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REPORT

of the Management Board

of

Warimpex Finanz- und Beteiligungs Aktiengesellschaft

pursuant to Section 174 para 4 in conjunction with Section 153 para 4 Austrian Stock Corporation Act

(Exclusion of subscription rights related to the issue of convertible bonds)

on agenda item 9.a

The Management Board and the Supervisory Board of Warimpex Finanz- und Beteiligungs Aktiengesellschaft (**"Company"** or **"Warimpex"**) intend to ask the Annual General Meeting of the Company for the authorization of the Management Board to issue convertible bonds.

The resolution proposal regarding agenda item 9.a is as follows:

9.a) The Annual General Meeting authorizes the management board pursuant to section 174 para 2 of the Austrian Stock Corporation Act (AktG), within five years from the date of the resolution, with the approval of the Supervisory Board, to issue convertible bonds (Wandelschuldverschreibungen) carrying conversion or subscription rights for up to 10,800,000 ordinary bearer shares of the Company with a pro rata amount of the share capital of up to EUR 10,800,000.00, also in several tranches, and to determine all further terms and conditions, the issue and the conversion procedure of the convertible bonds, the issue price and the exchange or conversion ratio. Shareholders' subscription rights shall be excluded. The conversion or subscription rights may be settled by means of conditional capital or treasury shares (own shares) or a combination thereof. The price of the convertible bonds shall be determined by means of a market standard price determination scheme in consideration of generally acknowledged methods of financial mathematics;

The authorization of the Management Board to issue convertible bonds shall be resolved with the exclusion of subscription rights, whereby the exchange or subscription rights from such convertible bonds shall be served by shares from conditional capital or treasury shares (own shares) or a combination of both.

Therefore, the members of the Management Board provide the following

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to the Annual General Meeting on the resolution on the issue of convertible bonds, in particular on the reasons for the full exclusion of subscription rights in accordance with Section 174 para 4 and Section 153 para 4 Austrian Stock Corporation Act.

1. INTEREST OF THE COMPANY

The Company intends to actively shape its capital structure, not least in order to optimize its cost of capital. The issue of convertible bonds is an appropriate instrument for achieving this goal which is in the interests of the Company. The advantages of issuing convertible bonds with the direct exclusion of subscription rights can generally be seen in three main aspects which are described in more detail below: low and therefore attractive financing costs for the Company, a high issue price due to the conversion premium, and the exploitation of new groups of investors.

1.1 Improved financing possibilities

Investors in convertible bonds receive, in their capacity as bond holders, interest payments, have usually a right for repayment of principal and have simultaneously the right to acquire shares of the Company in the future at a price which is already determined at the time of the issue of the convertible bonds, which also enables participation in the substance and profitability of the Company. Thus, investors are also given the opportunity to participate in an increase in the value of the Company, with a relatively low risk of default in comparison to direct equity investments.

Convertible bonds usually provide for interest payments and contain the right to convert the convertible bonds into shares either during or at the end of the term or – in case there is no conversion – to receive a repayment of principal at the end of the term.

The Company actively manages its capital structure in order to keep the costs of capital as low as possible. Convertible bonds constitute for the Company an appropriate instrument in order to achieve this goal.

Due to the high level of security for the bondholders and the simultaneous possibility to participate in an increasing share price by way of conversion, the Company has a flexible and quick access to attractive financing conditions, usually below the level of (ordinary) debt instruments. In addition, the issue of convertible bonds on the capital market is often seen as a positive sign of management's confidence in the future development of the share price.

