "Taxation of Holders Not Tax Resident in Germany." Accordingly, U.S. treaty beneficiaries are in general entitled to claim a refund of (i) the portion of the otherwise applicable 26.375% German withholding tax (*Kapitalertragsteuer*) on dividends that exceeds the applicable Treaty rate and (ii) the full amount of German withholding tax (*Kapitalertragsteuer*) on capital gains from the disposition of ADSs. The application for such claim is generally to be filed with the Federal Central Office of Taxation (*Bundeszentralamt für Steuern*) within four years after the end of the calendar year in which the capital gains or dividends have been received (*bezogen*) and, among other things, requires that a withholding tax certificate documenting the imposed German withholding tax is provided by the U.S. treaty beneficiary. Under the Withholding Tax Relief Modernization Act (*Abzugsteuerentlastungsmodernisierungsgesetz*) which was passed into law on June 9, 2021, the withholding tax certificate will be replaced for dividend income (including under ADRs) accruing after December 31, 2024 by a notification to be submitted by the disbursing agent directly to the Federal Central Tax Office upon request of the holder. In particular with regard to ADRs, the disbursing agent will be required to include substantial additional information in the notification and will have to obtain certain confirmations from the issuer of the ADRs and will only be allowed to submit the notification (which will be a pre-requisite for any refund) to the Federal Central Tax Office once it has collected all information and confirmations.

However, in respect of dividends, the refund described in the preceding paragraph is only possible if, due to special rules on the restriction of withholding tax credit, the following three cumulative requirements are met: (i) the holder must qualify as beneficial owner of the ADSs for an uninterrupted minimum holding period of 45 days within a period starting 45 days prior to and ending 45 days after the due date of the dividends, (ii) the holder has to bear at least 70% of the change in value risk related to the ADSs during the minimum holding period as described under (i) of this paragraph and has not entered into (acting by itself or through a related party) hedging transactions which lower the change in value risk by more than 30%, and (iii) the holder must not be obliged to fully or largely compensate directly or indirectly the dividends to third parties. If these requirements are not met, then for a holder not being tax-resident in Germany who applied for a full or partial refund of the withholding tax pursuant to a double taxation treaty, no refund is available. This restriction generally does only apply if (a) the tax underlying the refund application is below a tax rate of 15% based on the gross amount of the dividends and (b) the holder does not directly own 10% or more of the shares of Evotec and is subject to income taxes in its state of residence, without being tax-exempt. The restriction of the withholding tax credit does not apply if the holder has beneficially owned the ADSs for at least one uninterrupted year prior to receipt (*Zufluss*) of the dividends. In addition to the aforementioned restrictions, in particular, pursuant to a circular issued by the German Federal Ministry of Finance, dated July 9, 2021, reference number IV C 1-S 2252/19/10035 :014, the withholding tax credit may also be denied as an anti-abuse measure.

In general, investors should note that it is unclear how the German tax administration will apply the refund process to dividends on the ADSs. Further, such refund is subject to the German anti-treaty shopping rule which has been reformed by the Withholding Tax Relief Modernization Act (*Abzugsteuerentlastungsmodernisierungsgesetz*) dated June 2, 2021. Under the reformed German anti-treaty shopping rule, a foreign company has no right to a refund of German withholding tax with regard to income accruing after June 8, 2021 to the extent (i) persons holding ownership interests in the foreign company would not be entitled to the refund if they derived the income (i.e. the dividend distributed by Evotec) directly and (ii) the source of the income does not have a substantial connection to the business activities of the foreign company. The mere generation of the income by the foreign company, passing the income on to the persons holding ownership interests in the foreign company and any activity of the foreign company which is conducted by a business organization that is not appropriate for the business purpose, do not qualify as a business activity within the meaning of the preceding sentence. However, the German anti-treaty shopping rule shall not apply (i) to the extent the foreign company demonstrates that none of the main purposes of its interposition was to obtain a tax advantage or (ii) if the foreign company's principal class of stock is regularly traded in substantial volume on a recognized stock exchange. Whether or not and to which extent the anti-treaty shopping rule applies to the ADSs has to be analyzed on a case-by-case basis taking into account all relevant tests. In addition, the interpretation of these tests is disputed and to date no published decisions of the German Federal Tax Court exist in this regard.

