

REPORT OF THE MANAGEMENT BOARD

of

AUSTRIACARD HOLDINGS AG

with its seat in Vienna and
the business address at Lamezanstraße 4-8, 1230 Vienna,
registered under FN 325889 f with the companies register held by the Commercial Court Vienna
(the “Company”)

**pursuant to Sec 170 para 2 and Sec 153 para 4 Austrian Stock Corporation Act
(Exclusion of subscriptions rights in connection with authorized capital)**

**in connection with agenda item 10
of the annual general meeting on 24 June 2025**

The management board of the Company hereby submits the following report pursuant to Sec 170 para 2 and Sec 153 para 4 Austrian Stock Corporation Act (AktG) to the annual general meeting of the Company, which will be held on 24 June 2025 (the “**Annual General Meeting**”):

1. Resolution proposal

The management board and the supervisory board have made the following resolution proposal in connection with agenda item 10:

“a. The authorizations granted by resolution of the extraordinary general meeting on 30 November 2022 under agenda item 1 and modified by resolution of the annual general meeting on 30 June 2023 under agenda item 8 in accordance with item 4.9 of the articles of association are hereby revoked.

b. The management board shall be authorized to increase the share capital with the approval of the supervisory board within five years after registration of the amendment of the articles of association – also in several tranches – by an amount of up to EUR 9.088.467 by issuing up to 9.088.467 no-par-value bearer shares with voting rights against contributions in cash and/or in kind, whereby the issue price and the issue conditions shall be determined by the management board with the approval of the supervisory board.

c. The management board shall be authorized to offer the new shares by way of an indirect subscription right pursuant to Sec 153 para 6 AktG, subject to exclusion of subscription rights.

d. Furthermore, the management board shall be authorized to fully or partly exclude the subscription rights of the shareholders (exclusion of the subscription rights) with approval of the supervisory board (i) if the capital increase is effected against cash contribution and the total proportion of the Company’s share capital represented by the shares issued against cash contribution under exclusion of the subscription right does not exceed 10% of the Company’s share capital at the time the authorization is granted, (ii) if the capital increase is effected against contribution in kind (in particular for the purpose of acquiring companies, businesses, parts of businesses or shares in one or more companies), (iii) for issue to employees, senior executives and members of the management board of the Company or an affiliated company as part of an employee participation program or a share option program, or (iv) for the settlement of fractional amounts.

e. The supervisory board shall be authorized to adopt amendments to the articles of association arising from any utilization of authorized capital.

f. Item 4.9 of the articles of association is amended so that it henceforth reads as follows:

'The Management Board shall be authorized to increase the share capital with the approval of the Supervisory Board within five years after registration of the amendment of the articles of association – also in several tranches – by an amount of up to EUR 9.088.467 (Euro nine million eighty-eight thousand four-hundred sixty seven) by issuing up to 9.088.467 (nine million eighty-eight thousand four-hundred sixty seven) no-par-value bearer shares with voting rights against contributions in cash and/or in kind, whereby the issue price and the issue conditions shall be determined by the Management Board with the approval of the Supervisory Board.

The Management Board is authorized to offer the new shares by way of an indirect subscription right pursuant to Sec 153 para 6 AktG, subject to exclusion of subscription rights.

Furthermore, the Management Board is authorized to fully or partly exclude the subscription rights of the shareholders (exclusion of the subscription right) with approval of the Supervisory Board (i) if the capital increase is effected against cash contribution and the total proportion of the Company's share capital represented by the shares issued against cash contribution under exclusion of the subscription right does not exceed 10% of the Company's share capital at the time the authorization is granted, (ii) if the capital increase is effected against contribution in kind (in particular for the purpose of acquiring companies, businesses, parts of businesses or shares in one or more companies), (iii) for issue to employees, senior executives and members of the Management Board of the Company or an affiliated company as part of an employee participation program or a share option program and compensation purposes, respectively, or (iv) for the settlement of fractional amounts.

The Supervisory Board is authorized to adopt amendments to the Articles of Association arising from any utilization of authorized capital.'

2. Authorization to (fully or partly) exclude subscription rights with the supervisory board's consent

a) Issuance of shares against cash payments

In the context of the authorized capital, which is to be resolved upon under agenda item 10 of the annual general meeting (the “**Authorized Capital 2025**”), the management board of the Company shall be authorized to exclude shareholders' subscription rights in connection with the issuance of shares against cash payments.

It is within the Company's interest to be able to satisfy a financial demand of the Company (or of the whole AUSTRIACARD group) or to strengthen the capital structure of the Company by a quick placement of new shares. A respective financial demand might arise, in particular, in relation to the financing of a company acquisition, to finance an expansion of the business operations or a large project, respectively, or to cover refinancing needs (e.g. the repayment of bonds, loans or other financings). In particular in these cases the exclusion of the shareholders' statutory subscription rights is necessary and appropriate to allow a quick placement of the Company's shares.

