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Report of the Executive Board of Kapsch TrafficCom AG

on agenda item 9. of the Annual General Meeting on September 6, 2023 pursuant to Section 170 in conjunction with Section 153 (4) Austrian Stock Corporation Act ("AktG")

The Executive Board and the Supervisory Board of Kapsch TrafficCom AG (the "Company") propose to the Annual General Meeting of the Company to authorize the Executive Board, with the consent of the Supervisory Board, to increase the share capital of the Company within five years after registration of the relevant amendment to the Articles of Association in the companies´ register by up to EUR 1,300,000.00 by issuing up to 1,300,000 new no-par shares made out to bearer against cash and/or in kind contributions, also in several tranches, excluding shareholders' subscription rights, and to determine the issue price and the issue conditions in agreement with the Supervisory Board. The Supervisory Board shall also be authorized to resolve on amendments of the Articles of Association resulting from the issue of shares from the authorized capital. The Articles of Association of the Company shall be amended accordingly.

With regard to the exclusion of the subscription right when using the authorized capital, the Executive Board shall submit a written report to the Annual General Meeting on the reason for the exclusion of the subscription right in accordance with Section 153 (4) in conjunction with Sections 169 and 170 (2) AktG.

The authorized capital to be resolved provides for the exclusion of shareholders' subscription rights. The authorization of the Executive Board to increase the capital stock under the authorized capital does not mean that there will actually be in any case an increase in the capital stock from authorized capital. The Executive Board is merely authorized, but not obliged, to carry out a capital increase. In accordance with the provisions of the Austrian Stock Corporation Act, it is necessary to submit a report on the exclusion of subscription rights to the Annual General Meeting already at the time of the creation of authorized capital if the authorized capital provides for an exclusion of subscription rights. Pursuant to Section 153 (4) AktG, the Executive Board must submit a report on the reason for the partial or full exclusion of subscription rights, i.e. a report on the factual justification. The exclusion of subscription rights must be in the interests of the Company, it must be suitable for promoting the interests of the Company and be the least restrictive means of pursuing this objective, and it must be proportionate and satisfy the principle of equal treatment of shareholders.

The Executive Board may only decide on the issue of new shares from authorized capital and on the issue price and terms of issue with the approval of the Supervisory Board.

In accordance with the statutory provisions pursuant to Section 170 in conjunction with Section 153 (4) AktG, the Executive Board submits the following report to the Annual General Meeting regarding the exclusion of the subscription right:

REPORT

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

The proposed authorized capital includes the possibility to carry out a capital increase also against contributions in kind, also in several tranches, excluding subscription rights. A capital increase can 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 against contributions in kind, excluding subscription rights, is intended to give the Executive Board the necessary flexibility to also use shares from authorized capital as a (partial) purchase price for existing companies, businesses, parts of businesses or shares in companies if the need arises. In addition, all assets, including real estate and securities issued by the Company or receivables from the Company, may also 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 assets to be contributed are usually unique in their composition and can only be contributed by the respective contributor in kind (but not by all shareholders).

The acquisition of existing companies, businesses, parts of businesses, 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 interest of the Company, as the Company wishes to acquire these assets.

The authorization to issue new shares against contributions in kind with the exclusion of subscription rights is also intended to give the Executive Board the necessary flexibility to convert receivables from the Company into equity. The last two years of financial restructuring of the Company in particular have shown that it is in the interest of the Company to have the necessary flexibility, especially by reducing refinancing obligations. Furthermore, in this context, the implementation of a capital increase against contributions in kind is generally legally required, as a cash capital increase with reflux in a temporal and factual connection with the capital increase will generally be impermissible.

The exclusion of subscription rights is necessary in the aforementioned contexts because only in this way the Company can ensure the acquisition of the respective assets without an outflow of liquidity and/or a seller (in particular of shareholdings in companies) is sometimes only prepared to make a transfer if they in turn receive a shareholding of equivalent value in the Company and thus shares which can be traded on the stock exchange. From the point of view of the Company, it may also make sense for financial, strategic or organizational reasons to integrate the contributor in kind as a shareholder in the Company.

