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Kapsch TrafficCom

Financial Report 2023/24

of Kapsch TrafficCom AG
as of March 31, 2024.

Management Report and
Financial Statements 2023/24.

Table of contents.

CONSOLIDATED MANAGEMENT REPORT.

1 Business performance and economic situation.

1.1 Business performance.

1.1.1 Economic environment.

- High interest rates and energy prices weighed on economic performance, particularly in the eurozone.
- Central bank measures proved effective: inflation rates fell again.
- Supply chains stabilized, but new disruptions harbour uncertainties.

Over the course of financial year 2023/24, the global economy increasingly recovered from the crises of recent years and proved to be relatively robust. In the eurozone in particular, however, persistently high energy prices and interest rates as well as weak household consumption burdened the economy. Key interest rates were initially raised further and then remained constant over the course of 2023. Inflation rates therefore stabilized at a high level and eventually declined again significantly

Global supply chain situation.
The global supply chain situation normalized over the course of 2023 after the pandemic-related bottlenecks. Both availability and delivery times improved in the second half of 2023. However, there were disruptions on two important shipping routes in the first few months of 2024: Conflicts in the Red Sea led to a significant decline in trade via the Suez Canal, and traffic slowed down in the Panama Canal due to water shortages caused by the severe drought. The effects were reflected in increased transport times and costs, although the duration and extent of the disruptions could not yet be estimated at the end of the financial year.

Interst rates.
Both the European Central Bank (ECB) and the Federal Reserve (FED) in the USA continued the gradual increase in key interest rates that began in 2022 in the first months of the financial year. In Europe, the interest rate for main refinancing operations and the interest rates for the marginal lending facility and the deposit facility were raised from 3.50%, 3.75% and 3.00% respectively in March 2023 to 4.50%, 4.75% and 4.00% respectively by September 2023. The FED also raised interest rates in two further steps from 4.75% to 5.00% in March 2023 to a range of 5.25% to 5.50% from July 2023. Interest rates then remained constant and were recently expected to be followed by interest rate cuts.

Inflation.
The measures taken by central banks to control the enormous inflation took effect in the 2023/24 financial year, with inflation stabilizing at the beginning of 2023 and falling significantly in the following months.

According to the International Monetary Fund (IMF), the global inflation rate averaged 6.8% in 2023 after 8.7% in the previous year. In Austria, it remained higher at 7.7% in 2023 (previous year: 8.6%) and was also significantly higher than the inflation rate in the eurozone of 5.4% (previous year: 8.4%). According to the Austrian Institute of Economic Research (WIFO), the development in the first quarter of 2024 suggests a further slowdown in inflation in Austria. Inflation plays a significant role for Kapsch TrafficCom, particularly in connection with personnel costs.

Currencies
For Kapsch TrafficCom, the development of the US Dollar (USD) is of particular importance in the foreign exchange markets. The influence of the currency on the business development results from the internationality of the Group with a large number of projects as well as locations in the USA and other countries where invoicing is done in USD. In the financial year 2023/24, the Euro (EUR) trended sideways within a narrow range against the US dollar. The average for the reporting period was EUR/USD 1.08 (previous year: 1.04) with a maximum of 1.13 on July 18, 2023 and a minimum of 1.05 on October 3, 2023.

Global economic performance.
The IMF estimates a global GDP growth rate of 3.2% for 2023 (previous year: 3.5%). This growth was primarily driven by a strong second half of the year in the USA and in major emerging and developing countries, which recovered quickly from the effects of the COVID pandemic and the conflict in Ukraine.

Accordingly, GDP growth in both the USA (2.5%) and the emerging and eveloping countries (4.3%) exceeded forecasts. In the eurozone, however, the gross domestic product nearly stagnated at 0.4%. This is due to weak household consumption, persistently high energy prices and weaker manufacturing and corporate investment as a result of high interest rates.

Austria.
High interest rates and high inflation rates characterized the Austrian economy in the financial year 2023/24. The gross domestic product showed a decline of 0.7% in 2023 after an increase of 4.8% in the previous year. According to the Austrian Institute of Economic Research (WIFO), this was primarily due to the low demand for capital goods in connection with the high interest rates.

Exports fell by 0.2%, mainly due to significantly lower exports of services. Investments declined by 2.4%; the construction industry in particular recorded a collapse in demand. The high inflation rate and the resulting lower real disposable income as well as high energy prices also reduced household consumption by 0.3%.

1.1.2 Definition of market.

Kapsch TrafficCom is a globally renowned provider of transportation solutions for sustainable mobility. Innovative solutions in the application fields of tolling and tolling services, traffic management and demand management contribute to a healthier world without congestion.

Vision and mission.
Kapsch TrafficCom’s mission is to develop innovative transportation solutions for sustainable mobility. Road users should be able to arrive at their destination conveniently, safely, efficiently, and on time with a minimal environmental impact.

Target markets.
Kapsch TrafficCom addresses the market for Intelligent Transportation Systems (ITS). These support and optimize traffic (including infrastructure, vehicles, users and industry) and use information and communication technologies for this purpose.

Grand View Research places the global market size at EUR 27.1 billion in the year 2023 (USD 29.91 billion, converted at an exchange rate of 0.9045 as of December 31, 2023), and expects it to grow at a compound annual growth rate (CAGR) of 7.5% from 2024 to 2030.

