

**PLEASE NOTE:**

**This report is legally required in order to be able to transfer shares to the Chairman of the Executive Board of FREQUENTIS AG under the Long Term Incentive Plan 2021. The numbers of shares stated in this document are maximum amounts. The actual number of shares to be transferred depends on the achievement of different criteria and, in particular, also on a resolution of the Supervisory Board of FREQUENTIS AG and may be lower.**

**Report pursuant to Section 65 Para 1b in conjunction with Sections 171 Para 1 and 153 Para 4 of the Austrian Companies Act (AktG)**

By resolution of the Extraordinary General Meeting of FREQUENTIS AG ("**Company**") from 20 September 2019, the Executive Board of the Company has been authorized, for a period of five years from the day of the resolution, therefore until and including 19 September 2024, with the consent of the Supervisory Board and without a further resolution by the General Meeting, to dispose of, or utilize, own shares repurchased, *inter alia*, to grant own shares to employees, senior employees and/or members of the Executive Board of the Company or the management boards of its affiliates including for purposes of share transfer programs, in particular stock options, long term incentive plans or other stock ownership plans, under the exclusion of the general purchasing possibility of the shareholders, whereby such authorization may be exercised in total or partially and also in several tranches and for several purposes.

The Executive Board and the Supervisory Board of the Company intend to make use of such authorization and to resolve to allocate a maximum number of 17,000 of own shares in the Company (gross number before deduction of taxes and duties) to the Chairman of the Executive Board of the Company within the scope of the Long Term Incentive Plan 2021 ("**LTIP2021**") approved by the General Meeting of the Company on 20 May 2021. The actual number of own shares to be transferred depends on the actual achievement by the Chairman of the Executive Board of the Company of his targets under the LTIP2021 as well as on a resolution of the Supervisory Board of the Company and will be published separately. The Executive Board and the Supervisory Board of the Company, represented by the Committee for Executive Board issues, therefore present the following

**R E P O R T**

**1. Long Term Incentive Plan 2021 (LTIP2021)**

**Plan purpose and objectives**

The performance based share plan (LTIP2021) is a long-term compensation instrument for the Chairman of the Executive Board that shall promote mid and long-term value creation at the Company and shall seek to align the interests of the Chairman of the Executive Board and the shareholders of the Company by providing the Chairman of the Executive Board with the possibility to receive – on a performance basis, dependent on the fulfilment of certain mid and long-term targets – shares in the

FREQUENTIS AG  
Corporate Register Number: 72115 b  
ISIN: ATFREQUENT09

Company. The LTIP2021 further seeks to prevent inadequate risk-taking and to set the focus on the long-term development of the Company.

The full wording of the LTIP2021 may be found in the resolution proposals for the General Meeting of the Company from 20 May 2021 as resolution proposal for item 9 of the agenda under [www.frequentis.com](http://www.frequentis.com) > Investor Relations > General Meeting > General Meeting 2021.

### **Participation**

Participant in the LTIP2021 is the Chairman of the Executive Board of the Company, Mr Norbert Haslacher.

### **Personal share ownership rules**

There is no requirement for an ex ante investment in the Company's shares in order to participate in the LTIP2021. However, the Chairman of the Executive Board is obliged to build up, out of the LTIP2021 (and preceding and potential future long term incentive plans), an appropriate volume of shares in the Company and to hold such shares until his retirement or departure from the Company. The shareholding requirement amounts to 7,000 shares in the Company. Taking into account such shareholding requirement, the Chairman of the Executive Board may sell – as from the date of pay out – per calendar year one third of the shares acquired under the LTIP2021.

### **Grant levels**

The maximum number of shares which may be allocated to the Chairman of the Executive Board under the LTIP2021 amounts to 17,000 shares in the Company (gross) whereby no increase of shares under the LTIP2021 shall take place in case of capital increases or other capital measures. The term "gross" in connection with shares refers to the number of shares before deduction of taxes and duties.