Due to the legal structure of the ADSs, only limited guidance from the German tax authorities exists on the practical application of the refund process with respect to the ADSs and the respective limitations. According to the current ADR Tax Circular, for ADR programs (which are considered comparable to ADS programs) a collective tax certificate in connection with a withholding of tax amounts may no longer be issued by the domestic depository of the shares upon request of the foreign depository agents. Rather, individual tax certificates need to be issued which might delay a potential refund procedure. Moreover, the simplified refund procedure based on electronic data exchange (*Datenträgerverfahren*) for claims for reimbursement based on ADRs is currently not applied by the tax authorities.

#### **Taxation of Holders Tax Resident in Germany**

This subsection provides an overview of dividend taxation and of capital gains taxation with regard to the general principles applicable to ADS holders that are tax resident in Germany. A holder is a German tax resident if, in case of an individual, he or she maintains a domicile (*Wohnsitz*) or a usual residence (*gewöhnlicher Aufenthalt*) in Germany or if, in case of a corporation, and it has its place of management (*Geschäftsleitung*) or registered seat (*Sitz*) in Germany.

The German dividend and capital gains taxation rules applicable to German tax residents require a distinction between ADSs held as private assets (*Privatvermögen*) and ADSs held as business assets (*Betriebsvermögen*).

#### **ADSS as Private Assets (*Privatvermögen*)**

If the ADSSs are held as private assets by a German tax resident, dividends and capital gains (other than capital gains from the disposition of a Qualifying Participation) are taxed as investment income and are principally subject to 25% German flat income tax on capital income (*Abgeltungsteuer*) (plus a 5.5% solidarity surcharge (*Solidaritätszuschlag*) thereon, resulting in an aggregate rate of 26.375%), which is levied in the form of withholding tax (*Kapitalertragsteuer*). In other words, once deducted, the holder's income tax liability on the dividends will be settled. Dividend payments to the extent funded from Evotec's tax-recognized contribution account (*steuerliches Einlagekonto*), do not, subject to certain prerequisites, form part of the taxable dividend income but should lower the holder's acquisition costs for the ADSSs.

Holders of ADSSs may apply to have their capital investment income assessed in accordance with the general rules and with an individual's personal income tax rate if this would result in a lower tax burden. The holder would be taxed on gross personal investment income (including dividends or gains with respect to ADSSs), less the saver's allowance of €801 for an individual or €1,602 for a married couple and a registered civil union (*eingetragene Lebenspartnerschaft*) filing taxes jointly. The deduction of expenses related to the investment income (including dividends or gains with respect to ADSSs) is generally not possible for private investors.

Losses resulting from the disposal of ADSSs can only be offset against capital gains from the sale of any shares (*Aktien*) and other ADSSs. If, however, a holder holds a Qualifying Participation, 60% of any capital gains resulting from the sale and transfer are taxable at the holder's personal income tax rate (plus solidarity surcharge of up to 5.5% thereon). Conversely, 60% of any capital losses are recognized for tax purposes.

Since 2021, the basis for the calculation of the solidarity surcharge (*Solidaritätszuschlag*) has been reduced for certain individuals being subject to tax assessments (other than withholding taxes), and in certain cases, the solidarity surcharge has been eliminated for individuals. However, the elimination or reduction of the solidarity surcharge will not affect withholding taxes. Solidarity surcharge will still be levied at 5.5% on the full withholding tax amount and withheld accordingly. There will also not be any separate refund of such withheld solidarity surcharge in case the withholding tax cannot be refunded.

If applicable, church tax (*Kirchensteuer*) generally has to be withheld from income generated by ADSSs held by individuals based on an automatic data access procedure, unless the holder of ADSSs has filed a blocking notice (*Sperrvermerk*) with the Federal Central Tax Office. The application of church tax (*Kirchensteuer*) reduces the aggregate rate of German flat income tax on capital income and the solidarity surcharge (*Solidaritätszuschlag*) thereon from 26.375% to typically approximately 25.79% or approximately 25.86%. Where church tax is not levied by way of withholding, it is determined by means of income tax assessment.

#### **ADSS as Business Assets (*Betriebsvermögen*)**

In case the ADSSs are held as business assets, the taxation depends on the legal form of the holder (*i.e.*, whether the holder is a corporation or an individual).