Within the ITS market, Kapsch TrafficCom focuses on tolling and tolling services as well as traffic management and demand management. Core regions of business activity are EMEA (Europe, Middle East, Africa), Americas (North, Central and South America) and APAC (Asia-Pacific).

Addressable market.
The addressable market for the company had a volume of EUR 6.4 billion in the financial year 2023/24 according to internal calculations. The market is expected to grow at an average annual rate of 7.9% to EUR 8.7 billion until financial year 2027/28

Market drivers.
Kapsch TrafficCom has identified the following market drivers:

Environmental protection. The Paris Agreement is an important global climate protection agreement and was adopted in December 2015 at the Paris Climate Change Conference. The European Commission (as part of the “European Green Deal”) and the USA are pursuing a reduction in greenhouse gas emissions.

Road traffic plays a significant role here, as it is responsible for a substantial portion of the greenhouse gas emissions. Both traffic management and tolling solutions are recognized tools for influencing traffic and means of transportation.

Need for traffic infrastructure and its maintenance. Studies expect not only an increase in the global population, but also more private vehicles on the roads. As the volume of vehicles grows, it will be inevitably necessary to increase investments in road construction and maintenance. This is usually extremely expensive. At the same time, the increasing number of hybrid or electric vehicles is having a negative impact on mineral oil tax revenues. This means that an increase in the need for alternative financing models, including tolling solutions, can be assumed.

Urbanization. The percentage of people living in cities is increasing. Whereas in the year 1800 only 2% of the world's population was urban, in 2007 for the first time more than half of the world's population lived in cities. Based on a current figure of around 56%, the United Nations forecasts that the urban population will account for more than 60% of the population in 2030 and around 68% in 2050. At the same time, the world's population will rise from around 7.9 billion people today to 8.5 billion in 2030 and 9.7 billion in 2050. It is precisely in urban areas that private and professional mobility gives rise to major challenges. After all, houses cannot be moved at will to expand roads or even rebuild them. Furthermore, as the urban population grows, there will be an increase in the volume of business within a city as well as with business partners outside of the city. Since products must be delivered, a higher urban population tends to bring about an increase in the volume of transportation.

New means of transportation and services. Analysts expect that urban passenger traffic will more than double by 2050. Autonomous vehicles could intensify this trend. The existing road infrastructure will not be able to meet these needs. This results in two consequences: the increased use of public transport and shared means of trans- portation, and – if no appropriate countermeasures are taken – more extensive congestion. In addition, the trend toward electric vehicles will continue. While this reduces immediate CO_2 emissions, the particulate matter problem will remain.

Connected vehicles. Technological advances in the exchange of information between vehicles (vehicle-to-vehicle, V2V), between vehicles and traffic infrastructure (vehicle-to-infrastructure, V2I), and in the area of autonomous driving are rapid. Already today, these developments are enabling increasingly better and more extensive applications for better driving comfort and greater driving safety. In addition, the new communication channels and the enormous volumes of data enable substantial improvements in traffic management.

Data and artificial intelligence. Open data and open interfaces enable more extensive and higher-performing applications. Connected vehicles are an important data source. Machine learning and artificial intelligence create new opportunities for data analysis, simulation, forecasting, and management.

Data security. Due to the use of large amounts of data, the protection of personal data and how it is handled is becoming increasingly important.

Fundamental changes in the business environment of Kapsch TrafficCom. The aforementioned market drivers have already sparked the following trends:

- While the ITS industry relied heavily on hardware in the past, it is increasingly shifting towards software platforms. More and more, module solutions and cloud applications are playing a role.
- Offered services (anything-as-a-service) put the focus on the user and are integrated into platforms and devices preferred by them.
- Payment solutions are integrated into vehicle technology, and new payment technologies will enter the market.
- Intelligent traffic infrastructure can be achieved with more affordable sensors, modules, and connection technologies. Specific domain knowledge and the need for customer-specific solutions will remain significant, however.
- New solutions can be rolled out on a global scale.

1.1.3 Business performance 2023/24.

In financial year 2023/24, Kapsch TrafficCom reached key milestones that placed the company back on a solid base for the future: In May 2023, a financing restructuring was agreed with the major financial creditors, which led to a longer-term financing structure and has since been extended until March 2026. In July, a settlement agreement was reached in the arbitration proceedings between the autoTicket joint venture and the Federal Republic of Germany conducted due to the termination of the operations contract for the collection of the passenger car toll. This led to a significant improvement in the financial and asset position. The earnings also improved as a result.

Although net revenues were slightly below the previous year’s figure, Kapsch TrafficCom was able to achieve an increase in invoiced revenues compared to the previous year and numerous project successes, which indicate a future increase in revenues and earnings.

Project successes. The operation projects continued to perform well and several implementation projects were transitioned to the operation phase. Furthermore, Kapsch TrafficCom was able to win several new projects in the reporting period. Of particular strategic importance are those that point the path to the future of roads with tolling services and connected vehicles.

The company was awarded two interconnected contracts in the tolling segment in Switzerland: firstly, the implementation of the collection system for the performance-based heavy vehicle fee (after the balance sheet date) and its operation, and secondly, the corresponding vehicle equipment and registration system for the trucks as well as customer service for the toll service provider for at least eight years. Together, Kapsch TrafficCom thus supplies all essential elements for this state-of-the-art system.

