FREQUENTIS AG
Commercial register no.: FN 72115 b
ISIN: ATFREQUENT09

# Report on item 9 of the agenda of the General Meeting

Report by the Executive Board of FREQUENTIS AG in connection with the authorization of the Executive Board to increase the nominal capital with the possibility to fully or partially exclude the shareholders' subscription right (Section 170 Para 2 in conjunction with Section 153 Para 4 Stock Corporation Act)

## 1. Authorization

The Executive Board and the Supervisory Board of FREQUENTIS AG ("**FREQUENTIS**") envisage to propose a resolution to the General Meeting, by which the Executive Board shall be authorized to increase, until 31 May 2028 and with the approval of the Supervisory Board, the nominal capital of the Company by up to EUR 6,640,000.00 by issuing up to 6,640,000 new no-par value bearer shares in exchange for cash contributions or contributions in kind, in one or several tranches, also by way of an indirect subscription offer after taking over by one or several credit institutions pursuant to Section 153 Para 6 Stock Corporation Act. Subject to the approval of the Supervisory Board, the Executive Board shall be authorized to exclude in this connection the subscription rights of the shareholders in whole or in part and to determine the issue terms (in particular issue price, object of the contribution in kind, content of share rights, exclusion of subscription rights etc.) with the approval of the Supervisory Board (authorized capital). The Supervisory Board shall be authorized to adopt amendments to the Articles of Association arising from the issue of shares from authorized capital.

Pursuant to Section 170 Para 2 Stock Corporation Act in conjunction with Section 153 Para 4 Stock Corporation Act, the Executive Board submits the following report on the authorization contained in this proposal to exclude shareholders' subscription rights in whole or in part with regard to the shares issued under the authorized capital:

## 2. Purpose of the authorized capital

The proposed authorization to issue shares from authorized capital with full or partial exclusion of subscription rights is in the interests of the Company and the shareholders.

FREQUENTIS plans to grow in the coming years also through acquisitions or the complete integration of existing participations. The expansion and the opening of new markets (also through acquisitions) in all business segments, as well as the complete integration of existing participations, will therefore continue to be one of the strategic goals of FREQUENTIS in the future in order to strengthen the group's profitability and promote the sustainable growth of FREQUENTIS.

The preparation and structuring of transactions connected to the accomplishment of these goals require the best possible flexibility of the Executive Board with regard to the utilization of the available financing instruments.

For the strategy pursued by the Company it is of major importance that the Executive Board is also able to seize the opportunity to acquire existing businesses, participations or other assets for the preparation of an entrance into a new market or for the stabilization of an already existing market position. The acquisition of existing businesses may be advantageous because it allows a quick market entrance, to build-up on an already existing customer stock and to acquire employees familiar with the local markets. Furthermore, strategic partners are often interested in contributing businesses or other assets as contributions in kind in exchange for shares, to the Company or to implement a share for share exchange. In order to be able to seize the opportunity for the acquisition of businesses, participations or other assets as well as for the conclusion of strategic partnerships by way of contributions in kind to the Company, if necessary without any delay, the Executive Board needs to have the authorization to exclude the shareholders' subscription right in whole or in part. This shall also be possible in the case of cash contributions, if the Company has a special interest therein and the legal requirements are met, e.g. in the case of a cooperation with another company in the interest of the Company, if the partner makes its engagement subject to the acquisition of participations, in the case a strategic partner wants to acquire a participation in the Company and such participation is substantially in the interest of the Company, or if a third party offers necessary additional financial services which can not be obtained otherwise or in the case of a necessary participation of persons for marketing and market reasons. Also special transaction structures in the interests of the Company and the shareholders may require the issue of shares under exclusion of subscription rights in whole or in part.

Further, in many cases, by using shares from authorized capital a better purchase price can be achieved than by using a cash consideration. Therefore, notwithstanding the fact that FREQUENTIS currently has sufficient scope for borrowing in view of its existing capital structure, in the opinion of the Executive Board it is expedient to also enable the financing of further expansion steps through the use of shares from authorized capital.

The possibility of financing expansion measures with equity also has the benefit that due to the lack of a cash purchase price no outflow of liquidity occurs at the Company level and, therefore, the equity basis of the Company is not adversely affected.

