

Long Term Incentive Plan 2020

1. Plan purpose and objectives

The performance based share plan (Long Term Incentive Plan 2020 – "**LTIP2020**") is a long-term compensation instrument for the Chairman of the Management Board that promotes mid and long-term value creation at Frequentis AG.

The LTIP2020 seeks to align the interests of the Chairman of the Management Board and the shareholders of the Company by providing the Chairman of the Management Board with the possibility to receive – on a performance basis, dependent on the fulfilment of certain mid and long-term targets – shares in the Company. The plan also seeks to prevent inadequate risk-taking and to set the focus on the long-term development of the Company. In this respect, the LTIP2020 draws on sustainable, long-term and multi-annual performance criteria and includes also non-financial criteria.

2. Participation

The Chairman of the Management Board of FREQUENTIS AG, Norbert Haslacher, is the participant in the LTIP2020.

It is envisaged, to also provide in subsequent years – subject to approval by the respective general meeting – for a long term incentive plan. With respect to potential future long term incentive plans, also other members of the Management Board as well as selected senior executives of FREQUENTIS AG or of its affiliated companies, shall be eligible to participate.

3. Personal share ownership rules

There is no requirement for an ex ante investment in Frequentis shares in order to participate in the LTIP2020. However, the Chairman of the Management Board is obliged to build up, out of the LTIP2020 (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. Subject to such shareholding requirement, the Chairman of the Management Board may sell – as from the date of pay out – per calendar year one third of the shares acquired under the LTIP2020.

4. Grant levels

The maximum number of shares which may be allocated to the Chairman of the Management Board under the LTIP2020 amounts to 17,000 shares in the Company (gross) whereby no increase of shares under the LTIP2020 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. Due to the aforementioned deductions, in case of a pay out of shares, as a general rule approximately only half of the stated share number is actually transferred to the Chairman of the Management Board.

In accordance with Rule 27 of the Austrian Corporate Governance Code it is, in addition, determined as maximum value amount that under the LTIP2020 the Chairman of the Management Board may not be allocated more than 200% of his yearly gross base salary 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 2022.

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In any case, the total accumulated number of shares paid out under the LTIP2020 (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 FREQUENTIS AG.

5. Effective Date and term

Plan commencement: 1 January 2020, subject to approval by the general meeting

Performance period: 3 years (1 January 2020 to 31 December 2022)

Vesting date: 30 April 2023, subject to approval by the Supervisory Board of the Company

6. 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 LTIP2020 – 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 LTIP2020.

The performance criteria aim for a sustainable creation of value in the following performance areas:

- Shareholders

30% of the total allocation (in case of 100% target achievement; up to 40% in case of more than 100% target achievement) are based on the Total Shareholder Return ("TSR") relative to a group of peer companies. The performance criterion is calculated as described below under "Calculation of relative TSR outcome".

- Company:

20% of the total allocation (in case of 100% target achievement; up to 30% in case of more than 100% target achievement) are based on the development of the Order Backlog.

- Sustainability:

20% of the total allocation (in case of 100% target achievement; up to 30% in case of more than 100% target achievement) are based on compliance with a target figure for growth in the geographical regions.

30% of the total allocation (in case of 100% target achievement; up to 40% in case of more than 100% target achievement) are based on compliance with target figures for inorganic growth (growth through Mergers and Acquisitions).

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The defined performance criteria must not be amended during the performance period of the LTIP2020. However, in order to maintain the incentivizing character of the LTIP2020, 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 Stock Corporation Act that an allocation of shares under the LTIP2020 is proportionate to the tasks and the performance of the member of the Management 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.

In addition, the Supervisory Board may, in case that FREQUENTIS has in two years out of the three-year performance period a negative annual result (in the individual or consolidated accounts), reduce the number of shares allocable under the LTIP2020 in full or in part, depending on the reasons and the extent of the losses within its reasonable discretion.

Calculation of relative TSR outcome

Performance of the relative TSR criterion is calculated by comparing the TSR of FREQUENTIS AG over the three-year performance period against the TSR of a peer group of companies. The relative TSR peer group was determined by the Supervisory Board and includes the following companies:

CS Communication et Systemes AS

Indra Sistemas SA

Kapsch TraffiCom AG

S&T AG

SAAB AB

Kongsberg Gruppen ASA

OHB SE

TSR is the percentage change in the value of an investment in a company over a given period and is calculated as (i) the growth in share price over a given period plus (ii) the value of dividends paid out over the period, assuming they are reinvested in shares of the Company.

For the TSR calculation the average share price in the period from 1 January 2020 to 31 March 2020 (as initial share price) and the average share price in the period from 1 October 2022 to 31 December 2022 (as end share price) are used (with respect to FREQUENTIS AG, the respective share price at the Vienna Stock Exchange shall apply).

The TSR for the performance period is determined for each company in the peer group, including FREQUENTIS AG, and is ranked in descending order of the performance. The allocation of shares depends on the position of the TSR of FREQUENTIS AG in the four quartiles of the ranking, whereby the fourth quartile includes the lowest TSR and the first quartile the highest TSR. Target for such performance criterion (100% target achievement) is a relative position of FREQUENTIS AG in the second quartile.

7. 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 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.

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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 Management Board constituting a material violation of applicable laws, the Articles of Association of the Company, the bylaws for the Management 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 LTIP2020 in full or in part or claim full or partial repayment of paid out shares.

8. Rules for Leavers prior to the Vesting Date

In case the Company terminates the contract with the Chairman of the Management Board for good cause or the Chairman of the Management Board ends his membership to the Management Board without good cause, no shares under the LTIP2020 shall be allocable.

In case the Chairman of the Management Board ceases to be a member of the Management Board without his fault (premature termination of the contract with the Chairman of the Management Board by the Company without good cause; Chairman of the Management Board ending his membership to the Management Board with good cause; retirement of the Chairman of the Management Board; expiry of the tenure of his mandate as member of the Management 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 LTIP2020 are to be allocated pro rata, to the extent the targets have been fulfilled until the date the Chairman of the Management Board has ceased to be a member of the Management Board.

In case of death or permanent occupational disability of the Chairman of the Management 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 Management Board, also an agreement on the LTIP2020 is to be made between the Company and the Chairman of the Management Board.

9. Plan termination

In case the Chairman of the Management Board ceases prematurely to be a member of the Management Board for any reason whatsoever, the LTIP2020 terminates with immediate effect. Other than that, a premature termination of the LTIP2020 is – except for a termination for good cause – excluded. A good cause is given if e.g. the Chairman of the Management Board commits a serious misconduct or if the Company ceases to be publicly listed.