1.2 Optimizing of the terms of issue and the share issue price by exclusion of the subscription rights

Following the usual conditions of convertible bonds on the capital markets, the conversion price (in the event of the exercise of the conversion and/or subscription right) of the shares to be issued usually is above the share price at the time the convertible bonds were issued, so that the Company may receive a higher issue amount compared to an immediate capital increase. Experience has shown that a dilution of the value of the shareholding of the shareholders can be avoided by the issue price. Practice has also shown that better conditions can be achieved when convertible bonds are issued with the exclusion of subscription rights, because the immediate placement means that price-related risks to the Company's detriment from a changed market situation can be avoided and investors who specialize specifically in convertible bonds can thus be addressed. This is because an allocation to institutional investors for whom such an instrument is appropriate can be promptly made in order to place issues quickly and successfully.

In contrast, issues with subscription rights require a subscription period of at least two weeks. This also applies in case the Annual General Meeting only authorizes the Management Board to exclude subscription rights. Because a mere authorization to exclude subscription rights requires still to observe a waiting period of two weeks after publication of the report of the Management Board prior to the resolution of the Supervisory Board. The observation of such a subscription period or waiting period leads to unusual concepts or allocation mechanisms and/or market risks for the mentioned investors so that the investors eventually cannot be approached or only with a lower issue volume. This is also the reason why the direct exclusion of the subscription right is meanwhile the usual market standard when issuing convertible bonds on the international capital market.

The share price is an essential criterion for the determination of the terms and conditions of convertible bonds (see also clause 2. of this report on the determination of the issue price). It is therefore in the interest of the Company to have the greatest possible control over the timing of an issue's allocation. In particular, the observed volatility of the stock markets as a whole, as well as the volatility of the Company's shares, makes it clear that both the price development and the market assessment within a two-week subscription or waiting period – which would have to be observed without the exclusion of subscription rights – can certainly be subject to very significant changes.

1.3 Selected investors as target group

Convertible bonds are primarily subscribed by such investors, either institutional investors or particular selected investors with a specialisation for this type of investment. Institutional investors often have special requirements with regard to the denomination, the conditions and the flexible timing when convertible bonds are issued. As already mentioned under clause 1.2 of this report above, a certain market standard has developed because of such needs which must be complied with in order to ensure a successful issue. In absence of the time-consuming handling of subscription rights, the Company's capital requirements can be covered very promptly from market opportunities that arise at short-notice, and often additional new investors in Austria and abroad may be attracted. In addition, there is, for example, the possibility that well-known investors who also intend to quickly invest use this type of investment.

Therefore, a strengthening of the equity and reduction of the financing costs by the possibility of the exclusion of the subscription rights is in the interest of the Company and all its shareholders.

Usually, only an issue under exclusion of subscription rights can fulfil the above described requirements. An issue with subscription rights would result in a scenario where, for example institutional investors, because of unusual conditions and allocation mechanisms and/or market risks for such investors during the subscription period of at least two weeks, could not approached or only with lower issue volumes. The exclusion of the subscription right is therefore required for strategic, financial markets and corporate organizational reasons in order to be able to place convertible bonds appropriately on the capital market, and to offer them specifically to those investors who are specialising in these instruments, so that the advantages for the Company associated with the issue of convertible bonds can be used optimally.

In the event convertible bonds are issued on the market in the course of a rights offering (*Bezugsrechtsemission*), the advantages described above which result from the comparatively favourable financing conditions, but also from the speed and flexibility for the Company, would be largely reduced by the increased execution costs (time-intensive preparations, in particular with regard to the preparation of a prospectus pursuant to the EU prospectus regulation) and the associated one-off and recurring execution costs; it is even possible that the respective advantages may not be achieved at all.

2. DETERMINATION OF THE ISSUE PRICE OF THE SHARES, TERMS AND CONDITIONS OF THE CONVERTIBLE BONDS

The terms and conditions of the convertible bonds, in particular the issue amount (or issue price) will be identified on the basis of the then respective volume-weighted average price of the shares of the Company at the time of the allocation of the bonds, as well as by way of acknowledged methods of mathematical finance.

