Report of the Executive Board of Kapsch TrafficCom AG

to authorize the Executive Board to exclude the purchase right (exclusion of the subscription right) in course of a sale of treasury shares (Sections 65 para 1b in conjunction with 153 para 4 and 170 para 2 AktG)

Agenda item 10 of the
Annual General Meeting on September 4, 2024

1. Authorisation

The Executive Board and the Supervisory Board of Kapsch TrafficCom AG intend to propose resolutions to the Annual General Meeting of shareholders of the Company authorizing the Executive Board to acquire treasury shares and to sell or use them in a manner other than via a stock exchange or a public offer.

a) Proposed resolution on the acquisition of treasury shares

Pursuant to Section 65 para 1 No. 8 as well as para 1a and 1b AktG, the Executive Board shall be authorized to purchase both via the stock exchange and over the counter own bearer shares of the Company of up to 10% of the share capital of the Company for a validity period of 30 months from September 4, 2024, thus until March 4, 2027, whereby the minimum consideration may not be more than 25% below and the maximum consideration may be not more than 25% above the weighted average closing price on the Vienna Stock Exchange of the last 20 (twenty) trading days preceding the start of the buyback program. Trade in own shares is excluded as a purpose of purchase. The said authorization may be exercised wholly or in part or also by way of several part amounts, with the option to make repeated use of the 10% limit, and in pursuit of one or several purposes by the Company, by a subsidiary (Section 189a para 7 of the Austrian Business Enterprise Code ("Unternehmensgesetzbuch" or "UGB")) or for the account of the Company by third parties.

The Executive Board shall be authorized to resolve the purchase of own shares via the stock exchange and has to inform the Supervisory Board on the resolution afterwards. The purchase over the counter shall be subject to the Supervisory Board's prior approval. A purchase of shares over the counter may be performed excluding the shareholders' pro rata disposal rights.

b) Proposed resolution on the sale of treasury shares

For a period of five years with effect from September 4, 2024, the Executive Board shall be authorized pursuant to Section 65 para 1b AktG, with the approval of the Supervisory

Board, to resolve on the sale or appropriation of own shares in a different way than via the stock exchange or via a public offer, and exclude the shareholders' pro rata subscription rights (exclusion of subscription rights), and to stipulate the conditions of sale. Authorization may be exercised wholly or in part or by way of several part amounts and in pursuit of one or several purposes by the Company or by a subsidiary (Section 189a para 7 UGB) or for the account of the Company by third parties.

2. Report

In order to exclude the purchase right (subscription right) in course of a sale or use of treasury shares other than via a stock exchange or by means of a public offer, the Executive Board provides a written report in accordance with Sections 65 para 1b AktG in conjunction with 153 para 4 sentence 2 and 170 para 2 AktG on the reasons for excluding the proportionate purchase right of the shareholders (exclusion of the subscription right).

a) Company's interest

The exclusion of the proportionate purchase right (subscription right) of the shareholders is in the interest of the Company in the following cases of a sale or use of treasury shares other than via a stock exchange or a public offer:

(i) In the case of acquisitions of companies, parts of companies or shares in companies, as well as in case of acquisitions of other assets, it may be advantageous to use treasury shares as consideration, for example in order to pay off shareholders of target companies or if the seller prefers to receive shares in the company instead of cash. Furthermore, it may also be expedient for the Company for strategic or organizational reasons to include the seller as a shareholder of the Company. The liquidity requirement for acquisitions is reduced and the transaction is completed more quickly, as existing shares are used and new shares do not have to be created. Assets transferred to the Company include all assets, including securities issued by the Company or claims against the Company. The Company is put in a position to take advantage of acquisition opportunities quickly, flexibly and without the time-consuming and costly handling of subscription rights. Further, by making use of treasury shares, the typical dilutive effect in connection with the issue of new shares under exclusion of subscription rights can be avoided.

