



**Report by the Management Board**  
of  
**DO & CO Aktiengesellschaft**  
**Vienna, FN 156765 m,**  
with regard to  
**authorising the Management Board,**  
**subject to the consent of the Supervisory Board,**  
**to acquire new shares under the exclusion of the shareholders' pre-emptive rights**  
**(Agenda Item 7: Authorized Capital 2020)**

All members of the Management Board submit to the 22<sup>th</sup> Ordinary General Meeting of DO & CO Aktiengesellschaft, held on 31 July 2020, the following Report by the Management Board of DO & CO Aktiengesellschaft, domiciled in Vienna, pursuant to Section 170 para 2 AktG (Austrian Stock Corporation Act) in combination with Section 153 (4) second sentence AktG.

1. DO & CO Aktiengesellschaft (the Company), domiciled in Vienna and residing at A-1010 Vienna, Stephansplatz 12, registered in the Company Register under FN 156765 m, currently has issued 9,744,000 no-par value bearer shares with voting rights. The share capital of the Company currently amounts to € 19,488,000.–.
2. The Company's Management Board intends to propose that the Company's 22<sup>th</sup> Ordinary General Meeting of 31 July 2020 adopt the following resolution regarding **Agenda Item 7**:
  - a) Resolution on authorizing the Management Board for a duration of five years starting with the registration of the respective change of the Articles of Association in the Commercial Register
  - aa) to authorize the Management Board pursuant to Section 169 AktG to increase the share capital, subject to the Supervisory Board's consent, from its present nominal amount of EUR 19,488,00 by, at most, EUR 1,948,800 by issuing up to 974,400 new no-par value bearer shares against a contribution in cash or in kind – possibly in several tranches –, and to

specify the face value, the issuing terms and the other details of the share capital increase with the consent of the Supervisory Board,

- bb) to offer, conditionally upon an exclusion of shareholder subscription rights in accordance with para cc., the new shares to shareholders possibly by an indirect subscription right pursuant to Section 153 (6) AktG,
- cc) to exclude, subject to the consent of the Supervisory Board, the shareholders' right to subscribe to such new shares:
  - (i) if the share capital increase for cash is executed in one or more tranches and the new shares are offered to one or more institutional investors by way of a private placement and the shares for which the subscription right shall be excluded do not exceed 10% (ten per cent) of the Company's share capital registered with the Commercial Register at the time of the change of the Articles of Association;
  - (ii) if the share capital increase by contribution in kind is done for the purpose of the acquisition of a company and business units or parts of such or of shares in one or more companies inside or outside of Austria or
  - (iii) to exclude fractional amounts from the shareholders' subscription right or
  - (iv) to fulfil an additional allocation option granted to the underwriting banks,

with regard to which the Supervisory Board is authorized to amend the Articles of Association which follow from issuing shares out of the Authorized Capital [Authorized Capital 2020 [*Genehmigtes Kapital 2020*]], and

- b) to change the Company's articles of association by adding a new § 5 para 5.
3. With regard to the option to exclude the subscription right in utilizing the Authorized Capital 2020, the Management Board, pursuant to Para 2 of Section 170 AktG in combination with the second sentence of Para 4 of Section 153 AktG, shall furnish a written report on the reason for such exclusion to the General Meeting of Shareholders.
  4. The Company's Management Board may issue shares from the Authorized Capital 2020 only upon the consent of the Supervisory Board, regardless of whether such new shares are issued against contributions in cash or in kind or excluding or including the subscription right. Face value, issuing terms and other details of the execution of the capital increase may be specified by the Management Board only by agreement with the Supervisory Board.

5. The Authorized Capital 2020, amounting to up to EUR 1,948,800 may be utilized once or several times until the proposed final deadline (five years as of the registration of the respective change of the Articles of Association in the Commercial Register). Altogether, a maximum of 974,400 new no-par value bearer shares may be issued from the Authorized Capital 2020. This corresponds to 10% of the present share capital.
6. The authorization for the exclusion of the shareholders' subscription rights in case of a cash capital increase is in the Company's interest for the following reasons:

It is in the Company's interest to entirely or partly quickly cover a financing and/or refinancing need by placing blocks of shares and/or to quickly strengthen the equity base of the company. In particular, due to the difficult and challenging economic conditions because of the COVID-19-crisis, which particularly affects the Airline-Catering-Division of DO & CO, the Company may in the short-term need to finance and/or refinance and/or strengthen its equity basis, especially due to the fact that the duration and intensity of the effects of such crisis on the markets, in general, and on the business of the Company, in particular, cannot be estimated.