In accordance with Rule 27 of the Austrian Corporate Governance Code it is, in addition, determined as maximum value amount that under the LTIP2021 the Chairman of the Executive Board may not be allocated more than 200% of his yearly gross base salary for the financial year 2021 in form of shares. The calculation of such maximum value amount is to be made on the basis of the average share price of the Frequentis shares at the Vienna Stock Exchange during the three-month period following the end of the calendar year 2023.

In any case, the total accumulated number of shares paid out under the LTIP2021 (and preceding and potential future long term incentive plans and/or other share transfer or share option programs) will amount to less than 5% of the outstanding nominal capital of the Company.

FREQUENTIS AG  
Corporate Register Number: 72115 b  
ISIN: ATFREQUENT09

### **Effective date and term**

- Plan commencement: 1 January 2021
- Performance period: 3 years (1 January 2021 to 31 December 2023)
- Vesting date: 30 April 2024

### **Performance criteria and weightings**

The number of shares is calculated by multiplying the maximum number of shares that can be allocated (gross) by the total percentage of target achievement, whereby the target achievement is measured over the entire performance period of three years. When doing such calculation, rounding is made in any event down to one full share.

In case of a 100% target achievement, all shares allocable under the LTIP2021 – observing, however, the limits of the maximum value amount – are allocated. However, also in case of an over-achievement of targets (i.e. more than 100% target achievement) the allocation of shares will not exceed the maximum value amount and the maximum number of shares. An over-achievement with respect to one performance target/criterion may equate an under-achievement with respect to another performance target/criterion within the limits of the aforementioned maximum determinations.

In case of a lesser target achievement, the number of shares is reduced accordingly (linear). Should the target achievement amount to less than 50%, no shares are allocable under the LTIP2021.

The performance criteria aim for a sustainable creation of value in the following performance areas: Shareholders / Total Shareholder Return (up to 40%), Company (compliance with a target figure for growth of operating performance derived from Key Accounts, up to 40%) and Sustainability (compliance with a target figure for order intake derived from New Business Development initiatives, up to 50%).

In 2021, the performance criteria were defined. The defined performance criteria must not be amended during the performance period of the LTIP2021. However, in order to maintain the incentivizing character of the LTIP2021, the Supervisory Board has the discretion to adjust the figures for target achievement if market conditions change significantly and/or special situations occur. In this respect, the Supervisory Board has to consider in line with Section 78 Para 1 of the Austrian Companies Act (AktG) that an allocation of shares under the LTIP2021 is proportionate to the tasks and the performance of the member of the Executive Board, to the situation of the Company and to the usual remuneration and that the criterion of a long-term incentive for a sustainable development of the Company is preserved.

### **Vesting/payout/clawback**

The determination of target achievement is to be done by the Supervisory Board of the Company until the vesting date, if possible. If approval for pay out of the shares is granted by the Supervisory Board on the vesting date or prior thereto, the pay out shall be effected on the business day following the

FREQUENTIS AG  
Corporate Register Number: 72115 b  
ISIN: ATFREQUENT09

vesting date. Otherwise, pay out shall be effected at the beginning of the month following the approval. The Company does not cover any share price risk caused by the delay or the transfer.

In case of specific circumstances (pay out of shares based on evidently incorrect data; adjustment of approved financial statements for a financial year in the performance period due to a mistake; serious misconduct by the Chairman of the Executive Board constituting a material violation of applicable laws, the Articles of Association of the Company, the bylaws for the Executive Board or internal guidelines; material failure of the risk management which results in significant damages for the Company), the Supervisory Board may, in its reasonable discretion, reduce the number of shares allocable under the LTIP2021 in full or in part or claim full or partial repayment of paid out shares.

### **Rules for leavers prior to the vesting date**

In case the Company terminates the contract with the Chairman of the Executive Board for good cause or the Chairman of the Executive Board ends his membership to the Executive Board without good cause, no shares under the LTIP2021 shall be allocable.