Irrespective of the legal form of the holder, dividends are in principle subject to the aggregate withholding tax rate of 26.375%. The withholding tax is generally creditable in an amount of 25% of the gross dividend against the respective holder's corporate income tax or income tax liability and in an amount of 1.375% of the gross dividend against the respective holder's solidarity surcharge (*Solidaritätszuschlag*) liability. Due to special rules on the restriction of withholding tax credits in respect of dividends, a full withholding tax credit requires that the following three cumulative requirements are met: (i) the holder must qualify as beneficial owner of the ADSs for an uninterrupted minimum holding period of 45 days occurring within a period starting 45 days prior to and ending 45 days after the due date of the dividends, (ii) the holder has to bear at least 70% of the change in value risk related to the ADSs during the minimum holding period as described under (i) of this paragraph and has not entered into (acting by itself or through a related party) hedging transactions which lower the change in value risk for more than 30%, and (iii) the holder must not be obliged to fully or largely compensate directly or indirectly the dividends to third parties. If these requirements are not met, three-fifths of the withholding tax imposed on the dividends must not be credited against the holder's corporate income tax or income tax liability, but may be deducted, upon application, from the holder's tax base for the relevant tax assessment period. A holder that is generally subject to German income tax or corporate income tax and that has received gross dividends without any deduction of withholding tax due to a tax exemption without qualifying for a full tax credit under the aforementioned requirements has to notify the competent local tax office accordingly, has to file withholding tax returns for a withholding tax of 15% in accordance with statutory formal requirements and has to make a payment in the amount of the omitted withholding tax deduction. The special rules on the restriction of withholding tax credit (and the corresponding notification and payment obligations) do not apply to a holder whose overall dividend earnings within an assessment period do not exceed €20,000 or that has been the beneficial owner of the ADSs for at least one uninterrupted year until receipt (*Zufluss*) of the dividends. In addition to the aforementioned restrictions, in particular, pursuant to a circular issued by the German Federal Ministry of Finance, dated July 9, 2021, reference number IV C 1-S 2252/19/10035:014, as amended, the withholding tax credit may also be denied as an anti-abuse measure.

To the extent, the amount withheld exceeds the income tax liability; the withholding tax will be refunded, if certain requirements are met (including the aforementioned requirements).

Special rules apply to credit institutions (*Kreditinstitute*), financial services institutions (*Finanzdienstleistungsinstitute*), financial enterprises (*Finanzunternehmen*), life insurance and health insurance companies, and pension funds.

In principle, dividends that a corporation receives from German or foreign corporations are subject to corporate income tax (and solidarity surcharge thereon) at a rate of 15.825% and also subject to trade tax of approximately 7.0% to 21.0% depending on the multiplier applied by the relevant municipality. However, with regard to holders in the legal form of a corporation, capital gains are in general effectively 95% tax exempt from corporate income tax (including solidarity surcharge). Dividends are also generally 95% tax exempt from corporate income tax (including solidarity surcharge), inter alia, if the holder held at least 10% of the registered share capital (*Grundkapital oder Stammkapital*) of Evotec (or, arguably, ADSs representing at least 10% of the registered share capital (*Grundkapital oder Stammkapital*) of Evotec) at the beginning of the calendar year ("Qualifying Dividends"). Five percent of the capital gains and five percent of the Qualifying Dividends are treated as non-deductible business expenses, respectively, and, as such, are subject to corporate income tax (including solidarity surcharge); actual business expenses incurred to generate dividends may be deducted. The acquisition of a participation of at least 10% in the course of a calendar year is deemed to have occurred at the beginning of such calendar year for the determination of whether a dividend is a Qualifying Dividend. Participations in the share capital of Evotec held through a partnership, including co-entrepreneurships (*Mitunternehmerschaften*), are attributable to the respective partner only on a pro rata basis at the ratio of its entitlement to the profits of the partnership. Moreover, actual business expenses allocable to the dividends are deductible.

Capital gains and dividend income of a German tax resident corporation are generally subject to German trade tax of approximately 7.0% to 21.0% depending on the multiplier applied by the relevant municipality. The aforementioned 95% exemption for capital gains generally applies also for trade tax purposes.

However, the amount of any dividends after deducting business expenses related to the dividends is not subject to trade tax if the corporation held at least 15% of Evotec's registered share capital at the beginning of the relevant tax assessment period. In this case, the aforementioned exemption of 95% of the dividend income also applies for trade tax purposes. Losses from the sale of ADSs are generally not tax deductible for corporate income tax and trade tax purposes.

With regard to individuals holding ADSs as business assets, 60% of dividends and capital gains are taxed at the individual's personal income tax rate (plus 5.5% solidarity surcharge (*Solidaritätszuschlag*) thereon). Correspondingly, only 60% of business expenses related to the dividends and capital gains as well as losses from the sale of ADSs are principally deductible for income tax purposes.