The possibility of the issuance of shares from authorized capital with exclusion of the subscription rights of the shareholders in whole or in part therefore in particular allows financing expansion steps and seizing market opportunities as well as occasions which arise in the new markets, in a quick and flexible way and covering the capital demand resulting therefrom in a short-term manner. Without the time consuming and costly implementation of the subscription offer to the shareholders, the Company's capital requirements can be met very quickly from market opportunities that arise at short notice. In addition, the flexibility required to take advantage of these market opportunities and possibilities may also make it necessary to issue shares from the authorized capital for the purpose of servicing convertible bonds.

For these reasons, the full or partial exclusion of shareholders' subscription rights, if needed, is advantageous for the Company and thus also for existing shareholders.

Further, by an exclusion of the subscription right of the shareholders in whole or in part in the case of a capital increase from authorized capital, the Executive Board shall have the possibility to offer the shares through a public offering or by way of an accelerated-book building-procedure, in particular in order to get as favorable conditions as possible for the financing of the Company or to extend the Company’s investor base. Excluding the shareholders’ subscription right in whole or in part shall also be permissible in order to avoid fractional shares or to implement supplemental public offerings at national or foreign stock exchanges and to satisfy over-allotment options (greenshoe).

In general, only the possibility to exclude the shareholders’ subscription rights allows an offer of shares which is limited to qualified investors without the preparation of a capital markets prospectus and without observance of any subscription period or stock exchange trading hours. Thereby the flexibility required to optimally utilize possible market opportunities for favorable financings in a volatile market environment can be obtained. In particular, the risks related to the transaction and the market price as well as the transaction costs can be reduced, the risk of speculations against the shares in the Company can be minimized, the investor base can be broadened, and an issue price close to the then current stock exchange price can be achieved. In addition, current shareholders have the possibility to acquire shares in the Company over the stock exchange, which minimizes the risk of diluting the shareholders’ rights, whilst creating opportunities for the Company for quick and attractive financing, which is in the best interest of the Company and its shareholders.

Shares from authorized capital may also be used to grant shares to employees, senior employees and/or members of the Company's Executive Board or the management boards of its affiliates including for purposes of existing or future share transfer programs, in particular stock option plans, long-term-incentive-plans or other employee stock ownership plans (e.g. models under which employees can be allocated bonus shares up to a maximum amount and subject to a holding period if they purchase shares in the Company). This may also include the transfer of treasury shares to individuals or legal entities who hold such shares on trust or otherwise on behalf of and for the benefit of employees, executives and board members. In this way, FREQUENTIS intends in particular to encourage the participants to focus on long-term value creation. Another motive for allocating stock to employees is to reinforce their sense of identification with the Company. In addition, the aim is to bind the participating individuals more closely to the Company and make the Company more attractive. Treasury stock may also be used to satisfy stock options held by employees, senior employees, and members of the Company's Executive Board or the management boards of its affiliates. A resolution to exclude the subscription rights of the shareholders is not required for this purpose.

In order to be able to implement capital increases, the Executive Board shall also have the possibility to offer the shares by way of an indirect subscription right pursuant to Section 153 Para 6 Stock Corporation Act.

Should the Executive Board make use of the authorization granted to it to issue shares from authorized capital with full or partial exclusion of subscription rights, this shall require the approval of the Supervisory Board. For this purpose, the Executive Board has to prepare a new written report on the reason for the full or partial exclusion of the subscription right pursuant to Section 171 Para 1 Stock Corporation Act and publish it no later than two weeks prior to the adoption of the resolution by the Supervisory Board. In such a case, all other provisions of stock corporation and capital market law applicable to such an issue, in particular publication and announcement requirements, must also be observed.

## 3. Weighing of interests

In summary, the proposed authorization is objectively justified by the stated purposes and is suitable for achieving the intended objectives.

It is to be expected that the benefit to the Company from the utilization of the authorization to issue shares from authorized capital with full or partial exclusion of subscription rights will benefit all shareholders. This benefit clearly outweighs any proportionate losses in shareholdings of the shareholders excluded from the subscription right. The interests of the Company therefore outweigh any possible disadvantages to shareholders that may arise as a result of the full or partial exclusion of subscription rights.

The proposed authorization to exclude subscription rights in whole or in part is necessary, suitable, appropriate, and objectively justified and required in the overriding interest of the Company for the reasons set out above, taking into account all the circumstances to be taken into account.

Vienna, May 2023 The Executive Board