Report of the Executive Board of
Kapsch TrafficCom AG

on Agenda Item 9. of the Annual General Meeting on 9. September 2026 pursuant to Section 170 (2) in conjunction with Section 153 (4) of the Austrian Stock Corporation Act (Aktiengesetz, "**AktG**")

The Executive Board and the Supervisory Board of Kapsch TrafficCom AG (the "**Company**") propose to the Company's Annual General Meeting that the Executive Board be authorized, with the approval of the Supervisory Board, to increase the Company's share capital by up to EUR 2.860.000 within five years of the entry of the relevant amendment to the Articles of Association in the Commercial Register, by issuing up to 2.860.000 new no-par shares in exchange for contribution in cash and/or in kind, including in several tranches, excluding shareholders' subscription rights, and to determine the issue price and the terms of issue in agreement with the Supervisory Board. The Supervisory Board is also to be authorized to resolve on amendments to the Articles of Association resulting from the issue of shares from the authorized capital. The Articles of Association of the Company are to be amended accordingly.

With regard to the exclusion of subscription rights when utilizing the authorized capital, the Executive Board shall, in accordance with Section 170 (2) in conjunction with Section 153 (4) AktG, submit a written report to the Annual General Meeting setting out the reasons for the exclusion of subscription rights.

The authorized capital to be resolved upon provides for the exclusion of shareholders' subscription rights. The authorization of the Executive Board to increase the share capital within the scope of the authorized capital does not, however, imply that an increase in the share capital from authorized capital will actually take place. The Executive Board is merely authorized, but not obliged, to carry out a capital increase. In accordance with the provisions of AktG, it is necessary to submit a report on the exclusion of subscription rights to the Annual General Meeting at the time of creating authorized capital, if the authorized capital provides for the exclusion of subscription rights. Pursuant to Section 153 (4) AktG, the Executive Board must submit a report on the reason for the partial or complete exclusion of subscription rights, i.e. a report on the objective justification. The exclusion of subscription rights must be in the interests of the Company. Furthermore the exclusion of subscription rights must be suitable for promoting the Company's interests and be the least intrusive means of achieving this objective and it must be proportionate as well as comply with the principle of equal treatment of shareholders.

The Executive Board may resolve to issue new shares from authorized capital, as well as the issue price and the terms of issue, only with the approval of the Supervisory Board. The specific utilization of the authorization and any exclusion of subscription rights must therefore be assessed at the time of execution with reference to the circumstances prevailing at that time and in interests of the Company.

In accordance with the statutory provisions under Section 170 (2) in conjunction with Section 153 (4) AktG, the Executive Board hereby submits to the Annual General Meeting the following

REPORT:

1. Exclusion of subscription rights in the event of a capital increase against contribution(s) in kind

The proposed authorized capital includes the option to carry out a capital increase , including against contributions in kind, and in several tranches, with the exclusion of subscription rights. A capital increase may also be carried out partly as a cash capital increase and partly as a capital increase against contributions in kind.

The authorization to issue new shares in return for contributions in kind, excluding subscription rights, is intended to give the Executive Board the necessary flexibility to use shares from authorized capital, where required, as (part of) the purchase price for existing companies, businesses, business units or shares in companies. In addition, all assets, including real estate and securities issued by the Company or claims against the Company, may be considered as assets transferred to the Company. A contribution of such assets as a contribution in kind requires the exclusion of shareholders' subscription rights, as the composition of the assets to be contributed is usually unique and can only be contributed by the respective contributor (but not by all shareholders).

The acquisition of existing companies, businesses, business units, shares in companies or other assets in such a way that these assets are contributed to the Company as a contribution in kind, excluding the subscription rights of the other shareholders, is in the Company's interest, as the Company wishes to acquire these assets.

The use of own shares or new shares as a transaction currency other than cash may enable the Company to carry out transactions even when cash payment in full would not be appropriate or in the Company's best interest for reasons of liquidity, financing, or negotiation. Particularly in the case of corporate or equity acquisitions, the transfer of publicly traded shares can be economically or fiscally attractive to the seller and provides the Company with additional flexibility in raising the consideration.