Also noteworthy is the further expansion of the tolltickets network. With the purchase of a single toll box, drivers can since then seamlessly use the road network in France, Italy, Spain and Portugal – a cornerstone for the tolling services business segment in Europe.

In the segment of traffic management, Kapsch TrafficCom sees a particularly increasing demand for urban traffic management and low emission zones. In addition, the implementation and subsequent operation of a Cooperative Intelligent Transport System (C-ITS) with hardware and software for construction site areas were awarded in a highway project in Germany. Shortly after the end of the financial year, Kapsch TrafficCom was awarded a pioneering contract in Florida, USA: In Pinellas County, intersections will be equipped with modern technology to prevent accidents involving pedestrians, and a system that combines predictive analyses with traffic distribution algorithms is designed to help proactively reduce traffic congestion.

Incoming orders reached a remarkable EUR 734 million in the reporting period (previous year: EUR 480 million), and the order backlog amounted to EUR 1.4 billion at the end of the year, 15% higher than in the previous year

1.2 Financial and non-financial performance indicators.

1.2.1 Results of operations

Kapsch TrafficCom AG's revenue reached EUR 221.9 million in the 2023/24 financial year, significantly higher than the previous year's figure of EUR 155.1 million. The increase is mainly due to the offsetting of EUR 66.3 million relating to the agreement with the Federal Republic of Germany. In the toll segment, revenue amounted to EUR 193.0 million (previous year: EUR 129.8 million). In the traffic management segment, revenue also increased from EUR 25.3 million in the previous year to EUR 28.9 million in the 2023/24 financial year.

Personnel expenses increased by EUR 50.0 million compared to the previous year (EUR 42.9 million). The average number of employees increased by 17 to 449 people.

Other operating expenses decreased by EUR 16.8 million to EUR 48.5 million (previous year: EUR 65.3 million). The change was mainly due to lower expenses for write-downs on loans and receivables from affiliated companies

The operating result of Kapsch TrafficCom AG amounted to EUR 33.3 million in the reporting year and was thus significantly higher than the previous year's figure of EUR -40.6 million. It was influenced by the following one-off effects:

- The joint venture autoTicket GmbH reached a settlement with the Federal Republic of Germany in July 2023 and received an amount of EUR 243 million. The cash inflow to Kapsch TrafficCom AG from this settlement to date amounted to EUR 109.2 million. This one-off effect had a positive impact on Kapsch TrafficCom AG's EBIT by EUR 79.2 million.
- After an agreement was reached with a customer regarding overdue receivables, these receivables were written off in the amount of EUR 10.1 million, while a credit note of EUR 5.5 million was issued, which led to a reduction in revenues.

The financial result improved by EUR 74.3 million to EUR 7.5 million (previous year: EUR -66.8 million). The main deviation is due to the fact that massive write-downs were made on affiliated companies in the previous year.

1.2.2 Net assets positions.

Total assets of EUR 398.8 million as of the balance sheet date of March 31, 2024 decreased by EUR 18.9 million compared to the end of the 2022/23 financial year (March 31, 2023: EUR 418.1 million).

Fixed assets decreased by EUR 39.2 million to EUR 210.0 million as of March 31, 2024 (previous year: EUR 249.2 million). The change is mainly due to the decrease in financial assets totaling EUR 33.4 million in the 2023/24 financial year.

Inventories increased from EUR 6.0 million to EUR 7.1 million. This is due to an increase in inventory items of almost EUR 1.0 million.

Group receivables, also include receivables from companies in which participiations are held (including loans), increased from EUR 174.2 million in the previous year to EUR 193.5 million in the reporting year 2023/24.

Cash and cash equivalents of EUR 2.0 million were at the previous year's level of EUR 2.0 million.

At EUR 198.9 million, equity was significantly higher than the comparative figure as of March 31, 2023 (EUR 151.7 million). The equity ratio increased significantly to 49,9% as of March 31, 2024 (previous year: 36.3%)

Long-term liabilities increased from EUR 89.9 million in the previous year to EUR 100.2 million as of the balance sheet date of March 31, 2024. The main reason for this is the reclassification of short-term liabilities to long-term liabilities. Group liabilities increased by EUR 3.6 million to EUR 81.4 million (previous year: EUR 77.8 million). Other liabilities increased from EUR 6.6 million in the previous year to EUR 7.6 million as of the balance sheet date of March 31, 2024.

1.2.3 Financial position.

The net cash flow from operating activities was significantly positive in the reporting period due to the increase in sales revenues and other operating income related to the agreement with Germany and amounted to EUR 96.7 million (previous year: -30.6 million).

The net cash flow from investing activities of EUR -3.2 million (previous year: EUR 18.4 million) results mainly from payments for financial investments.

The net cash flow from financing activities was negative in the 2023/24 financial year at EUR -93.6 million (previous year: EUR 2.1 million). The change results, also as a result of the restructuring of financing, primarily from the repayment of short-term financial liabilities in the amount of EUR 76.1 million.

The cash and cash equivalents as of March 31, 2024 amounted to EUR 2.0 million (March 31, 2023 EUR 2.0 million)

1.2.4 Non-Financial information.

Kapsch TrafficCom Group prepares a separate consolidated non-financial report that fulfils the legal requirements pursuant to section 267a of the Austrian Commercial Code (UGB)

1.3 Research and develpoment.

In the financial year 2023/24 Kapsch TrafficCom invested 5% of its revenues in generic development, development support and product management.