In the case of a capital increase against contributions in kind, the contributor in kind can only achieve the participation they desire if they alone receive the new shares. The exclusion of subscription rights is proportionate because the Company regularly has a particular interest in acquiring the asset in question. The safeguarding of the interests of existing shareholders is ensured by the fact that a proportionate granting of shares takes place - as a rule compulsorily after a valuation has been carried out. In the case of the acquisition of assets against 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 in kind receives new shares in the Company in this ratio. There is therefore no reason to fear any dilution of the value of the shareholding of existing shareholders. Furthermore, the existing shareholders will participate in the profits of the acquired asset in the future. A noticeable dilution of the voting rights of existing shareholders is not to be feared in the case of a capital increase to the limited extent of the authorization of a maximum of 10% of the capital stock. Shareholders also have the option of maintaining

their relative shareholding and voting rights by purchasing additional shares on the stock exchange.

When weighing up all the above circumstances, the requested exclusion of subscription rights in the event of a (partial) capital increase against contributions in kind is necessary, appropriate, reasonable and objectively justified and required in the overriding interest of the Company.

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

The proposed authorized capital includes the possibility to carry out a capital increase against cash contributions, also in several tranches, excluding subscription rights. A capital increase can also be carried out partly as a cash capital increase and partly as a capital increase against contributions in kind.

a) Up to 10% of the capital stock at the time the authorization is exercised

The issuance of shares against cash contributions up to a total maximum of 10% of the share capital with the exclusion of shareholders' subscription rights is intended to enable the Executive Board (with the approval of the Supervisory Board) to cover the Company's equity requirements promptly and flexibly by means of one or more (partial) cash capital increases to a limited extent.

It is in the interest of the Company to be able to quickly cover a financing requirement of the Company or a strengthening of the capital structure of the Company through the placement of new shares. A corresponding financing requirement may arise in particular to strengthen the capital resources, to finance a company acquisition, to finance the expansion of business activities or major projects, or to cover a refinancing requirement (for example to repay existing financing). In these cases in particular, a rapid placement of shares in the Company may be expedient or even necessary.

The issue of shares with subscription rights legally constitutes an offer to an undefined group of persons and thus a public offer and therefore requires the preparation of a prospectus in accordance with the provisions of the EU Prospectus Regulation (Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, "Prospectus Regulation"). The preparation of a prospectus regularly requires a lead time of several months, is associated with considerable effort due to the commitment of substantial internal resources and material external costs (accompanying investment banks, auditors and lawyers, etc) and also legal liability risks.

By excluding subscription rights, a capital increase can be carried out without the need for a prospectus in accordance with the Prospectus Regulation. Furthermore, the elimination of a subscription rights procedure, which is both time-consuming and costly, enables the Company to react to favorable market situations at short notice. Experience has shown that such capital increases can be placed on better terms and with a lower placement risk than a comparable capital increase with shareholders' subscription rights (subject to a two-week subscription period) due to the rapid action options (in particular in an accelerated bookbuilding process) and that, therefore, experience has shown that a higher inflow of funds can be achieved and the risk of incomplete placement can be reduced. In the case of a capital increase with exclusion of subscription rights, there is in particular no (at least) two-week period (subscription period) for the Company during which the capital increase

transaction has already been launched with publicity and the Company is exposed to the risk of an adverse change in market conditions and a 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 expense of the Company as a discount affecting the price.

The situation on the capital market can change very quickly. Often, there are only short periods in which shares can be placed on the market. A long wait, which may be due to the requirement to prepare a prospectus in accordance with the Prospectus Regulation or to wait for the two-week subscription period, can lead to a change in the originally positive mood on the capital market and to a placement (on terms favorable to the Company) no longer being possible after the prospectus work has been completed or the subscription period has expired.

In the interests of the Company, a cash capital increase with exclusion of subscription rights can also be used to selectively expand or stabilize the shareholder structure. On the one hand, this relates to anchoring the Company with (certain groups of) institutional investors. This can improve the tradability of shares in the Company and the trading activity in shares of the Company and thus also the Company's ability to finance itself via the capital market. Furthermore, it may be expedient for the Company's business activities from a strategic point of view to attract one or more existing or potential business partners as new shareholders for the Company or to increase their shareholding in the Company in order to strengthen their commitment to the Company.

The issue of new shares with exclusion of subscription rights can also lead to the development of new groups of investors. Although new investors could also subscribe to new shares in the context of a capital increase with subscription rights, a capital increase addressed to a broad investor public constitutes a public offering - as already explained above - for which a prospectus within the meaning of the Prospectus Regulation is required. This is associated with a high expenditure of time and money, which can lead to qualified investors no longer being willing to subscribe to shares. It is therefore in the interest of the Company to be able to carry out a capital increase quickly.