(ii) By selling or using treasury shares other than via a stock exchange or by public offering, the Company can, in individual cases, cover a special financing requirement of the Company or one of its subsidiaries (e.g. in the case of an acquisition, the implementation of a project won or a refinancing requirement) more cheaply and efficiently than by external financing or the issue and placement of new shares. In particular, taking into account the general and special market and share price development, the trading volumes available on a stock exchange and the statutory volume restrictions for share sales programs via a stock exchange, it may be the case that a necessary financing requirement cannot be covered or cannot be covered within the required time by an (exclusive) sale of treasury shares via a stock exchange or by a public offer to the shareholders.

By excluding the general purchase right (subscription right), the Company can avoid potential disadvantages, in particular price risks. This applies in particular to negative price changes due to a selling pressure during a sales program (especially in volatile markets), the avoidance of a risk of speculation (especially in the case of short sales) against the share during a sales program, and the hedging of a targeted sale proceeds (exclusion of the placement risk).

(iii) The exclusion of shareholders' purchase rights (subscription rights) also enables the Company to place treasury shares with selected (or a limited circle of) investors or groups of investors within the framework of a private placement or a public offer (other than a public offer to all shareholders).

On the one hand, this allows the shareholder structure to be selectively expanded or stabilized in the interests of the Company. This concerns the anchoring of the Company with (certain groups of) institutional investors. Thereby, the tradability of the Company's shares and the Company's trading activities in shares and thus also the Company's ability to finance itself via the capital market may be improved. On the other hand, strategic reasons, it may be expedient for the Company's business activities to win one or more existing or potential business partners of the group as new shareholders for the Company or to expand their shareholdings in the Company in order to strengthen their loyalty to the Company.

Further in a private placement or a restricted public offering, in particular by applying an accelerated book building procedure, the placement and price risk as well as costs and duration can be reduced and, therefore, usually better conditions can be achieved as compared to an offer with an offer and price fixing range of several weeks. In an accelerated book building process, the Company can evaluate the market's price expectations more accurately and more quickly during a short offer period. The immediate placement eliminates market risk factors that would otherwise be taken into account by (institutional) investors at the expense of the Company as a price-effective discount. A public offer to all shareholders also requires a considerably longer lead time for the usually required preparation and approval of a prospectus, the preparation of which, for the Company, is also associated with a considerable commitment of its own resources and external costs. A placement under exclusion of the purchase right (subscription right) and without requiring a prospectus avoids such disadvantages and can also reduce connected liability risks for the Company (no prospectus liability).

(iv) An exclusion of shareholders' purchase rights (subscription rights) may also be advantageous in connection with a capital increase and placement of new shares of the Company in case over-allotment options ("greenshoe") can be serviced with treasury shares.

In the case of an over-allotment option (greenshoe), the underwriters have the option of allocating more shares than the offer itself includes to the extent permitted by law; the shares required for the allocation are usually made available to the underwriters by means of a securities loan. This provides the basis for stabilising prices: If the share price falls after the offer, the underwriters acquire shares on the market, thereby supporting the price of the shares and servicing the securities lending from those (or directly the over-allotment in the event of agreed postponed settlement). If the prices rise, the underwriters exercise a previously concluded option by which the Company undertakes to make available to the underwriters more shares, to the extent required, at the price of the original issue. The purpose of such a measure, which is customary for securities issues, is therefore to stabilise the price development after the placement of the shares and is, therefore, in the interest of the Company.

(v) Treasury shares could also be used to service conversion and/or exchange rights under any future convertible bonds of the Company. In case treasury shares are available, no additional capital measure (e.g. conditional capital) would then be required to cover the needs. Thus, no new shares need to be created to service conversion and/or exchange rights (e.g. by utilizing conditional capital), which avoids the dilutive effect typical for capital increases and also reduces the Company's time and administrative effort.