In line with the corporate strategy “Strategie 2027“ Kapsch TrafficCom launched a multi-year technology transformation program in the financial year 2021/22. The goal of this program is to safeguard and modernize the company’s technology portfolio and reinforce its leadership in the marketplace. The emphasis is on advancing an agile way of working, developing the company’s technology stack faster and more flexibly as well as adapting the current product and solution portfolio to the ever-evolving market requirements. This enables a faster time to market and more efficient delivery of solutions, resulting in improved revenues and margins.

With a strong focus on customers and their needs, the transformation is based on four pillars:

- **Product portfolio.** In the product area, the product management team was strengthened. The team was also given responsibility to manage and steer the portfolio by means of a holistic view and a portfolio strategy aimed at consoli- dation and optimization. This identifies commonalities and synergies and builds on intelligent platforms.
- **Technology stack**. The technology stack evolution allows Kapsch TrafficCom to accelerate the migration to the cloud as well as the adoption of new technologies and architectures. The technology stack is the frame for standardizing and developing technologies
- **Organization and processes.** Kapsch TrafficCom introduced SAFe (Scaled Agile Framework©) to continuously improve its software engineering methodology, organization and processes. This system and software engineering methodology leverages industry-standard agile principles to enable the development of the most complex software and cyber-physical systems and to promote customer centricity. The initial pilot projects showed successful outcomes in software development. The key improvements included better alignment with customer requirements, enhanced quality through early defect detection and increased predictability by adapting swiftly to changes. In the next step, these methods will be expanded to other teams in order to accelerate and improve the quality of software releases, with a focus on effectively meeting customer needs.
- **Culture.** Fostering and nurturing a culture of collaboration, curiosity and innovation is the fourth pillar of transformation and a key success factor.

In the financial year 2022/23, the patent portfolio of Kapsch TrafficCom was further optimized. The focus was on topics of high strategic importance. As of March 31, 2024, the patent portfolio consisted of 118 patent families with 824 individual patents and 41 pending patent applications. In the financial year, three new patent families were filed in the field of tolling and one patent family was discontinued.

Kapsch TrafficCom strives to mitigate the risk of patent infringements and to foster the patenting of new ideas. Hence, the Intellectual Property Rights (IPR) management focusses on supporting product management and product development. Patent analysis in various areas ensures that products and solutions are actually free to operate. Based on these patent analyses and the expertise gained from them, Kapsch TrafficCom also intends to file more of its own patents in order to secure its freedom to operate and its unique selling proposition for its products and solutions.

In addition, the global patent monitoring system was further established. Its task is to analyze patent applications from competitors and in relevant technology segments in order to gain a better overview of competitors’ strategies.

The development expenses of Kapsch TrafficCom amounted to EUR 51.7 million in the financial year 2023/24 (previous year: EUR 43.6 million).

2 Anticipated develpoment and risks.

2.1 Outlook to financial year 2024/25.

For the financial year 2024/25, the management expects revenues to grow above the forecasted average annual market growth of 7.5% from 2024 to 2030 according to Grand View Research. The operating result (EBIT) should show a slight improve- ment compared to the result adjusted for one-time effects of EUR 15.1 million, whereby positive one-time effects are also possible again.

Expectation for financial year 2024/25:
> Revenue growth above market growth
> Slight improvement in EBIT

Revenues.
Revenues continue to be affected by the economic and political uncertainties in connection with the global conflicts. In the past financial year, net revenues were also negatively impacted by a customer credit note and deferred revenues.

The high order intake and order backlog will increasingly be reflected in revenues and form a solid basis for further growth. In the medium term, revenuess of at least EUR 200 million should be possible again.

EBIT (operating result).
The EBIT of the past year was influenced by many one-time effects, both positive and negative. Kapsch TrafficCom is therefore utilizing the figure of EUR 5 million adjusted for these one-time effects as a starting point for further development.

Despite the improved situation, the focus remains on costs. In addition, Kapsch TrafficCom is analyzing its process organization from bottom to top according to a Zero Base Approach in order to avoid project difficulties of the past in the future. The aim is to increase efficiency through global standards and tools.

Liquidity.
The increase in invoiced revenues in the reporting period and the recently awarded projects will be reflected in earnings and liquidity. In addition, the restructuring of financing has led to a longer-term financing structure. In May 2024, the term of the existing restructuring agreement, including all credit lines, was extended until March 31, 2026.

As of the reporting date, Kapsch TrafficCom had already generated around half of the further cash inflows from pending proceedings and other measures of at least EUR 30 million targeted in the half-year 2023/24: The total net cash inflow from the settlement agreement in Germany was around EUR 5 million higher than expected; the sale of the investment Traffic Technology Services Inc., USA, which is not part of the strategic core business, also brought in an inflow of around EUR 7.9 million. The management is still aiming for further cash inflows to reduce net debt further. The aim is to achieve a minimum level of net debt to EBITDA of less than 3.0x in the longer term.

In connection with this, the aim is also to release the dividend block and lift the pledge on the shares of the core shareholder KAPSCH-Group Beteiligungs GmbH.

Non-financial targets.
The company's non-financial targets can be found in the separate non-financial report in accordance with Section 267a UGB.

