

Report on items 5. and 6. of the extraordinary General Meeting

Report by the Management Board of FREQUENTIS AG in connection with the authorizations of the Management Board (i) to purchase own shares in the Company pursuant to Section 65 Para 1 No. 4 and No. 8 Stock Corporation Act both via the stock exchange and off-market in a volume of up to 10% of the nominal capital of the Company and to also exclude the general selling possibility of the shareholders related to such purchase, and (ii) pursuant to Section 65 Para 1b Stock Corporation Act to dispose of, or utilize own shares in the Company also in other ways than a disposal via the stock exchange or a public offering for any legally permissible purpose and to also exclude the general purchasing possibility of the shareholders (Section 65 Para 1b in conjunction with Section 170 Para 2 and Section 153 Para 4 Stock Corporation Act)

The Management Board of FREQUENTIS AG has prepared the following report on items 5 and 6 of the agenda pursuant to Section 65 Para 1b in conjunction with Section 170 Para 2 and Section 153 Para 4 Stock Corporation Act.

The Management Board and the Supervisory Board of FREQUENTIS AG intend to propose the following resolutions to the General Meeting of the Company on items 5 and 6 of the agenda:

- a) Resolution on the authorization of the Management Board pursuant to Section 65 Para 1 No. 4 and No. 8 Stock Corporation Act to purchase both via the stock exchange and off-market bearer shares in the Company in a volume of up to 10% of the nominal capital of the Company for a period of 30 months from the date of such resolution of the General Meeting, whereby the minimum consideration per share may not be more than 20% below and the maximum consideration per share may not be more than 10% above the average closing price on the stock exchange over the preceding ten trading days. Trade in own shares is excluded as an object of purchase. This authorization may be exercised in total or partially and also in several tranches and for several purposes by the Company, by a subsidiary (Section 189a No. 7 of the Austrian Business Enterprise Code - "UGB") or for the account of the Company or a subsidiary (Section 189a No 7 UGB) by third parties. In case of a purchase of shares off-market, such purchase may be effected under the exclusion of the general selling possibility of shareholders, and may be effected also only from certain shareholders or from one single shareholder. Furthermore, (i) the Management Board shall be authorized to reduce the nominal capital by cancelling own shares without any further resolution by the General Meeting, and (ii) the Supervisory Board shall be authorized to adopt amendments to the Articles of Association arising from the cancellation of shares.
- b) Resolution on the authorization of the Management Board pursuant to Section 65 Para 1b

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Stock Corporation Act to dispose of, or utilize, own shares repurchased 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, also in other ways than a disposal via the stock exchange or a public offering, in particular (i) to grant own shares to employees, senior employees and/or members of the Company's Management Board 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, (ii) to deliver own shares under convertible bonds issued by the Company, (iii) as consideration for the acquisition of entities, business operations, parts of business operations or shares in one or several companies at home or abroad and (iv) for any other legally permissible purpose, and to exclude the general purchasing possibility of the shareholders. This authorization may be exercised in total or partially and also in several tranches and for several purposes.

With regard to the possibility of own shares purchased pursuant to Section 65 Para 1 Stock Corporation Act being disposed of/utilized pursuant to Section 65 Para 1b Stock Corporation Act also in other ways than a disposal via the stock exchange or a public offering, the Management Board must present a written report pursuant to Section 65 Para 1b in connection with Section 170 Para 2 Stock Corporation Act and Section 153 Para 4 Stock Corporation Act on the reason for the related exclusion of the general purchasing possibility of the shareholders. In addition, in respect of the possibility of off-market purchases of own shares pursuant to Section 65 Para 1 No. 4 and No. 8 Stock Corporation Act, this report also deals with the exclusion of the general selling possibility of the shareholders related to such purchase.

I. Authorization of the Management Board to sell/utilize own shares acquired pursuant to Section 65 Para 1 Stock Corporation Act also in other ways than a disposal via the stock exchange or a public offering

1. Purpose of the authorization for the utilization respectively the disposal with exclusion of the general purchasing possibility / Interest of the Company

The proposed authorization to utilize or dispose of own shares also whilst excluding the general purchasing possibility of existing shareholders is in the interest of the Company and its shareholders.