In order to gain the required flexibility of financing and/or refinancing and in particular to be able to grant a major equity contribution, in the course of such financing and/or refinancing, it is necessary that the required equity may be obtained quickly.

Since decisions on covering a capital or financing and/or refinancing need typically need to be made quickly, it is important that the Company does not depend on the rhythm of the yearly General Shareholders' Meetings or on the long convocation period of an extraordinary General Shareholders' Meeting.

The authorization to exclude the subscription right in case of a cash capital increase, if new shares are offered to one or more institutional investors in the course of a private placement, in case of a financing need serves the aim to be able to directly and quickly contact strategic institutional investors or an entirely new area of institutional investors and to comparably, quickly and cost efficiently obtain the potentially required financial means against issuance of new shares, which amount to a quota of 10 % of the share capital registered with the Commercial Register at the time of amending the Articles of Association, and to optimize the conditions of a capital increase in the interest of all shareholders.

In addition, the placement risk, which otherwise is connected to a public offer with granting subscription rights, may be reduced in a private placement with an exemption of

the subscription rights. The capital increase with excluding the subscription right enables a quick and safe placement of new shares within a short offer period. This enables the Company to use offered market chances, in particular with regard to the price level of the shares, quickly and flexibly for a capital increase. By authorizing to issue new shares and to exclude the subscription right the Company, furthermore, is in the position to use the advantages of a market standard procedure in an international capital market environment, the so-called Accelerated Bookbuilding Procedure, , and thus to also reduce the placement risk with regard to the capital increase considerably.

Furthermore, by excluding the subscription rights, the Company has the possibility to in advance contact one or several select investors, which oblige themselves to purchase a certain amount of shares. By being able to guarantee individual investors a fixed allocation, on the one hand, usually the achievable issuance price of new shares for the Company is increased and, on the other hand, a positive effect for the fixed placement and take-over of shares usually increases the transaction security to the benefit of the Company for potential future issuances with subscription rights. It may be beneficial for the Company out of strategic considerations to win over a particular institutional investor as a new shareholder for the Company and/or strengthen the shareholder structure with regard to institutional investors already holding shares.

Furthermore, in case of a private placement with an exclusion of subscription rights, if structured appropriately, the obligation to produce a prospectus and the respective resulting preparation periods and considerable costs allocated with a public offer may be avoided, which considerably reduces the costs of obtaining financial means for the Company to the benefit of the Company and the shareholders and also enables an implementation of the capital measure in a quicker way.

With regard to the duration of the Authorized Capital 2020 of five years as of the respective registration of the amendment of the Articles of Association in the Commercial Register no statement can be made with regard to the issuance price of young shares to institutional investors at the moment, because this depends both on the development of DO & CO and on the price development of the DO & CO share. The Management Board will consider the then applicable market conditions and the then applicable share price level of the DO & CO shares when determining the issuance price.

Due to the liquid market for DO & CO shares and the restriction of the subscription rights to a quota of 10 % of the share capital at most, a dilution of the shareholders with respect to their shareholding in the Company's value and their voting rights can be kept within appropriate limits. Shareholders interested in maintaining their shareholding quota may obtain the respective number of shares in the Company via the stock exchange.

Summarizing, the Company by excluding the subscription right, is in the position to cover a respective financing need of the Company on a short-term basis and effectively by adding additional equity - however, restricted to 10 % of the share capital registered in the Commercial Register at the time of amending the Articles of Association. This not only lies in the interest of the Company, but also in the interest of all shareholders. The exclusion of the subscription right in case of a private placement to institutional investors, furthermore, also lies in the interest of the Company and its shareholders, because only such measures can ensure that institutional investors (may) purchase shares in the Company in a sufficient number and, thus, strengthen the equity basis of the Company. The subscription right exclusion, furthermore, enables the Company to considerably reduce the costs of the respective capital measure.

An exclusion of the subscription right thus lies in the interests of the Company and of the shareholders, is an adequate and required means to achieve the aims lined out above, is proportional and thus objectively justified.