Corporate governance.
The mandates of Franz Semmernegg and Harald Sommerer as Chairman and Deputy Chairman of the Supervisory Board will expire in financial year 2024/25. Both will leave the Board. In the course of the new elections, the Supervisory Board is to be intentionally positioned more strongly as an advisory body to the Executive Board.

Strategy 2027.
Global megatrends as well as growing awareness and legal requirements regarding climate and environmental protection are increasing the demand for comprehensive and intelligent transportation solutions. More and more, this confirms that Kapsch TrafficCom is addressing the right issues with its Strategy 2027, even if implementation is taking longer than originally assumed due to the market situation.

A comprehensive strategy review was launched in the past financial year and is still ongoing. One of the first changes resulting from this was the sale of the non-core investments Traffic Technology Services, Inc. in the USA (TTS) and TMT Services and Supplies Proprietary Limited in South Africa (TMT).

Kapsch TrafficCom is still predominantly perceived as a hardware provider. In fact, however, the company is already more of a provider of software and services; this development and change will continue – while retaining the hardware component – and will be shaped in the strategy review.

2.2 Risk report.

2.2.1 Risk management.

The enterprise-wide risk management process (Enterprise Risk Management, ERM) of the Kapsch TrafficCom Group is based on the COSO Enterprise Risk Management – Integrated Framework, an internationally recognized standard for risk management.

The risk management process aims at an early identification, assessment, and management of those risks that can significantly affect the achievement of the strategic and operating objectives of the company. The primary goal is not risk avoidance, but the controlled and conscious handling of risks and the timely recognition and exploitation of opportunities that arise. In this way, ERM makes a valuable contribution to corporate management.

As part of ERM, major risks are identified, quantified, and globally aggregated on a quarterly basis. The risk report derived from this enables the concise assessment and monitoring of the major business risks. The report is sent to the Executive Board, the Audit Committee of the Supervisory Board, and the first reporting level. The Audit Committee is informed immediately by the Executive Board about important events. The Supervisory Board also deals with the effectiveness of the risk management system as part of its monitoring of the Executive Board. The design and implementation aspects of the risk management system are reviewed annually by the auditor in accord- ance with Rule 83 of the Austrian Code of Corporate Governance (ÖCGK) to ensure that the system is adequately designed and implemented. To further strengthen risk management, internal audits are carried out after this exter- nal audit to assess the operational effectiveness of the system. This proactive approach enables Kapsch TrafficCom to continuously improve and ensure the effectiveness of its risk management in day-to-day operations. The project-oriented risk management encompasses both customerprojects and internal development projects. Using institutionalized processes, an analysis of all relevant risks and opportunities is already carried out in the course of offer preparation. Consequently, a basis is created for decisions and for the timely planning and implementation of control measures.

The main generic risks and opportunities of Kapsch TrafficCom and the general handling of these risks are briefly discussed in the following. The environmental, social and governance impacts, risks and opportunities of Kapsch TrafficCom are explained in the separate non-financial report.

2.2.2 Industry-specific risks.

Volatility of new orders. Kapsch TrafficCom's most relevant customer groups include primarily government agencies and municipal authorities as well as private concessionaires, public-private partnerships and consumers. Larger contracts are usually tendered. Until a contract is actually awarded to Kapsch TrafficCom, there are a number of uncertainty factors both within and out- side of the company's area of influence. For example, political changes, appeals or lawsuits by unsuccessful bidders can lead to a delay in the awarding of a contract, to its cancellation or to a modification of the tender. There is also the risk that offers made by Kapsch TrafficCom will not succeed for technological, financial, formal or other reasons.

Geographic diversification and expansion of the product portfolio contribute to stabilizing revenues

The expansion into new business areas is aimed at increasing revenue growth and smoothing out revenue spikes in order to achieve a more stable revenue development. This is to be achieved in particular by further broadening the customer and product portfolio and by increasing the share of revenue from the operating business (technical and commercial operations of systems usually previously set up by the company) and from the tolling service business. The latter is typically commissioned on a long-term basis and is therefore characterized by better predictable revenues.

The economic situation of relevant national economies, possible government investment programs, changes in political priorities, an increasing focus on sustainability, trade conflicts, military conflicts or epidemics can have a significant impact on incoming orders.

Risks of project execution. Intelligent transportation solutions are often technically complex and challenging systems, that must be implemented within a strict timeframe. However, the actual project environment cannot be fully analyzed and taken into account during the preparation of an offer. Therefore, uncertainties remain with regard to integration efforts for third-party systems, efforts for interfaces and other factors accelerating or delaying the handling of projects. Unavoidable dependencies on suppliers and service providers can also have a negative effect on the quality and timely completion of a project. All of these factors thus affect the risk of missed deadlines and/or system and product defects.

Technical challenges and tight schedules cause typical project risks

In connection with the installation of systems, Kapsch TrafficCom is generally contractually obligated to issue performance and delivery date guarantees. If the contractual services are not fulfilled or if deadlines are exceeded, penalties and damages usually have to be paid, in some cases even damages for lost toll revenue. Significant missed deadlines can also result in premature termination of a contract by the customer. A significant delay in a project, a clear failure to meet the contractually agreed performance criteria or failed implementation of a project could reduce the chances of success in future tenders. There is also the risk that projects of Kapsch TrafficCom cannot be realized at the previously calculated costs. Due to the strong social opposition to toll systems that is sometimes encountered, the risk of a late or limited start to toll collection exists, which can have further consequences on revenues, profitability and payment flows in the operation project.