Such exclusion of the shareholders' statutory subscription rights in connection with a capital increase against cash contributions shall enable the Company to waive the implementation of a rights offering which is both time-consuming and costly. This allows the Company to quickly react to favorable market conditions. From experience, due to the increased flexibility in implementing measures without causing any delay (in particular in the course of an accelerated

bookbuilding-procedure), such capital increases can be placed with better conditions and with less placement risks as a comparable capital increase with subscription rights of the shareholders and, thus, a higher inflow of capital can be achieved and the risk of an incomplete placement can be lowered. In the event of a capital increase with an exclusion of the shareholders' subscription rights, no time period of at least two weeks (subscription period) exists for the Company, in which the capital increase transaction has been publicly started and in which the Company is exposed to the negative changes of the market conditions and the risk of speculation against the shares during the time period for subscription. Such market risks are generally discounted for as deductions of the share price by the (institutional) investors to the disadvantage of the Company.

Moreover, in the event of a public offer to a restricted circle of investors (for example, a placement to qualified investors only) or a private placement, there is no obligation to draw up a prospectus the creation of which would entail for the Company a considerable use of its own resources and significant external costs, as well as liability for the content of the prospectus. Also, the preparation of a prospectus requires a long lead-time and makes it impossible for the Company to respond quickly and flexibly to emerging market opportunities. Furthermore, the obligation to prepare a stock market prospectus does not apply in the context of admission of new shares up to 20% of the shares already admitted within a period of 12 months.

Through a capital increase against cash payments and with the exclusion of the shareholders' subscription rights the shareholder structure can be specifically expanded and stabilized within the interest of the Company. This regards at the one hand the establishment of the Company at (certain groups of) institutional investors. Thereby the fungibility of and the trading in the shares of the Company can be improved and, as a consequence, also the opportunity of the Company to finance itself through the capital market. Furthermore, due to strategic reasons for the business operations of the Company, it can be useful to gain one or more existing or potential business partners of the companies of the AUSTRIACARD group as new shareholders of the Company or to expand their participations in the Company to strengthen their connection to the Company.

The exclusion of the shareholders' subscription rights lies within the predominant interest of the Company and is objectively justified, necessary and appropriate to effect quickly and flexibly a raise of equity capital by the Company (without the subscription time period of two weeks).

An impairment of the shareholders is not to be expected, because (i) the asset interests of the shareholders are protected by the statutorily required determination of an appropriate subscription amount/price for the new shares corresponding to the predominant market conditions and (ii) any dilution of the shareholding quota is typically outweighed by the (in particular financial) advantages of the Company.

In view of the restriction of the exclusion of subscription rights in the event of a cash capital increase to a maximum of 10% of the share capital, any dilution of shareholders and any disadvantages, respectively, with regard to their participation in the value of the Company and their voting rights would also be kept within reasonable limits.

For the reasons stated, the interests of the Company in the purposes pursued with the exclusion of subscription rights and the corresponding measures – which are also indirectly in the interests of all shareholders in any case – outweigh, so that the exclusion of shareholders' subscription rights is not disproportionate. In summary, it can be concluded that, after weighing up all of the above circumstances, the exclusion of subscription rights within the described limits is necessary, suitable, appropriate and objectively justified and required in the overriding interest of the Company.

- b) Issuance of shares against contributions in kind for the purpose of acquiring companies or

participations in companies

The Authorized Capital 2025 also provides for the authorization of the management board for the exclusion of the shareholders' subscription rights in the course a capital increase against contributions in kind.

The authorization for the issuance of new shares against contributions in kind under the exclusion of the shareholders' subscription rights shall grant the management board the flexibility required to use shares issued from authorized capital also as (part of the) consideration for the acquisition of existing companies, businesses, parts of companies or participations in one or more companies, if required. A contribution of such assets as contributions in-kind requires the exclusion of the shareholders' subscription rights, because mostly the assets to be contributed in kind are unique in their composition and can only be contributed by the contributor (but not by all shareholders) who is typically not an existing shareholder. The acquisition of existing companies, businesses, parts of companies or participations in one or more companies in the way that they can be contributed as contributions in-kind by exclusion of the other shareholders' subscription rights is within the interest of the Company, because the Company would want to acquire these assets.