7. New shares may be issued from the Authorized Capital 2020 excluding the subscription right when the sale of such shares is the consideration or part of such consideration for the acquisition of businesses or operations or parts thereof or stakes in one or more companies in the home country and abroad.

The acquisition of businesses or operations or parts thereof may take the legal form of a purchase of certain assets (and liabilities) of a business, operation or parts thereof (a so-called asset deal) or the acquisition of shares in a company (a so-called share deal). Both types of the acquisition of (parts of) businesses or (parts of) operations, i.e. asset deals and share deals, are referred to as business acquisition below.

The consideration for the acquisition of a business may not just be cash, but also shares of the acquiring company. This may be in the interest of both DO & CO as the buyer and in the interest of the seller. Where a business is acquired in the form that the seller contributes the business or parts thereof (or shares in the business) as a contribution in kind to DO & CO Aktiengesellschaft also against the granting of new shares - in this case from the Authorized Capital 2020 - the share capital and thus the equity of DO & CO are increased. Whereas the purchase of a business by way of the payment of a cash purchase price may cause a substantial liquidity outflow at the Company, the acquisition of a business by way of in-kind contributions does not cause any liquidity to drain off from the buying company (DO & CO) - quite on the contrary it increases its equity. There also may be cases where on strategic grounds it is necessary and useful for the seller of a

business to hold a stake in DO & CO or where the seller requests a consideration in the form of a stake in the Company.

The acquisition of a business by contributing the business or stake in the business to the Company as a contribution in kind is generally recognized as an objective justification for excluding the subscription right. The Company is interested in enabling the acquisition of businesses by way of a contribution in kind while excluding the subscription right and at the same time preserving the Company's liquidity. The Authorized Capital 2020 allows the Company to act with the rapidity and flexibility required for such transactions.

Excluding the shareholders' right to subscribe to new shares is necessary on the one hand because this is the only way for the Company to acquire a business against contributions in kind without an outflow of liquidity and on the other hand because sellers typically are willing to sell the business or stake only when they receive an ad valorem equivalent stake in the Company. In the view of DO & CO it may be necessary for strategic or organizational reasons to include the seller as a shareholder in the Group. When a business is acquired by contributions in kind, the seller acting as a contributor in kind will obtain the desired stake only when new shares are issued solely to such seller; because a seller wants to achieve a (percentage) stake in DO & CO which corresponds to the value of its business compared to the enterprise value of DO & CO.

The exclusion of subscription rights is commensurate because DO & CO is typically particularly interested in acquiring the respective business or a stake therein. The interests of the original shareholders are protected in that the acquisition of the business involves the proportionate granting of shares - typically after the business has been assessed. When a business is acquired by way of contributions in kind through the issue of new shares from the Authorized Capital 2020, the value of the business or stake to be contributed is compared to the value of DO & CO; the contributor in kind receives a proportionate part of new shares in DO & CO. The original shareholders furthermore participate in the future profits of the acquired business which should typically rise thanks to synergies with DO & CO.

With regard to the five-year period of the Authorized Capital 2020 as of the registration of the respective change in the Articles of Association in the Company Register, it is at present not possible to furnish any information on the face value of new shares to be issued to the seller of a company, because this depends both on the development of DO & CO and its stock. In case of the exclusion of subscription rights in course of a capital increase against contribution in kind, the Management Board will subject to the approval of the Supervisory Board make use of the authorized capital if there is a reasonable ratio

between the face value of shares and the number of shares to be issued respectively and the consideration in form of the contribution in kind.

8. The authorization to exclude the subscription right for fractional amounts serves to produce a practicable subscription ratio for the amount of the capital rise. Those new shares which are excluded from the shareholders' subscription rights for being fractional shares will be utilized by selling them on-the-floor or otherwise so as to achieve the best possible benefit for the Company.
9. When a capital increase is made from Authorized Capital it may become necessary to grant surplus allocations to issuing banks. In order to service such surplus allocation options it may be necessary to exclude subscription rights.
10. Summarizing, the Management Board of DO & CO has arrived at the conclusion that granting an authorization the Management Board of the Company to increase the Company's share capital, subject to the consent of the Supervisory Board and if necessary by excluding the right to subscribe to new shares, by way of issuing new shares from the Authorized Capital 2020 fully complies with the law.

Vienna, 15<sup>th</sup> June 2020

The Management Board