Kapsch TrafficCom employs project management methods and project risk management procedures based on the IPMA (International Project Management Association) standards in order to minimize such risks in projects.

Long-term contracts with public agencies. For many projects, contracts are awarded by public agencies. Frame- work agreements and service contracts in connection with tolling or traffic management projects may include terms and conditions that are not negotiable in a tender process and that may be disadvantageous for Kapsch TrafficCom. Some multi-year contracts contain demanding requirements regarding the targeted performance of the implemented systems, components and processes. Failure to meet these requirements can result in considerable contractual penalties, obligations to pay damages or termination of the contract. On the other hand, in some contracts substantial bonus payments may be earned in the case of over-performance. Moreover, for long-term contracts, the achievable margins may deviate from the original calculations due to cost changes.

Contracts may entail liabilities relating to a loss of profit by customers, product liabilities and other liabilities. Kapsch TrafficCom strives to include appropriate limitations of liability in contracts. However, there can be no assurance that all contracts will contain sufficient limitations of liability or that they will be enforceable under applicable law.

Risks in the supply chain. As a manufacturer of high-tech, multi-component devices and as a supplier of these devices and/or third-party products in the context of tolling and traffic management projects, Kapsch TrafficCom is dependent on the functional capability of the supply chain. It is essential to receive ordered components on time in order to ensure that they are available for ongoing projects when needed. At the same time, the components must be of good quality and offered at a reasonable price to achieve satisfactory financial results.

The situation on the global market for semi-conductors can be significantly affected by shifts in production capacity, geopolitical changes in the main production regions and disruptions in logistics. This can lead to the unavailability of the necessary components as well as fluctuations in delivery times and prices and cause difficulties in ongoing projects. Financial or operational difficulties at individual suppliers can also lead to delays in delivery, additional costs or a deterioration in the price-performance ratio of the components if supplier substitution is necessary.

This risk is limited by the fact that Kapsch TrafficCom ensures that at least two suppliers from different countries of origin are utilized for critical materials, insofar as this is economically feasible.

2.2.3 Strategic risks.

Ability to innovate. The strong market position of Kapsch TrafficCom is based to a large extent on its ability to develop high quality, efficient and reliable systems, components, solutions and services. Kapsch TrafficCom is committed to ongoing and consistent innovation. In order to maintain its high technological standards, Kapsch TrafficCom invests in research and development activities. However, if Kapsch TrafficCom does not succeed in developing innovative systems, components, solutions and services in line with market requirements, this may be detrimental to its competitive position.

An ongoing and consistent innovation process supports the strong market position

Since the striving for innovation leadership is based to a large extent on technology, internal know-how and intellectual property, the global increase in product piracy and reverse engineering may have negative impacts on the market position of Kapsch TrafficCom. The company therefore places great importance on protecting technologies and the company's internal know-how, such as through patents and non-disclosure agreements with relevant contractual partners. On the other hand, newly developed systems, components, solutions or services may also infringe the intellectual property rights of third parties.

Acquisition and integration of companies as part of the Group's growth. The Group's growth can be organic as well as through selected acquisitions or the establishment of joint ventures. In the course of these activities, it is necessary to overcome a number of challenges in order to achieve the desired goals and synergies, as well as to realize the expected opportunities arising from the acquisition of new technologies and market knowhow.

The international growth is opening up new opportunities but also poses risks

Country risk. Due to the further expansion of business activities in countries outside of Europe, Kapsch TrafficCom is subject to increased political risk in some countries. Significant and currently unforeseeable political changes may have a major impact on the ability to implement or operate projects in these countries as well as to make funds available or withdraw them again. Interference with the property rights of Kapsch TrafficCom or problems with business practices and activities may also arise. Kapsch TrafficCom includes these risks in the evaluation of such projects.

2.2.4 Financial risks.

Foreign exchange risk. As a global company, Kapsch TrafficCom maintains branches and subsidiaries in many countries outside the Euro zone. Consequently, transaction risks arise from possible exchange rate fluctuations, which may be reflected in the consolidated financial statements as exchange rate losses or gains. Kapsch TrafficCom strives as far as possible to avoid these transaction risks in the amount of the net currency positions from the respective projects or to hedge them, if necessary. However, because the net currency position at the respective payment flow deadlines is often difficult to predict, hedging is only possible to a limited extent.

Financial risks arise from exchange rate and interest rate fluctuations as well as loans. Sufficient liquidity increases the flexibility and the ability to take quick action

The remaining exchange rate risk is accepted and included in the business planning. Due to the conversion of individual financial statements of the subsidiaries outside the Euro zone into the Group currency of the Euro, Kapsch TrafficCom is also subject to a translation risk. In addition, long-term disadvantageous exchange rate changes can also cause a change in the position of Kapsch TrafficCom relative to competitors, such as when products or services based on a euro-cost structure can no longer be offered at competitive prices outside the Euro zone.

Interest rate risk. Within the framework of project financing, the Group regularly agrees to variable interest rates that are tied to market interest rates (e.g. Euribor). In this context, there is an interest rate risk, which — where material — is hedged by suitable financial instruments.