Since 2021, the basis for the calculation of the solidarity surcharge (*Solidaritätszuschlag*) has been reduced for certain individuals subject to tax assessments (other than withholding taxes), and in certain cases, the solidarity surcharge has been eliminated for individuals. Church tax (*Kirchensteuer*) may affect the withholding tax rate as described above in "ADSs as Private Assets (*Privatvermögen*)." The dividend income and 60% of the capital gains are generally subject to trade tax, which is fully or partly creditable against the individual's personal income tax by a lump-sum method (and such credit also reduces the solidarity surcharge (*Solidaritätszuschlag*) and, if applicable, church tax (*Kirchensteuer*)). Dividends (after deduction of business expenses economically related thereto) are exempt from trade tax if the holder held at least 15% of Evotec's registered share capital at the beginning of the relevant tax assessment period.

#### **German Inheritance and Gift Tax (*Erbschaft- und Schenkungsteuer*)**

The transfer of ADSs to another person by inheritance or gift should be generally subject to German inheritance and gift tax—applying the principles set forth in the ADR Tax Circular although the ADR Tax Circular does not explicitly refer to this tax—only if:

- (i) The decedent or donor or heir, beneficiary or other transferee (a) maintained his or her domicile or a usual residence in Germany, (b) had its place of management or registered office in Germany at the time of the transfer, (c) is a German citizen who has spent no more than five consecutive years outside of Germany without maintaining a domicile in Germany or (d) is a German citizen who serves for a German entity established under public law and is remunerated for his or her service from German public funds (including family members who form part of such person's household, if they are German citizens) and is only subject to estate or inheritance tax in his or her country of domicile or usual residence with respect to assets located in such country (special rules apply to certain former German citizens who neither maintain a domicile nor have their usual residence in Germany);
- (ii) At the time of the transfer, the ADSs are held by the decedent or donor as business assets forming part of a permanent establishment in Germany or for which a permanent representative in Germany has been appointed; or
- (iii) The ADSs subject to such transfer form part of a portfolio that represents at the time of the transfer The decedent or donor has held 10% or more of the registered share capital of Evotec and that directly or indirectly, either alone or together with related persons.

The Agreement between the Federal Republic of Germany and the United States of America for the avoidance of double Taxation with respect to taxes on inheritances and gifts as of December 21, 2000 (*Abkommen zwischen der Bundesrepublik Deutschland und den Vereinigten Staaten von Amerika zur Vermeidung der Doppelbesteuerung auf dem Gebiet der Nachlass-, Erbschaft- und Schenkungssteuern in der Fassung vom 21. Dezember 2000*), hereinafter referred to as the "United States-Germany Inheritance and Gifts Tax Treaty," provides that the German inheritance tax or gift tax can, with certain restrictions, only be levied in the cases of

(i) and (ii) above. Special provisions apply to certain German citizens living outside of Germany and former German citizens.

#### **Other Taxes**

No German transfer tax, value-added tax, stamp duty or similar taxes are assessed on the purchase, sale or other transfer of ADSs. If certain requirements are met, an entrepreneur may opt, however, for value-added tax on transactions that are otherwise tax-exempt. Net wealth tax (*Vermögenssteuer*) is currently not imposed in Germany.



#### Material U.S. Federal Income Tax Considerations

The following is a discussion of material U.S. federal income tax consequences to U.S. Holders, as defined below, of owning and disposing of our ADSs. It does not describe all tax considerations that may be relevant to a particular person's decision to acquire the ADSs and the ownership and disposition thereof. This discussion applies only to a U.S. Holder of that holds the ADSs as capital assets for U.S. federal income tax purposes, and this discussion applies only to such ADSs. This discussion assumes the ADS are denominated in U.S. dollars. This discussion is general in nature, and it does not describe all of the U.S. federal income tax consequences that may be relevant in light of the U.S. Holder's particular circumstances, including alternative minimum tax consequences, the potential application of the provisions of the U.S. Internal Revenue Code of 1986, as amended (the "Code") known as the Medicare contribution tax, estate or gift tax consequences, any tax consequences other than U.S. federal income tax consequences, and tax consequences applicable to U.S. Holders subject to special rules, such as:

