

Explanatory report of the Executive Board

In accordance with Section 176 Para. 1 S.1 German Company Act (AktG) concerning the figures in accordance with Sections 289 Para. 4 and 315 Para. 4 HGB in the financial statements and in the consolidated financial statements of IVU Traffic Technologies AG for the financial year 2019

The management report of IVU Traffic Technologies AG and the consolidated management report of the IVU Group for the financial year 2019 contain details in accordance with Sections 289 Para. 4 and 315 Para. 4 of the German Commercial Code (HGB), which are explained in the following:

1. The share capital of the company totalling € 17,719,160 is divided into a total of 17,719,160 no-par shares, each with a nominal value of € 1.
2. There are no restrictions on voting rights or the transfer of shares. The Executive Board is unaware of any agreements of this nature between individual shareholders. Furthermore, no substantial agreements have been concluded which contain regulations for a change of control following a takeover offer.
3. In the financial year 2019 there was no single holding of share capital in IVU Traffic Technologies AG exceeding 10 per cent of the voting rights.
4. IVU Traffic Technologies AG has not issued any shares carrying special rights.
5. In IVU Traffic Technologies AG there is no control of voting rights with respect to employee-held shares, when employees hold shares in the company and do not directly exercise controlling rights.
6. In accordance with Section 7 of the company articles of association, the Supervisory Board nominates the members of the Executive Board and determines their number. Further details concerning appointment and dismissal are regulated by Sections 84 and following of the German Company Law (AktG). The Supervisory Board is entitled in accordance with Section 17 of the articles of association to make changes to these articles affecting solely its own composition. Otherwise, the articles are decided on in accordance with Section 179 AktG by the General Meeting with a majority of at least three-quarters of the share capital represented.
7. By way of resolution of the Annual General Meeting on 25 May 2016, the Executive Board was authorised, with the approval of the Supervisory Board, to increase the company's share capital on one or several occasions by up to 30% of the current share capital of €17,719,160, i.e. by €5,315,748, by issuing new no-par value bearer shares against cash or non-cash contributions by 24 May 2021. The Executive Board can make use of this authorisation for any legally permissible purpose. In 2016, the Executive Board did not make use of this authorisation.

Furthermore, by way of resolution of the Annual General Meeting on 29 May 2019, the Executive Board was authorised to acquire shares in the company for any purpose permitted under Section 71 (1) No. 8 of the German Stock Corporation Act (AktG) in the context of the statutory restrictions and in line with the following provisions by 28 May 2024. The authorisation is restricted to the acquisition of shares with a proportional amount of the share capital of €1,771,916, i.e. 10% of the share capital of €17,719,160.

8. There are no substantial agreements of the company which are conditional on a change of control following a takeover offer.

9. No substantial compensation agreements have been agreed with members of the Executive Board or with employees for the event of a takeover offer.

Berlin, 26 March 2020

The Executive Board