The authorization to issue new shares in return for a contribution in kind, excluding subscription rights, is also intended to grant the Executive Board the necessary flexibility to convert claims against the Company into equity. The last financial restructuring measures in particular have demonstrated that such flexibility is in the Company's interest, especially through the reduction of refinancing obligations. Furthermore, in this context, implementation as a capital increase against contributions in kind is generally legally mandatory, as structuring it as a cash capital increase with a return payment in a temporal and objective connection with the capital increase will generally be inadmissible.

The exclusion of subscription rights is therefore necessary in the contexts outlined because this is the only way the Company can ensure the acquisition of the relevant assets without a cash outflow and/or because a seller (particularly of equity interests) is at times only willing to transfer an asset if they, in turn, receive an equity interest in the Company of equivalent value and thus publicly tradeable shares. From the Company's perspective, it may also make sense for financial, strategic or organizational reasons to integrate the contributor of assets in kind as a shareholder in the Company.

In the case of a capital increase against contributions in kind, the contributor can only achieve the shareholding they desire if they are the sole recipient of the new shares. The exclusion of subscription rights is proportionate because the Company usually has a particular interest in acquiring the asset in question. The interests of existing shareholders are safeguarded by the fact that shares are allocated on a proportionate basis – in general following a mandatory valuation. When acquiring assets in exchange for a contribution in kind by issuing new shares from authorized capital, the value of the asset to be contributed is compared with the value of the Company; the contributor receives new shares in the Company in this ratio. There is therefore no risk of dilution of the value of existing shareholders' holdings. Furthermore, existing shareholders will in future participate in the profits of the acquired asset. There is no risk of a significant dilution of the voting rights of existing shareholders in the event of a capital increase within the limited scope of the authorization of a maximum of 20% of the share capital. Moreover, shareholders also have the option of maintaining their relative shareholding and their relative proportion of voting rights by purchasing additional shares on the stock exchange.

Taking all the circumstances mentioned into account, the proposed exclusion of subscription rights in the event of a (partial) capital increase against contributions in kind is necessary, appropriate and, in the overriding interests of the Company, objectively justified and required.

2. Exclusion of subscription rights in the event of a capital increase against contributions in cash

The proposed authorized capital includes the option to carry out a capital increase against contributions in cash, including in several tranches, with the exclusion of subscription rights. A capital increase may also be carried out partly as a cash capital increase and partly as a capital increase against contributions in kind.

a) Up to 20% of the share capital at the time the authorization is exercised

The issue of shares in exchange for contributions in cash up to a total of no more than 20% of the share capital, excluding shareholders' subscription rights, is intended to enable the Executive Board (with the approval of the Supervisory Board) to meet the Company's equity requirements promptly and flexibly through one or more (partial) cash capital increases on a limited scale.

It should be noted once again that the scope of the exclusion of subscription rights is limited. The total number of shares issued without subscription rights in exchange for cash or contributions in kind shall not exceed 20% of the share capital as of the date the authorization is granted. This limits the potential dilution of existing shareholders' voting rights already at the level of the authorization.

It is in the Company's interest to be able to meet its financing requirements or strengthen its capital structure swiftly through the placement of new shares. Such financing requirements may arise in particular to strengthen the capital base, to take advantage of potential growth opportunities, to finance a corporate acquisition, to finance the expansion of business activities or major projects, or to meet refinancing requirements (such as the repayment of existing financing). In these cases, in particular, a rapid placement of the Company's shares may be appropriate or even necessary.

In practice, a capital increase with subscription rights may involve a significantly longer lead period, a subscription offer, a subscription period, and, if applicable, trading in subscription rights. Particularly when placing larger blocks of shares, this can result in a favorable market window either being missed entirely or being exploited only at an increased placement risk.

The issuance of shares while preserving subscription rights is typically directed at all shareholders and may therefore – depending on its specific structure and provided that no exception under the Prospectus Regulation applies – qualify as a public offer of securities and trigger a prospectus requirement. Preparing a prospectus typically requires a considerable lead time of several months, involves immense effort due to the commitment of internal resources and significant external costs (including investment banks, auditors, and attorneys, etc.), and may also entail legal liability risks.