Liquidity risk. Sufficient financial resources have to be available for Kapsch TrafficCom to meet its payment obligations at all times. The availability of medium- and long-term financing is necessary for the implementation of large-scale projects, such as the implementation of a nationwide tolling system with an agreed delayed payment by a major client, and for the acquisition of companies. In addition, the execution of large projects regularly requires the provision of bank guarantees, some of which are extensive, as collateral for bid obligations (bid bonds) or to secure possible warranty claims (performance bonds).

In financing agreements, Kapsch TrafficCom is subject to the usual limitations of its business policy, such as with regard to taking on additional borrowings, the use of assets as collateral or the provision of guarantees and sureties in favor of third parties. The availability of financing and bank guarantees depends not only on market conditions but in particular on the net assets, financial position and earnings situation of Kapsch TrafficCom. A lack of liquid assets (even if the Group is otherwise essentially solvent), of financing or of bank guarantees could in turn have an extremely adverse impact on the net assets, financial position and earnings situation of Kapsch TrafficCom. The Group continuously monitors compliance with all covenants in connection with loan agreements.

Liquidity risk is counteracted by ongoing Group-wide cash flow planning. This enables potential liquidity bottlenecks to be identified at an early stage and appropriate countermeasures to be taken in time.

Credit risk. Kapsch TrafficCom is exposed to the risk of non-payment by customers. The main customers of Kapsch TrafficCom are to a large extent state agencies, especially in connection with the implementation or operation of nation-wide or regional tolling and traffic management systems. Kapsch TrafficCom also acts as a subcontractor to third parties (for example concessionaires, general contractors, etc.) in public sector projects. The scope of a potential non-payment varies depending on the size of the order and can have a noticeable impact on the earnings situation in the case of individual large projects. The creditworthiness of new and existing customers is evaluated, and hedging is performed according to the assessment of the existing non-payment risk. In addition, Kapsch TrafficCom takes advantage of offers from public institutions, such as OeKB (Oesterreichische Kontrollbank), EKN (Exportkredit- namnden; Swedish National Export Credits Guarantee Board) and MIGA (Multilateral Investment Guarantee Agency), to hedge against the non-payment risk on the basis of guarantees. Moverover, there is a risk that counterparties of both original and derivative financial instruments (including financial institutions assumed to have good credit ratings) cannot meet their payment liabilities when due. A payment default or the need to impair receivables could have an extremely adverse impact on the net assets, financial position and earnings situation of Kapsch TrafficCom.

2.2.5 Personnel risk.

The success of Kapsch TrafficCom depends to a significant extent on key personnel, in particular technical experts with many years of specific experience. In addition, the ability to recruit qualified employees with state-of-the-art technology knowledge, to integrate them into the Company and to retain them in the long term is of high importance for the success of the Group. The loss of important employees in key positions and difficulties in recruiting personnel can have a negative impact on the success of the Group.

Kapsch TrafficCom has been proactively implementing measures to counteract this risk for several years. These include, for example, an internal career and training platform that allows employees to advance their careers autonomously and away from approval processes. Attractive offers such as bonus systems or further training opportunities addi- tionally support these efforts. A periodic employee survey as well as an “OpenLine2CEO” to Georg Kapsch enable the management to identify current concerns, worries and wishes as well as the general mood and to respond appropriately.

2.2.6 Legal risk.

I A large number of regulations and legal requirements must be observed in connection with participation in public sector tenders, the establishment and operation of tolling and mobility solutions, acquisitions and cooperations as well as capital market issues. It may take a considerable administrative, technical and commercial effort to capture, enforce and monitor all compliance requirements. If applicable regulations or official requirements cannot be met, this can lead to severe penalties and also reduce the ability of (successfully) taking part in future tenders as well as restrict the continuation of the relevant business activity.

The expansion of business activities into new regions and into select new business fields tends to increase the risk of patent violations or the violation of intellectual property rights (IPR). This can result in financial damages from court actions. Kapsch TrafficCom attempts to counteract this risk as far as possible by performing an evaluation of possible IPR violations prior to entry into new markets or regions, for example. However, it is not possible to completely avoid this risk.

Changes in the geopolitical situation, such as military conflicts, can lead to the legal framework becoming more complex as a result of sanctions and embargoes being imposed. In order to remain compliant with the respective requirements, Kapsch TrafficCom continuously monitors the relevant regulations.

2.2.7 Cyber-risk.

As a core process of ISO/IEC 27001, Kapsch TrafficCom has a uniform risk management process for information security that is integrated into corporate risk management. The structured approach to considering risks related to information security is derived from Kapsch TrafficCom’s business processes and represents a holistic approach. The risk management process is implemented in all companies whose IT is fully integrated into the Group IT, regardless of whether they are formally certified in accordance with ISO/IEC 27001 or not.

2.2.8 Operational risks.

Kapsch TrafficCom’s involvement in the realization of complex tolling and traffic management projects as well as in the production of components entails certain operational risks, including risks in the areas of health, safety, environment and quality (HSSEQ). In order to adequately mitigate these risks, Kapsch TrafficCom has developed internal processes that meet the requirements of ISO 14001 and ISO 45001. In addition, aspects of ISO 9001 were integrated in order to meet quality management standards, and at individual locations also aspects of ISO 50001 in order to efficiently organize energy management and optimize energy consumption.

Local legal requirements sometimes exceed ISO standards, therefore Kapsch TrafficCom continuously monitors the legal requirements in the countries in which it operates. This ensures that the operational standards always comply with the strictest local regulations.