- Certain financial institutions;
- Regulated investment companies, real estate investment trusts, certain former citizens or residents of the United States, "controlled foreign corporations," "passive foreign investment companies," corporations that accumulate earnings to avoid U.S. federal income tax, or expatriated entities subject to Section 7874 of the Code;
- Dealers or traders in securities who use a mark-to-market method of tax accounting;
- Persons holding ADSs as part of a hedging transaction, straddle, wash sale, conversion transaction or other integrated transaction or persons entering into a constructive sale with respect to the ADSs;
- Persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- Entities classified as partnerships for U.S. federal income tax purposes or other pass-through entities or investors in such entities,
- Tax-exempt entities, including an "individual retirement account" or "Roth IRA";
- Any persons directly or indirectly acquiring our ADSs in connection with the performance of services;
- Persons who are required to accelerate the recognition of any item of gross income with respect to ADSs because of such income being recognized on an applicable financial statement;
- Persons that own or are deemed to own ten percent or more of our capital stock, directly or indirectly through ADSs, (by vote or value); or
- Persons holding ADSs in connection with a trade or business conducted outside of the United States.

If an entity or arrangement that is classified as a partnership for U.S. federal income tax purposes holds ADSs, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partner and the partnership. Partnerships holding ADSs and partners in such partnerships should consult their tax advisors as to the particular U.S. federal income tax consequences of owning and disposing of the ADSs.

This discussion is based on the Code, administrative pronouncements, judicial decisions, final, temporary and proposed (to the extent to which taxpayers may rely thereon) Treasury Regulations, and the income tax treaty between Germany and the United States (the "Treaty"), all as of the date hereof, any of which is subject to change or differing interpretations, possibly with retroactive effect, so as to result in U.S. federal income tax consequences different from those discussed below. It is also based in part on representations by the depository and assumes that each obligation under the deposit agreement and any related agreement will be performed in accordance with its terms. We have not sought, and do not expect to seek, any ruling from the U.S. Internal Revenue Service (the "IRS") with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS or a court would agree with our statements and conclusions or that a court would not sustain any challenge by the IRS in the event of litigation.

A "U.S. Holder" is a holder who, for U.S. federal income tax purposes, is a beneficial owner of ADSs, who is eligible for the benefits of the Treaty and who is:

- (i) an individual who is a citizen or individual resident of the United States;
- (ii) a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein, or the District of Columbia;
- (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- (iv) a trust if either (1) a court within the United States is able to exercise primary jurisdiction over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (2) the trust has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

In general, a U.S. Holder who owns ADSs will be treated as the owner of the underlying ordinary shares represented by those ADSs for U.S. federal income tax purposes. Accordingly, no gain or loss will be recognized if a U.S. Holder exchanges ADSs for the underlying ordinary shares represented by those ADSs. U.S. Holders are urged to consult their tax advisors concerning the U.S. federal, state, and local and non-U.S. tax consequences to them of the exchange of ADSs for the underlying ordinary shares represented by those ADSs, as well as the ownership and disposition of such ordinary shares in light of their particular circumstances.

The U.S. Treasury has expressed concern that parties to a pre-release of American depository shares, or intermediaries in the chain of ownership between holders and the issuer of the security underlying the American depository shares, may be taking actions that are inconsistent with the claiming of foreign tax credits by holders of American depository shares. These actions would also be inconsistent with the claiming of the reduced rate of tax, described below, applicable to dividends received by certain non-corporate holders. Accordingly, the creditability of German taxes, and the availability of the reduced tax rate for dividends received by certain non-corporate U.S. Holders, each described below, could be affected by actions taken by such parties or intermediaries.

U.S. Holders are urged to consult their tax advisors concerning the U.S. federal, state, local, and non-U.S. tax consequences of owning and disposing of ADSs in their particular circumstances. In particular, because our group currently includes a U.S. subsidiary, (i.e., Evotec (US), Inc.) and therefore under current law our foreign subsidiaries are treated as controlled foreign corporations (regardless of whether we are or are not treated as a controlled foreign corporation), any U.S. Holder that owns or is deemed to own ten percent or more of our capital stock, directly or through ADSs, (by vote or value) is urged to consult its tax advisor regarding the potential application of the "Subpart F income" and "global intangible low-taxed income" rules to an investment in our ADSs.

THIS SUMMARY IS FOR GENERAL INFORMATION PURPOSES ONLY, AND IS NOT INTENDED TO BE, AND SHOULD NOT BE CONSTRUED TO BE, LEGAL OR TAX ADVICE TO ANY PARTICULAR HOLDER. PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISORS WITH REGARD TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS, AS WELL AS THE APPLICATION OF U.S. NON- INCOME TAX LAWS AND THE LAWS OF ANY STATE, LOCAL, OR NON-U.S. JURISDICTION, IN LIGHT OF THEIR PARTICULAR SITUATION.