Thereby, the market standard calculation methods are to applied and the issue price of the convertible bonds shall be subject to the issue price of a traditional fixed-interest bond, the price for the conversion right (conversion or subscription right) and the other features. The calculation of the issue price of the bond is made by calculating the present value under consideration of the maturity of the bond, the interest of the bond, the actual market interest (usually EURIBOR/Swap rate) as well as the credit-worthiness of the Company.

The conversion price is thus calculated using the option price calculation methods, taking into account the due date/exercise period, the volatility of the share, the ratio of the conversion and/or option price to the current Company share price, and the current market interest rate (usually EURIBOR/Swap rate) as well as the dividend yield. Other features, such as a right of early termination by the issuer or a right of early termination by the bondholder (under conditions to be determined) – as well as a mandatory conversion, a right to pay a certain sum of money instead of conversion and fixed or a variable conversion ratio of the convertible bonds – will additionally be considered when calculating the price.

The issue price of the shares to be issued upon exercise of the conversion right is to be determined on the basis of the then respective volume-weighted average price of the shares of the Company at the time of the allocation of the bonds. In doing so, a surcharge should be aimed for, which is derived from the expected price development based on the assessment of analysts and the surcharges achieved in comparable capital market transactions (reference transactions) as well as the current general capital market situation. The so determined minimum issue price is therefore a price determined by objective, international conventions and market standards; it protects the interests of all shareholders because it does not dilute their shareholding.

The Company is enabled, during the authorization period of five years, to flexibly set forth attractive issue conditions. At the same time, the expected development of the share price can be considered, and the usual conditions and conventions of the international financial markets can be reflected. The issue price of the shares to be issued at the time of the exercise of conversion or subscription rights will at the time of the issue be above the then actual share price, and will provide sufficient protection for existing shareholders from dilution in value.

Furthermore, the Management Board shall only be authorized to issue convertible bonds conferring the right of conversion or subscription for the acquisition of up to 10,800,000 new, no-par value bearer shares of the Company with a pro rata amount of the share capital of up to EUR 10,800,000.00. The respective conditional capital increase shall also correspond to this extent. Therefore, such a capital increase would be limited to 16.67% of the share capital (based on the assumption of a new share capital of EUR 64,800,000.00). Therefore, the dilutive effect would be insignificant.

Finally, issuers can regularly obtain favourable interest levels at convertible bonds which very often are below the market standard interest rates which needed to be paid when issuing mere debt instruments (without conversion right or mandatory conversion). Even in the case of non-conversion, convertible bonds therefore regularly represent favourable means of financing.

3. WEIGHING OF INTERESTS

After weighing up and taking into account all of the above circumstances, the Management Board came to the conclusion that the proposed exclusion of subscription rights is in line with the intended goals, namely an optimization of the capital structure and a reduction in financing costs and thus a strengthening and improvement of the Company's market and competitive position, is objectively justified in the interest of the Company and its shareholders and at the same time is suitable for achieving the intended goals.

In addition, the exclusion of the subscription rights is also appropriate and necessary because the financing and the expected increase of equity through a target group-specific orientation of a convertible bond issue replaces more cost-intensive capital measures, provides for more favourable financing conditions and secures a long-term and flexible financial and business planning and realization of the planned financings and business goals to the benefit of the Company, and thus also of all shareholders.

Without excluding subscription rights, it is not possible for the Company to react comparatively quickly and flexible to favourable market conditions.

In order to avoid diluting the value of the existing shareholders, an issue price (conversion price) is also sought at which the value of the hypothetical subscription right to the convertible bonds to be issued has no economic relevance and is therefore irrelevant for the shareholders.

The Management Board expects that the advantage for the Company from the issue of convertible bonds under exclusion of subscription rights will be for the benefit of all shareholders, and that this advantage will clearly outweigh the proportionate dilution of the excluded shareholders.

Overall, when weighing all described circumstances, it is to be concluded that the exclusion of subscription rights is required, suitable, appropriate and in the predominant interest of the Company and its shareholders, objectively justified and necessary.

Vienna, May 2023

The Management Board