(vi) Treasury shares may also be used to enable shareholders to immediately reinvest all or part of the dividend amount in shares of the Company in course of a distribution of a cash dividend, so that the dividend distribution for those shareholders (with their consent) has the economic effect of a non-cash dividend (share dividend) ("scrip dividend"). Insofar as shareholders make use of such option, the distribution of dividends can be carried out in a manner that protects the Company's equity and liquidity. The use of treasury shares allows for a considerably more efficient process in terms of time, administration and costs compared to the issue of new shares and can also avoid the dilutive effect typically associated with the issue of new shares (under exclusion of subscription rights).This authorization is only relevant to the extent that no offer to all shareholders of the Company is made in connection with such a transaction.

b) Suitability, necessity and proportionality

Within the limits of the usual trading volumes, shareholders may purchase additional shares via the stock exchange, so that even if the Company uses or sells treasury shares, while excluding the purchase rights (subscription rights), it should generally be possible for shareholders to prevent a dilution of their shareholding quota by purchasing shares via the stock exchange.

Subject to an appropriate selling price, the use or sale of treasury shares with exclusion of the possibility for shareholders to acquire these shares generally does not pose a risk of dilution for shareholders, comparable to a capital increase. Initially, the actual proportion of voting rights held by existing shareholders from the shares held "increases" only because the Company acquires treasury shares and the rights from these shares are suspended as long as they are held by the Company, therefore, such sale of treasury shares would only restore the quota that existed before the Company purchased treasury shares. In a general overview, usually only a temporary change is effected and no dilution of the shareholders.

The use of treasury shares as consideration for an acquisition requires the exclusion of shareholders' purchase rights, since the assets to be acquired and their composition (e.g. companies, parts of companies, participations in companies or other assets) cannot usually be provided by all shareholders.

In case of using treasury shares to underlay or service conversion and/or exchange rights under convertible bonds, the above justifications shall apply mutatis mutandis: An appropriate pricing in course of issuing convertible bonds can generally avoid a dilution of the shares of the existing shareholders. If conversion and/or subscription rights from convertible bonds are serviced with treasury shares instead of issuing new shares from conditional capital, dilutive effects can be reduced.

Irrespective of the above, the exclusion of the purchase right is suitable, necessary and proportionate if, in view of the usual trading volumes on the stock exchange, blocks of shares cannot be sold on the stock exchange within the required period or at reasonable prices.

Even if the exclusion of the purchase right (subscription right) were to result in disadvantages for the existing shareholders, they would, in view of the statutory maximum limit of 10% of the share capital for treasury shares, be rather limited.

The sale of treasury shares and the determination of all terms and conditions of the sale may only be effected with the consent of the Company's Supervisory Board.

A balancing of the interests of the Company in the use or utilisation of treasury shares and/or financing of the Company on the one hand and the interest of the existing shareholders in maintaining their proportionate shareholding on the other hand thus leads to the conclusion that the authorisation to sell treasury shares in a manner other than via the stock exchange or by means of a public offer with exclusion of the purchase right (subscription right) of the shareholders is not disproportionate and is, therefore, objectively justified in consideration of all circumstances to be taken into account.

In this context, the Executive Board also notes that the (disproportionate) allocation of shares in the context of a sale of treasury shares to shareholders such as KAPSCH-Group Beteiligungs GmbH or its direct or indirect shareholders or beneficial owners is not envisaged.

c) Sale price

If treasury shares are used as consideration for acquisition purposes (acquisition currency), the sale price of treasury shares must be in reasonable proportion to the acquired assets.

If the treasury shares are used to service an over-allotment option (greenshoe), the sale price for the treasury shares will correspond to the issue price of the shares issued as part of the capital increase (issue).

The consideration for the sale or use of treasury shares with exclusion of shareholders' purchase rights is determined on the basis of (average) share prices and the price level of the shares, depending on market conditions; if necessary, also on the basis of market calculation methods of market values of options, in particular taking into account the exercise price and option premiums paid and/or received. In case prices are set using standard market calculation and pricing methods, the shareholders usually do not suffer any, but in any case no disproportionate, disadvantage from a percentage dilution.

Vienna, July 2024

The Executive Board of Kapsch TrafficCom AG

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Mag. Georg Kapsch	Alfredo Escriba Gallego, MSc, MBA