## **Dividends**

As discussed above under “Dividend Policy,” we do not expect to make distributions on our ADSs in the near future. In the event that we do make distributions of cash or other property, subject to the PFIC rules described below, distributions paid on ADSs, other than certain pro rata distributions of ordinary shares, will generally be treated as dividends to the extent paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). To the extent a distribution with respect to ADSs exceeds our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, the distribution will be treated, first, as a tax-free return of the U.S. Holder’s investment, up to the holder’s adjusted tax basis in its ADSs, and, thereafter, as capital gain, which is subject to the tax treatment described below in “Gain on Sale, Exchange or Other Taxable Disposition.” Because we do not, and do not intend to, maintain calculations of our earnings and profits under U.S. federal income tax principles, we expect that distributions generally will be reported to U.S. Holders as dividends, even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above. If and for so long as our ADSs are listed on the Nasdaq or another established securities market in the United States (in the case of ADSs) or if and for so long as we are eligible for benefits under the Treaty, dividends paid to certain non-corporate U.S. Holders may be eligible for taxation as “qualified dividend income” if we are not treated as a PFIC with respect to the U.S. Holder in the taxable year in which the dividend is paid and were not treated as a PFIC with respect to the U.S. Holder in the preceding taxable year, and if certain minimum holding period and other requirements are met, and therefore, subject to applicable limitations and the discussion above regarding concerns expressed by the U.S. Treasury, may be taxable at rates not in excess of the long-term capital gain rate then applicable to such U.S. Holders. U.S. Holders should consult their tax advisors regarding the availability of the reduced tax rate on dividends in their particular circumstances. The amount of a dividend will include any amounts withheld by us in respect of German income taxes. Subject to the PFIC rules described below, the amount of the dividend will be treated as foreign-source dividend income to U.S. Holders and will not be eligible for the dividends-received deduction generally available to U.S. corporations under the Code. Subject to the PFIC rules described below, dividends will be included in a U.S. Holder’s income on the date of the depository’s receipt of the dividend. The amount of any dividend income paid in euros will be the U.S. dollar amount calculated by reference to the exchange rate in effect on the date of actual or constructive receipt, regardless of whether the payment is in fact converted into or exchanged for U.S. dollars at that time. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder should not be required to recognize foreign currency gain or loss in respect of the dividend income. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend payment is included in income to the date the payment is converted into U.S. dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. This gain or loss will generally be U.S.-source gain or loss for foreign tax credit purposes.

Subject to applicable limitations, some of which vary depending upon the U.S. Holder’s particular circumstances, and subject to the discussion above regarding concerns expressed by the U.S. Treasury, the German tax withheld in accordance with the Treaty at a rate not exceeding the rate provided by the Treaty and paid over to the German taxing authority will be creditable or deductible against a U.S. Holder’s U.S. federal income tax liability. To the extent a refund of the tax withheld is available to a U.S. Holder under German law or under the Treaty, the amount of tax withheld that is refundable will not be eligible for credit against a U.S. Holder’s U.S. federal income tax liability (and will not be eligible for the deduction against U.S. federal taxable income described below) and German taxes withheld in excess of the rate applicable under the Treaty will not be eligible for credit against a U.S. Holder’s U.S. federal income tax liability. In lieu of claiming a foreign tax credit, U.S. Holders may, at their election, deduct foreign taxes, including any German income tax, in computing their taxable income, subject to generally applicable limitations under U.S. law. An election to deduct foreign taxes instead of claiming foreign tax credits applies to all foreign taxes paid or accrued in the taxable year. The rules governing foreign tax credits are complex, and U.S. Holders should consult their tax advisors regarding the creditability of foreign taxes in their particular circumstances.

## **Gain on Sale, Exchange or Other Taxable Disposition**

Subject to the PFIC rules described below, gain or loss realized on the sale or other taxable disposition of ADSs will be capital gain or loss, and will be long-term capital gain or loss if the U.S. Holder held the ADSs for more than one year. Long-term capital gains of non-corporate U.S. Holders are generally taxed at preferential rates. The amount of the gain or loss will equal the difference between the U.S. Holder’s tax basis in the ADSs disposed of (which, subject to the PFIC rules described below, generally will equal the cost of such ADSs to the U.S. Holder) and the amount realized on the disposition, in each case as determined in U.S. dollars. This gain or loss will generally be U.S.-source gain or loss for foreign tax credit purposes. The deductibility of capital losses is subject to various limitations.