In particular, own shares may also be granted to employees, senior employees and/or members of the Company's Management Board 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 (such as, in particular, programs under which employees may acquire shares in the Company at a reduced price or receive bonus shares up to a certain maximum amount in case they acquire shares in the Company). This may also include the transfer of own shares to individuals or legal entities who hold such shares in trust or otherwise on behalf of or for the benefit of employees and executives, including board members. In this

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respect, the intention of FREQUENTIS AG is, in particular, to increase the focus of the participants on the long-term value of the Company and to strengthen their identification with the Company. In addition, FREQUENTIS AG and its affiliated companies are heavily dependent on the employment of qualified personnel. Since it is difficult to replace qualified personnel, it is necessary to bind them to the Company. Furthermore, the Company may become more attractive for employees.

The preferential grant of shares to employees, senior employees and/or members of the Company's Management Board 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 Stock Corporation Act. Own shares may also be used to settle stock options held by employees, senior employees, and members of the Company's Management Board or the management boards of its affiliates. For such use a resolution to exclude the general purchasing possibility of the shareholders is not required.

Furthermore, the expansion and opening of new markets in all fields of business will be one of the strategic targets of FREQUENTIS AG in the future in order to strengthen the profitability of the group of companies and to promote the sustainable growth of FREQUENTIS AG. The preparation and structuring of transactions connected to the accomplishment of these targets require the best possible flexibility of the Management Board with regard to the utilization of the available financial instruments. For the strategy pursued by the Company it is of major importance that the Management Board is also able to seize the opportunity to acquire existing entities, business operations, parts of business operations or shares in one or several companies for the preparation of an entrance into a new market, for the stabilization of an already existing market position or for the expansion of the product and service portfolio of the Company. The acquisition of existing entities, business operations or parts of business operations 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 entities, business operations, parts of business operations or shares in one or several companies as well as for the conclusion of strategic partnerships by way of contributions in kind to the Company, if necessary without any delay, the Management Board needs to have the authorization to exclude the general purchasing possibility of the shareholders.

The possibility of a disposal of own shares with the exclusion of the general purchasing possibility of the shareholders therefore in particular allows financing expansion measures, 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 time-efficient manner. By sparing the time and cost intensive implementation of the general purchasing possibility of the shareholders, it is e.g. possible to cover the capital demand of the Company arising from short

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term market occasions in a very time efficient manner when own shares in the Company are sold. By an exclusion of the general purchasing possibility of the shareholders in the case of a disposal, the Management Board shall have the possibility to offer the own shares by way of an accelerated-bookbuilding-procedure, in particular in order to get as favourable conditions as possible for the financing of the Company or to extend the Company's investor base. Excluding the shareholders' general purchasing possibility shall also be permissible in order to avoid fractional shares or to satisfy over-allotment options (greenshoe). Furthermore, it may be necessary to utilize own shares for the servicing of convertible bonds (as an alternative to a conditional capital increase pursuant to Sections 159 et seq. Stock Corporation Act). Also in this context, the exclusion of the general purchasing possibility can offer the necessary flexibility and, in particular, enable the Management Board to act quickly, obtain favourable conditions for financing the Company or broaden the investor base.

In order to facilitate the execution of granting own shares, the Management Board shall also have the possibility to exclude the general purchasing possibility of shareholders by way of an indirect subscription right in accordance with Section 153 Para 6 Stock Corporation Act. Further, it is always possible to offer own shares only to shareholders existing at the time of the offer by way of issuing a subscription invitation

2. Weighing of interests

Due to the reasons described, the exclusion of the general purchasing possibility (subscription possibility) is, under consideration of all circumstances which have to be considered, necessary, suitable, appropriate, and in the interest of the Company and is, therefore, objectively justified.

With regard to the aforementioned authorization of the Management Board for the utilization and disposal of own shares – also with exclusion of the general purchasing possibility – the overall interest of the Company therefore prevails over the disadvantage of the shareholders resulting from the exclusion of the general purchasing possibility in the course of a utilization respectively disposal of own shares of the Company. In the case of share transfer programs and other employee participation programs the authorization to exclude the general purchasing possibility of the shareholders is objectively justified, as such programs are in the overriding interest of the Company, serve the objective of strengthening the Company's success and as such programs represent an efficient mean for achieving this objective. As consideration for the acquisition of companies, businesses, parts of businesses or shares in one or more companies as well as an alternative to a conditional capital increase for the servicing of any convertible bonds issued, the authorization to exclude the general purchasing possibility of the shareholders (subscription possibility) is objectively justified because it offers in particular the Management Board the necessary flexibility, ensures rapid action and/or thereby enables additional business or market opportunities, which in turn are for the benefit of the shareholders. Even if disadvantages occur for the existing shareholders because of the exclusion of the general purchasing possibility, such disadvantages will remain within tight limits due to the statutory maximum amount for own shares held by the Company of 10% of the nominal capital.