By waiving subscription rights, a capital increase can be carried out without the need for a potential preparation of a prospectus. Furthermore, the elimination of a time-consuming and costly subscription rights process enables the Company to respond quickly to favourable market conditions. Experience shows that, due to the ability to act swiftly (particularly in an accelerated bookbuilding process), such capital increases can be placed on better terms and with a lower placement risk than a comparable capital increase with shareholders' subscription rights (with a subscription period of two weeks); consequently, experience suggests that a higher inflow of funds can be achieved and the risk of incomplete placement reduced. In the case of a capital increase with the exclusion of subscription rights, the Company is not subject to a period of (at least) two weeks (subscription period) during which the capital increase transaction has already been publicly launched and the Company is exposed to the risk of an adverse change in market conditions and the risk of speculation (in particular short selling) against the share during the ongoing subscription period. Such market risk factors are regularly factored in by (institutional) investors at the Company's expense as a price-sensitive discount.

The situation on the capital market can change very quickly. Often, there are only short windows of opportunity during which shares can be placed on the market. A long delay, which may be caused, for example, by the requirement to prepare a prospectus or by waiting for the two-week subscription period to elapse, can result in the originally positive sentiment on the capital market changing, making a placement (on terms favourable to the Company) no longer possible once the prospectus work has been completed or the subscription period has expired.

A cash capital increase with the exclusion of subscription rights can also be used, in the Company's interest, to specifically expand or stabilize the shareholder structure. On the one hand, this concerns the Company's positioning with (certain groups of) institutional investors. This can improve the tradability of the Company's shares and trading activity in the Company's shares, and thus also the Company's ability to raise funds via the capital market. Furthermore, for strategic reasons relating to the Company's business activities, it may be appropriate to attract one or more existing or potential business partners as new shareholders in the Company or to increase their stake in the Company, thereby strengthening their ties to the Company.

The issue of new shares with the exclusion of subscription rights may also lead to the attraction of new investor groups. Whilst new investors could also subscribe for new shares as part of a capital increase with subscription rights, a capital increase aimed at a broad investor base constitutes under certain circumstances – as explained above – a public offer for which a prospectus is required. This involves a significant investment of time and money, which may result in qualified investors no longer being willing to subscribe for shares. It is therefore in the Company's interest to have the option of carrying out a capital increase swiftly.

The exclusion of subscription rights is therefore in the Company's interest and is necessary to enable the Company to raise equity capital swiftly and flexibly (without a two-week subscription period). No detriment to shareholders is to be expected, as their financial interests are protected by the legally required determination of an appropriate issue price/offer price for new shares in line with prevailing market conditions. A significant dilution of voting rights is not to be feared in the event of a capital increase totaling up to 20% of the share capital. Shareholders also have the option of maintaining their relative shareholding and their relative proportion of voting rights by purchasing additional shares on the stock exchange.

The interests of existing shareholders are further protected by the fact that the offering price of new shares is to be determined in consultation with the Supervisory Board, taking into account prevailing market conditions at that time, in particular the stock market price and the terms of placement. There is therefore no reason to expect a dilution of the value of existing participation of the shareholders. There is no reason to expect a significant dilution of existing shareholders' voting rights in the event of a capital increase within the limited scope of the authorization, which is capped at 20% of the share capital. Furthermore, shareholders have the option of maintaining their relative ownership stake and their relative proportion of voting rights by purchasing additional shares on the stock exchange.