### **Passive Foreign Investment Company Considerations**

Under the Code, we will be a PFIC for any taxable year in which, after the application of certain “look-through” rules with respect to subsidiaries, either (i) 75% or more of our gross income consists of “passive income,” or (ii) 50% or more of the average quarterly value of our assets consist of assets that produce, or are held for the production of, “passive income.” For purposes of the above calculations, we will be treated as if we hold our proportionate share of the assets of, and receive directly our proportionate share of the income of, any other corporation in which we directly or indirectly own at least 25%, by value, of the shares of such corporation. Passive income generally includes dividends, interest, rents, certain non-active royalties and capital gains. [Although we have not performed a definitive PFIC analysis using U.S. federal income tax principles, based on certain estimates as to the composition of our income and assets, including the implied value (based on our market capitalization) of our assets that produce non-passive income during 2021, we do not believe that we were a PFIC for our 2021 taxable year.] However, there can be no assurance that the IRS will agree with our conclusion. In addition, whether we or any of our subsidiaries will be a PFIC in 2021 or any future year is a factual determination that must be made annually at the close of each taxable year, and, thus, is subject to significant uncertainty, because among other things (i) we currently own a substantial amount of passive assets, including cash and securities that may give rise to passive income, (ii) the valuation of our assets that may generate non-passive income for PFIC purposes, including our intangible assets, is uncertain and may vary substantially over time, (iii) the treatment of grants as income for U.S. federal income tax purposes is unclear, and (iv) the composition of our income, if any, may vary substantially over time. The average quarterly value of our assets for purposes of determining our PFIC status for any taxable year will generally be determined in part by reference to our market capitalization, which has fluctuated and may continue to fluctuate significantly over time. Accordingly, there can be no assurance that we will not be a PFIC in 2021 or any taxable year. If we are a PFIC for any year during which a U.S. Holder holds or is deemed to hold ADSs, we generally would continue to be treated as a PFIC with respect to that U.S. Holder for all succeeding years during which the U.S. Holder holds or is deemed to hold the ADSs, even if we ceased to meet the threshold requirements for PFIC status, unless under certain circumstances the U.S. Holder makes a valid deemed sale or deemed dividend election under the applicable Treasury Regulations with respect to its ADSs.

Under attribution rules, assuming we are a PFIC, U.S. Holders will be deemed to own their proportionate shares of any Lower-tier PFICs and will be subject to U.S. federal income tax according to the rules described in the following paragraphs on (i) certain distributions by a Lower-tier PFIC and (ii) a disposition of shares of a Lower-tier PFIC, in each case as if the U.S. Holder held such shares directly, even if the U.S. Holder has not received the proceeds of those distributions or dispositions.

If we were a PFIC for any taxable year during which a U.S. Holder held or is deemed to have held ADSs (assuming such U.S. Holder has not made a timely mark-to-market election, as described below), gain recognized by a U.S. Holder on a sale or other disposition (including certain pledges) of such ADSs, or an indirect disposition of shares of a Lower-tier PFIC, would be allocated ratably over the U.S. Holder’s holding period for such ADSs. The amounts allocated to the taxable year of the sale or other disposition and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed on the amount allocated to that taxable year. Further, to the extent that any distribution received by a U.S. Holder with respect to its ADSs (or a distribution by a Lower-tier PFIC to its shareholder that is deemed to be received by a U.S. Holder) exceeds 125% of the average of the annual distributions on the ADSs received during the preceding three years or the U.S. Holder’s holding period, whichever is shorter, that distribution would be subject to taxation in the same manner as gain, described immediately above.

A U.S. Holder can avoid certain of the adverse rules described above by making a mark-to-market election with respect to its ADSs, if the ADSs are “marketable.” ADSs will be marketable if they are “regularly traded” on a “qualified exchange” or other market within the meaning of applicable Treasury Regulations. If the mark-to-market election is available and a U.S. Holder makes the mark-to-market election, it generally will recognize as ordinary income any excess of the fair market value of the ADSs at the end of each taxable year over their adjusted tax basis, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of the ADSs over their fair market value at the end of the taxable year (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. Holder makes the election, the U.S. Holder’s tax basis in the ADSs will be adjusted to reflect the income or loss amounts recognized. Any gain recognized on the sale or other disposition of the ADSs, as applicable, in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included because of the mark-to-market election). U.S. Holders should consult their tax advisors regarding the availability and advisability of making a mark-to-market election in their particular circumstances. The mark-to-market election applies to the taxable year for which the election is made and all subsequent taxable years, unless the ADSs cease to be treated as “marketable” for purposes of the PFIC rules or the IRS consents to its revocation.