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The utilization, respectively the disposal of own shares as well as the determination of all conditions of the utilization and respectively the disposal also in other ways than via the stock exchange or a public offering may only be implemented with the consent of the Supervisory Board of the Company. If the Management Board exercises its authorization to exclude the general purchasing possibility, a new written report by the Management Board will have to be established and pursuant to Section 171 Para 1 Stock Corporation Act published at least two weeks prior to such resolution by the Supervisory Board.

II. Authorization of the Management Board pursuant to Section 65 Para 1 No. 4 and No. 8 Stock Corporation Act to purchase own shares in the Company off-market and accordingly, exclusion of the general selling possibility of the shareholders related to such purchase

1. Purpose of the purchase authorization excluding the general selling possibility / Interest of the Company

The proposed authorization to purchase own shares in the Company, also excluding the general selling possibility of shareholders in the event of an off-market purchase of shares, is in the interest of the Company, in particular with regard to the use, respectively the disposal of own shares (see above).

In particular, the shares in question may also be granted to employees, senior employees and/or members of the Company's Management Board 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 (such as, in particular, programs under which employees may acquire shares in the Company at a reduced price or receive bonus shares up to a certain maximum amount in case they acquire shares in the Company). In addition, the Management Board shall be granted a high degree of flexibility and rapid action shall be made possible for future corporate acquisitions and for servicing any convertible bonds issued.

Due to the available time frame, the general and special market and share price development, the trading volumes available on the stock exchange or any volume restrictions for share buyback programs via the stock exchange, it may be necessary to exclude the general selling possibility of the shareholders in the event of an off-market acquisition of shares. For example, if the Company is unable to acquire own shares on the stock exchange or by public offering within the required time or for an appropriate price. The authorization of the Management Board enables the Company to acquire the own shares required to service stock transfer programs or other employee participation programs flexibly and on optimized terms. This also applies to the acquisition of own shares for the purpose of future corporate acquisitions or to service any convertible bonds issued.

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2. Weighing of interests

The authorization of the Management Board to repurchase own shares, under exclusion of the general selling possibility of the shareholders in the case of an off-market purchase of shares, for the sourcing of own shares for the servicing of share transfer programs or other employee participation programs may be necessary, suitable and appropriate after consideration of the circumstances to be considered and may be in the interest of the Company. This will in particular be the case if – for example due to the available time frame, the general and special market and share price development, the trading volumes available on the stock exchange or any volume restrictions for share buyback programs via the stock exchange – own shares cannot be acquired by the Company within the required time or at an appropriate price via the stock exchange or by public offer.

The rapid availability of shares in the amount required as acquisition currency for future corporate acquisitions and for servicing any convertible bonds issued also constitutes an objective justification for the exclusion of the shareholders' general selling possibility.

The exclusion of the general selling possibility of the shareholders in the case of an off-market purchase of shares is due to the reasons described above, under consideration of all circumstances which have to be considered, necessary, suitable, appropriate, and in the interest of the Company and is, therefore, objectively justified. In these cases the overall interest of the Company prevails over the disadvantage of the shareholders resulting from the exclusion of the general selling possibility.

The repurchase of the Company's own shares under exclusion of the general selling possibility of the shareholders in the case of an off-market purchase of shares as well as the determination of all conditions of such a repurchase may only take place with the consent of the Supervisory Board of the Company. If the Management Board exercises its authorization to exclude the general selling possibility of the shareholders, a new written report by the Management Board will have to be established and published at least two weeks prior to such resolution by the Supervisory Board.

In summary, the Management Board of FREQUENTIS AG concludes that the granting of authorization to the Management Board of the Company to purchase own shares off-market or, to sell or utilize own shares purchased pursuant to Section 65 Para 1 Stock Corporation Act, with the involvement of the Supervisory Board as required under the Stock Corporation Act, also in other ways than a disposal via the stock exchange or a public offering, is fully in line with the statutory rules. The Management Board kindly asks for approval.

Vienna, August 2019

The Management Board

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