The exclusion of shareholders' subscription rights is therefore necessary, appropriate and proportionate in this context, and is objectively justified and required in the overriding interests of the Company.

b) Overallotment option (Greenshoe)

Excluding shareholders' subscription rights may also be advantageous in connection with a capital increase and the placement of new shares in the Company, or any other placement of the Company's shares, so that Greenshoe options can be exercised from authorized capital. In the case of a Greenshoe option, the underwriters have the option, within the framework of capital markets legislation, to allocate more shares than the offer itself comprises; the shares required for this overallotment are usually made available to the underwriters through a securities loan. This provides the basis for stabilizing share prices: if the share price falls after the offer, the underwriters purchase shares on the market, thereby supporting the price of the shares acquired and using these to fulfil the return obligation arising from the securities lending (or directly the overallotment, if a later fulfilment has been agreed for this). If prices rise, the underwriters exercise a previously concluded option whereby the Company undertakes to make to the extent required additional shares available to underwriters at the price of the original issue. Such a measure, which is customary in securities issues (and permissible within the legal framework), therefore serves to stabilize price movements following the placement of the shares and is thus in the Company's interest.

The interests of existing shareholders are safeguarded by the fact that, should the Company exercise an overallotment option granted from authorized capital, the new shares will be issued at the price of the original issue and thus at the market price determined at the time of that issue. There is no risk of significant dilution of voting rights in the event of a capital increase within the limited scope of the authorization of a maximum of 20% of the share capital. Furthermore, shareholders also have the option of maintaining their relative shareholding and their relative proportion of voting rights by purchasing additional shares on the stock exchange.

c) Fractional amounts

The exclusion of subscription rights may also serve to offset fractional amounts, so that a practicable subscription ratio can be established in relation to the amount of a capital increase. Without this exclusion of subscription rights, the technical implementation of the capital increase would be made more difficult, particularly in the case of a capital increase with a round total amount. The new shares excluded from shareholders' subscription rights as free fractional amounts will be disposed of in the best possible way for the Company, either through sale on the stock exchange or by other means. This approach is standard market practice and objectively justified, as the costs of trading subscription rights in respect of fractional amounts are disproportionate to the benefit for shareholders, and the effects of the restrictions are barely noticeable.

Any exclusion of subscription rights for fractional shares therefore serves solely to simplify the capital transaction from a technical standpoint and to avoid disproportionate administrative burdens. The economic impact on shareholders is minimal, given that such fractional shares are typically very small in their extent.

3. Summary

The reasons for the exclusion of subscription rights must lie in the abstract interests of the Company at the time the resolution is passed by the Annual General Meeting. This has been set out above.

With regard to the proposed exclusion of subscription rights, the interests of the Company as a whole outweigh the disadvantage to shareholders resulting from the exclusion of the general right of subscription. The exclusion of the general right of subscription therefore appears objectively justified. The implementation of capital increases and the determination of all conditions may only take place with the approval of the Company's Supervisory Board.

The authorization of the Executive Board to exclude subscription rights is, in particular, intended to enable the Company to raise equity capital quickly and flexibly to meet financing needs or strengthen the Company's capital structure, to expand or stabilize the Company's shareholder structure, to target specific investor groups, and to enable the flexible and rapid exploitation of market opportunities and the reduction of placement risk.

The exclusion of subscription rights therefore provides the necessary flexibility, as described in detail above, such as, enabling a capital increase to be carried out swiftly, in particular without the potential time-consuming and costly preparation of a prospectus.

The exclusion of subscription rights is also proportionate because the volume (if fully utilized) is limited to a maximum of 20% of the share capital at the time of granting, and dilution of the voting rights of existing shareholders on this scale is considered permissible. Existing shareholders may also acquire shares via the stock exchange at any time. The financial interests of existing shareholders are protected by the statutory provisions in the event of utilization of a capital increase against contribution in cash and/or contributions in kind, so that there is no risk of financial dilution.

Given the limited volume of the authorized capital 20% of the share capital at the time of the resolution and the possibility for existing shareholders to purchase additional shares on the market in the event of a capital increase with the exclusion of subscription rights, there is also no unjustified unequal treatment.

Overall, the exclusion of subscription rights is therefore in the interests of the Company, is suitable for promoting the Company's interests, is the least intrusive means of achieving this objective, is proportionate and complies with the principle of equal treatment of shareholders, and is thus overall objectively justified.

Vienna,

The Executive Board

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Georg Kapsch Chairman of the Executive Board	Alfredo Escribá Gallego
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