In addition, in order to avoid the application of the foregoing rules, a United States person that owns stock in a PFIC for U.S. federal income tax purposes may make a “qualified electing fund” election (a “QEF Election”) with respect to such PFIC, and each PFIC in which the PFIC holds equity interests, if the PFIC provides the information necessary for such election to be made. In order to make such an election, a United States person would be required to make the QEF Election for each PFIC by attaching a separate properly completed IRS Form 8621 for each PFIC to the United States person’s timely filed U.S. federal income tax return generally for the first taxable year that the entity is treated as a PFIC with respect to the United States person. A U.S. Holder generally may make a separate election to defer payment of taxes on the undistributed income inclusion under the QEF rules, but if deferred, any such taxes are subject to an interest charge. If a United States person makes a QEF Election with respect to a PFIC, the United States person will be currently taxed on its pro rata share of the PFIC’s ordinary earnings and net capital gain (at ordinary income and capital gain rates, respectively) for each taxable year that the entity is classified as a PFIC and will not be required to include such amounts in income when actually distributed by the PFIC. There is no assurance that we will provide information necessary for U.S. Holders to make QEF Elections. If a U.S. Holder makes a QEF Election with respect to us, any distributions paid by us out of our earnings and profits that were previously included in the U.S. Holder’s income under the QEF Election will not be taxable to the U.S. Holder. A U.S. Holder will increase its tax basis in its ADSs by an amount equal to any income included under the QEF Election and will decrease its tax basis by any amount distributed, if any, on the ADSs that is not included in its income. In addition, a U.S. Holder will recognize capital gain or loss on the disposition of ADSs in an amount equal to the difference between the amount realized and its adjusted tax basis in the ADSs. U.S. Holders should note that if they make QEF Elections with respect to Lower-tier PFICs, if any, and us they might be required to pay U.S. federal income tax with respect to their ADSs, for any taxable year significantly in excess of any cash distributions, if any, received on the ADSs, as applicable, for such taxable year. U.S. Holders should consult their tax advisors regarding making QEF Elections in their particular circumstances.

In addition, if we were a PFIC or, with respect to a particular U.S. Holder, were treated as a PFIC for the taxable year in which we paid a dividend or for the prior taxable year, the preferential dividend rates discussed above with respect to dividends paid to certain non-corporate U.S. Holders would not apply.

If a U.S. Holder owns ADSs during any year in which we are a PFIC, the U.S. Holder generally must file annual reports, containing such information as the U.S. Treasury may require on IRS Form 8621 (or any successor form) with respect to us, generally with the U.S. Holder’s federal income tax return for that year, unless otherwise specified in the instructions with respect to such form. The failure to file IRS Form 8621 could result in the imposition of penalties and the extension of the statute of limitations with respect to U.S. federal income tax.

The IRS has finalized Treasury Regulations that address various issues related to determining whether a foreign corporation is a PFIC and whether a U.S. shareholder holds PFIC stock and has released proposed Treasury Regulations that address various issues related to determining whether a foreign corporation is a PFIC. These Treasury Regulations and proposed Treasury Regulations (if finalized) may affect whether we are a PFIC in 2022 in any future year. You should consult your tax advisor regarding the effect, if any, these Treasury Regulations may have, or such proposed Treasury Regulations would have, on the determination of our PFIC status.

U.S. Holders should consult their tax advisors concerning our potential PFIC status and the potential application of the PFIC rules. The U.S. federal income tax rules relating to PFICs are very complex. U.S. Holders are strongly urged to consult their tax advisors with respect to the impact of PFIC status on the purchase, ownership and disposition of our ADSs, as applicable, the consequences to them of an investment in a PFIC (and any Lower-tier PFICs), any elections available with respect to our ADSs and the IRS information reporting obligations with respect to the purchase, ownership and disposition of shares of a PFIC (including any ADSs representing such shares).

#### **Information Reporting and Backup Withholding**

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting, and may be subject to backup withholding, unless (i) the U.S. Holder is a corporation or other exempt recipient or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder’s U.S. federal income tax liability and may entitle it to a refund, if the required information is timely furnished to the IRS.