The exclusion of the shareholders' subscription rights is required in this context, because only in this way the Company can ensure the acquisition of companies, businesses, parts of companies or participations in companies without the outflow of liquidity and usually the seller is ready to transfer only if he receives a (value-equivalent) participation in the Company. From the perspective of the Company, it can be useful for strategic or organizational reasons to include the contributor as shareholder in the AUSTRIACARD group, in particular to ensure an alignment of interests with the seller during the integration phase. In the context of acquiring a company by way of contribution in-kind the seller as contributor can only receive his desired participation if only the seller receives the new shares. The exclusion of the shareholders' subscription rights is proportionate, because there is (i) generally a special interest of the Company with regard to the acquisition of the respective enterprises, (partial) businesses or participations and (ii) value equivalence. The protection of the existing shareholders' interests is further ensured by the fact that in the context of an acquisition there is a proportionate granting of shares – typically after the completion of a adequate valuation. In the course of an acquisition against in-kind contribution for the issuance of new shares from the authorized capital, the value of the enterprise, (partial) business or the participation to be contributed, will be compared against the value of the Company; the contributor will receive new shares in the Company in the respective ratio. Furthermore, the existing shareholders will share in the future profits from the contributed enterprise, (partial) business or participation which usually increase due to synergies with the Company.

In determining the value of shares granted in consideration the stock exchange price will be relevant. It is, however, not planned to stick to the stock exchange price schematically, in particular, to avoid questioning achieved results of negotiations due to fluctuations of the stock exchange price.

When weighing all circumstances mentioned, the proposed authorization to exclude the shareholders' subscription rights in the case of a capital increase against an in-kind contribution is necessary, appropriate, proportionate and justified by the prevailing interests of the Company.

- c) Exclusion of subscriptions rights for issuance of shares to employees, senior executives or members of the management board of the Company or its affiliated companies within the scope of employee participation programs or stock option programs and compensation purposes, respectively

The Authorized Capital 2025 further provides for an authorization of the management board for the exclusion of the shareholders' subscription rights in the context of issuing shares to employees, senior executives and members of the management board of the Company or its affiliated companies within the framework of an employee participation program or a stock option program and (in general) compensation purposes, respectively.

Pursuant to Sec 153 para 5 AktG, the preferential issuance of shares to employees, senior executives and members of the management board of the Company or its affiliated companies already constitutes a sufficient reason for the exclusion of the subscription rights.

Thus, the exclusion is objectively justified, because employee participation programs or stock option programs and issuance of shares for purposes of compensation, respectively, are in the predominant interests of the Company in view of the long-term commitment of key employees to the company and the associated sustainable strengthening of the company's success. Employee participation programs or stock option programs are an efficient means of achieving this goal.

The exclusion of the subscription rights of the other shareholders is in this context in the predominant interests of the Company, objectively justified, necessary and proportionate.

d) Exclusion of subscriptions rights to prevent fractional amounts

In addition, when shares are issued in return for cash contributions, the Company should be able to prevent fractional amounts. Fractional amounts are partial claims to the subscription of a share as part of a subscription right offering. They arise if the specific extent of the capital increase leads to an unfavorable subscription ratio. The exclusion of subscription rights to prevent fractional amounts serves to ensure a practicable subscription ratio with regard to the amount of the respective capital increase.

Without the exclusion of the shareholders' subscription rights the technical implementation of a capital increase, in particular a capital increase by an uneven amount, would be severely hampered. Due to the exclusion of the shareholders' subscription rights to fractional amounts, new shares which are entirely free from shareholders' subscription rights are created and, thus, can be sold at the best possible price either via the stock exchange or in any other way. The proceeds from the sale of such shares are attributable to the Company and, as a consequence, indirectly to those shareholders whose subscription rights to fractional amounts were excluded. In the course of exercising the proposed authorization, the management board of the Company will, of course, pay attention to prevent the occurrence of fractional amounts as much as possible by determining the overall conditions for such an increase of the Company's share capital from of the Authorized Capital 2025. In any event, the equal treatment of the shareholders will be assured.

3. General remarks regarding the exercise of the authorization

Considering all circumstances, the respective authorization to exclude the shareholders' subscription rights is, within the described limits, necessary and required as it is within the interest of the Company and the shareholders. The management board will exercise the authorization with the consent of the supervisory board.

The issue price for the new shares will be determined by the management board in consideration of the interests of the Company and the shareholders and with the consent of the supervisory board. The conditions will be determined in due course in such a way that, by considering the respective circumstances, the interest of the shareholders and the Company will be appropriately

protected.

In the event of capital increases against contributions in-kind, an examination of the contribution in-kind will be conducted by a court-appointed auditor.

In the event of an exclusion of the shareholders' subscription rights on the basis of an authorization regarding the exclusion of the shareholders' subscription rights, the management board has to publicize two weeks, at the latest, before the respective resolution by the supervisory board, a further written report pursuant to Sec 171 para 1 in conjunction with Sec 153 para 4 AktG.

Vienna, in May 2025

The Management Board