

## **Report on item 13 of the 17<sup>th</sup> Annual General Meeting on 6 June 2024**

**Report by the Executive Board of FREQUENTIS AG in connection with the authorization of the Executive Board pursuant to Section 65 Para 1b of the Austrian Stock Corporation Act (AktG) 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 of the Austrian Stock Corporation Act (AktG))**

The Executive Board of FREQUENTIS AG has prepared the following report on item 13 of the agenda.

### **1. Authorization**

The Executive Board and the Supervisory Board of FREQUENTIS AG intend to propose to the General Meeting of the Company on item 13 of the agenda a resolution on the authorization of the Executive Board pursuant to Section 65 Para 1b 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 5 June 2029 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 a) to grant own 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 share transfer programs, in particular stock options, long term incentive plans or other stock ownership plans, b) to deliver own shares to service any convertible bonds issued, c) 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 (d) 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 parts and for several purposes.

With regard to the possibility of own shares purchased 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 Executive 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.

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2. Purpose of the utilization or disposal authorization excluding 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 Executive 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 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 Executive 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 of the Austrian Stock Corporation Act. Own shares may also be used to settle stock options held by employees, senior employees, and members of the Company's Executive 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 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 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

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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 Executive 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 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 Executive 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. of the Austrian Stock Corporation Act). Also in this context, the exclusion of the general purchasing possibility can offer the necessary flexibility and, in particular, enable the Executive 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 Executive Board shall also have the possibility to offer the shares by way of an indirect subscription right in accordance with Section 153 Para 6 Stock Corporation Act. Further, the disposal of own shares only to shareholders existing at the time of the offer as part of a subscription offer is of course always possible.

### 3. 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 Executive 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

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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 entities, business operations, parts of business operations 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 Executive 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.

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 Executive Board exercises its authorization to exclude the general purchasing possibility, a new written report by the Executive 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.

In summary, the Executive Board of FREQUENTIS AG concludes that the granting of authorization to the Executive Board of the Company pursuant to Section 65 Para 1b Stock Corporation Act to dispose of, or utilize own shares purchased, 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 Executive Board kindly asks for approval.

Vienna, May 2024

The Executive Board

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