In case the Chairman of the Executive Board ceases to be a member of the Executive Board without his fault (premature termination of the contract with the Chairman of the Executive Board by the Company without good cause; Chairman of the Executive Board ending his membership to the Executive Board for good cause; retirement of the Chairman of the Executive Board; expiry of the tenure of his mandate as member of the Executive Board without extension or re-appointment and no good cause being at hand for not extending or re-appointing him), the shares allocable under the LTIP2021 are to be allocated pro rata, to the extent the targets have been fulfilled until the date the Chairman of the Executive Board has ceased to be a member of the Executive Board.

In case of death or permanent occupational disability of the Chairman of the Executive Board, claims for shares which are not due are valued and settled in cash per the date of death/permanent occupational disability; the value is to be determined on the basis of actual target achievement until the date of death/permanent occupational disability.

In case of an amicable termination of the contract with the Chairman of the Executive Board, also an agreement on the LTIP2021 is to be made between the Company and the Chairman of the Executive Board.

## **2. Number of allocatable shares**

Based on the abovementioned criteria of the LTIP2021 and the maximum target achievements, a maximum of 17,000 shares may be allocated to the Chairman of the Executive Board of the Company. The actual number of own shares to be transferred depends on a resolution of the Supervisory Board of the Company and will be published separately.

The number of shares mentioned above are gross numbers at maximum possible target achievement. The actual number of the transferred shares will, after determination of the actual target achievement,

FREQUENTIS AG  
Corporate Register Number: 72115 b  
ISIN: ATFREQUENT09

correspond to a net amount after deduction of due taxes and duties and will be published after the transfer on the website of the Company (under [www.frequentis.com](http://www.frequentis.com) > Investor Relations > Share > Disposal of Own Shares 2024).

### **3. Exclusion of the general purchasing possibility of the shareholders**

As outlined above, own shares of the Company shall be allocated to the Chairman of the Executive Board of the Company within the scope of the LTIP2021. The LTIP2021 is a long-term compensation instrument for the Chairman of the Executive Board that shall promote mid and long-term value creation at the Company and shall seek to align the interests of the Chairman of the Executive Board and the shareholders of the Company. In this way, *inter alia*, also the focus on the long-term value of the Company shall be increased and the identification with and the ties to the Company shall be strengthened. Further, the LTIP2021 seeks to prevent inadequate risk-taking and to set the focus on the long-term development of the Company. In this respect, the LTIP2021 represents an efficient means for achieving the aforementioned objectives. In order to achieve these objectives, it is necessary to exclude the general purchasing possibility of the shareholders with respect to the Company's own shares to be allocated under the LTIP2021. The preferential granting of shares to employees, senior employees and/or members of the Executive Board of the Company or the management boards of its affiliates also constitutes a sufficient reason for the exclusion of the general purchasing possibility of existing shareholders pursuant to Section 153 Para 5 of the Austrian Companies Act (AktG).

The LTIP2021 has been approved by the General Meeting of the Company on 20 May 2021.

Overall, with respect to the abovementioned utilization of own shares, the interest of the Company therefore prevails over the disadvantage of the shareholders due to the exclusion of the general purchasing possibility in case of a utilization, respectively disposal, of the Company's own shares. The exclusion of the general purchasing possibility is, due to the reasons described above, when weighing the circumstances to be taken into account, necessary, suitable, appropriate, in the interest of the Company and is therefore objectively justified.

The present report will be published on the website of the Company registered in the commercial register as well as on the electronic announcement and information platform of the federal government (*Elektronische Verlautbarungs- und Informationsplattform des Bundes – EVI*) and additionally electronically distributed Europe-wide. The report is also available for inspection at the Company's registered seat. Shareholders may also request to have this report sent to them free of charge. A Supervisory Board resolution required for the approval of the exclusion of the general purchasing possibility of the shareholders will be adopted at the earliest two weeks after publication of the present report in accordance with the statutory provisions.

Vienna, April 2024

The Executive Board and the Supervisory Board