The exclusion of subscription rights is therefore in the interests of the Company and is necessary to enable the Company to raise equity quickly and flexibly (without a two-week subscription period). Shareholders are not expected to be adversely affected, as their pecuniary interests are protected by the legally required determination of an appropriate issue amount/offer price for new shares in accordance with the then prevailing market conditions. A noticeable dilution of voting rights is not to be feared in the event of a capital increase in the total amount of up to 10% of the share capital. Shareholders also have the option of maintaining their relative shareholding and voting rights by purchasing additional shares on the stock exchange.

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

b) Over-allotment option (greenshoe)

Excluding shareholders' subscription rights may also be advantageous in connection with a capital increase and placement of new shares in the Company or another placement of shares in the Company, so that greenshoe options can be serviced from authorized capital. In the case of an over-allotment option (greenshoe), the underwriters have the option of

allotting more offered shares than the offer itself accounts for, within the framework of capital market law requirements; the shares required for this over-allotment are usually made available to the underwriters by way of a securities loan. This provides the basis for stabilizing the share prices: If the share price falls after the offer, the underwriters purchase shares on the market, thereby supporting the price of the purchased shares and using them to service the redelivery obligation arising from the securities lending (or directly the over-allotment if later settlement has been agreed for the latter). If the prices rise, the underwriters exercise a previously concluded option by which the Company undertakes to provide the underwriters with more shares to the extent required at the price of the original issue. Such a measure, which is customary in securities issues (and permissible within the legal framework), therefore has the purpose of stabilizing the price development after the placement of the shares and is therefore in the interest of the Company.

The interests of existing shareholders are safeguarded by the fact that, in the event of an over-allotment option from authorized capital granted by the Company being serviced, the new shares will be issued at the price of the original issue and thus at the market price determined in the issue. A noticeable dilution of voting rights is not to be feared in the event of a capital increase to the limited extent of the authorization of a maximum of 10% of the capital stock. Shareholders also have the option of maintaining their relative shareholding and voting rights by purchasing additional shares on the stock exchange.

c) Fractional amounts

The exclusion of subscription rights may also serve to compensate for fractional amounts so that a practicable subscription ratio can be presented with regard 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 the shareholders' subscription rights as free fractions will be realized either by sale on the stock exchange or in another way in the best possible way for the Company. This procedure is customary in the market and objectively justified because the costs of trading in subscription rights for fractional amounts are not in any reasonable proportion to the benefit for the shareholders and the effects of the restrictions are hardly noticeable.

3. Summary

The reasons for the exclusion of the subscription right must be in the abstract interest of the Company at the time of the resolution by the Annual General Meeting. This has been explained above.

With regard to the envisaged exclusion of subscription rights, the overall interest of the Company outweighs the disadvantage to shareholders resulting from the exclusion of the general subscription right. The exclusion of the general subscription right therefore appears objectively justified. The implementation of capital increases and the setting of all conditions may only be carried out with the approval of the Supervisory Board of the Company.

The exclusion of subscription rights creates the necessary flexibility, as described in detail above, for example, that a capital increase can be carried out quickly, in particular also without the time-consuming and cost-intensive preparation of a prospectus in accordance with the Prospectus Regulation, which would be required for a public offering (without the existence of an exceptional circumstance).

The exclusion of subscription rights is also proportionate because the volume (if fully utilized) is limited to a maximum of 10% of the capital stock at the time of granting and a permissible dilution of the voting rights of existing shareholders can be assumed in this order of magnitude. Existing shareholders can also purchase shares on the stock exchange at any time. The asset interests of existing shareholders are protected in each case by the statutory provisions in the event of utilization as a capital increase against cash and/or in kind contributions, so that there is no risk of dilution of assets.

Due to the limited volume of the authorized capital of 10% of the share capital at the time of authorization and the possibility for existing shareholders to purchase shares on the market in the event of a capital increase with exclusion of subscription rights, there is also no unjustified unequal treatment. In this context, the Executive Board also expressly states that a disproportionate allocation of shares in the context of a capital increase with exclusion of subscription rights to the main shareholder KAPSCH-Group Beteiligungs GmbH is not envisaged.

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

Vienna, August 2023

The Executive Board