Through regular training and further education, Kapsch TrafficCom strengthens the awareness and skills of its employees with regard to HSSEQ topics. Furthermore, Kapsch TrafficCom utilizes ongoing audits and performance analyses to monitor and continuously improve compliance with these standards. This systematic approach not only helps to minimize risks, but also promotes sustainable corporate management and increases customer satisfaction.

2.2.9 Opportunities.

The enterprise risk management approach of Kapsch TrafficCom not only addresses risks but also encompasses the regular identification, evaluation and management of opportunities. The goal of these efforts is to manage the strategic orientation of the product portfolio and market activities throughthe early identification of opportunities and to develop corresponding potential.

Market opportunities exist in geographic diversification as well as increasing expansion of the customer and product portfolios, driven in part by the following factors::

- Opportunities arise from so-called change requests – requests for changes from customers that only arise in the course of project execution. These change requests result in extensions to the contractual delivery components and are priced and paid for separately.
- In addition, the increasing financing requirements of infrastructure projects and the growing need to relieve government budgets are creating opportunities both to open up new tolling markets in so-called emerging and developing countries and to expand activities in already developed markets.
- The global rise in traffic volumes and the associated impact on the environment and society open up further opportu- nities in the area of mobility solutions, as, for example, toll collection, traffic management and demand management are increasingly being used as controlling instruments in environmental and traffic policy. In both segments, this creates opportunities to further develop and market the portfolio in line with the new requirements
- Furthermore, demands with regard to increasing the productivity of vehicles and vehicle operations, as well as the rising comfort expectations of travelers, are opening up opportunities by expanding the functionalities of existing systems. This offers opportunities to acquire new customers or to serve both public-sector customers and end customers with new concepts. This particularly applies in the area of tolling services.

Other opportunities. Continuous innovation, technical advancements and the acquisition of new technologies by means of corporate acquisitions create opportunities for Kapsch TrafficCom to improve efficiency and performance of customer systems and to gain a technological edge over competitors with regard to the performance and functionality of the offered systems.

2.2.10 Overall assessment of the risk situation.

From the current perspective, no risks have been identified that could endanger the continued operations of Kapsch TrafficCom. Due to the geographic diversification, the continuous expansion of the product and solution portfolio as well as the development of new business models through selected new ITS solutions, the business activities of Kapsch TrafficCom could be positioned more broadly without the need to step outside the core business area. The concentration of risk in individual regions and in individual large projects was thereby reduced.

2.3 Internal control system with respect to the accounting process.

As in the previous year, the Group-wide uniform documentation of all controls for achieving the key controlling goals was advanced again in the financial year 2023/24. This aims to increase efficiency and at the same time reduce risk in the Group as well as to show alternative courses of action to management.

The basis of the processes for Group accounting and reporting is an accounting manual (IFRS Accounting Manual), that is issued and regularly updated by the Kapsch Group. In this manual, the essential accounting and reporting requirements based on the International Financial Reporting Standards (IFRS) are specified throughout the Group. Another important basis of the internal control system (ICS) are the Group guidelines, work instructions and process descriptions.

Central elements of the ICS are execution of the principle of dual control and the segregation of duties as well as defined actions for monitoring the effectiveness and efficiency of operating activities, the reliability of financial reporting and compliance with relevant legal regulations. In this regard, Kapsch TrafficCom acts based on international standards and best practices, such as COSO Enterprise Risk Management – Integrated Framework.

The accounting of business transactions in Kapsch TrafficCom is managed by a variety of software solutions. In a number of countries, the accounting has been outsourced to local tax accountants due to the small size of the subsid- iaries. The individual companies submit reporting packages to the head office on a monthly basis containing all relevant accounting data pertaining to the income statement, the balance sheet and the cash flow accounting. This data is then entered into the central consolidation system OneStream on a monthly basis. The financial information is reviewed at Group level by Kapsch TrafficCom AG and forms the basis for interim reporting.

The Executive Board informs the Supervisory Board in regular meetings about the economic development in the form of consolidated presentations consisting of segment reporting, earnings development with budget and year-on-year comparison, forecasts, consolidated financial statements, personnel and order development as well as selected key financial figures.

In accordance with local requirements, responsibility for the implementation and monitoring of the internal control system lies with the relevant local management. The management of the individual subsidiaries is responsible for establishing and designing an internal control system in line with the requirements of the respective company with regard to the accounting process and for ensuring compliance with the Group-wide guidelines and regulations.

3 Other disclosures.

3.1 Disclosures on capital, share, voting and control rights and related agreements.

The fully paid-in share capital of Kapsch TrafficCom AG amounts to EUR 14.3 million. It is divided into 14.3 million shares. There are no legal or statutory caps or restrictions on the exercise of voting rights or the transfer of shares. KAPSCH-Group Beteiligungs GmbH held roughly 63.3% of the shares as of March 31, 2024. In connection with the refinancing, KAPSCH-Group Beteiligungs GmbH pledged all of its shares in Kapsch TrafficCom AG in favor of the financing banks in financial year 2023/24. This also results in restrictions customary in the market with respect to the transfer of the shares and a corresponding requirement for the consent of these banks.

KAPSCH-Group Beteiligungs GmbH is a wholly owned subsidiary of DATAX HandelsgmbH, whose shares are held (partly indirectly, partly directly) in equal parts by Traditio-Privatstiftung and Children of Elisabeth-Privatstiftung, two private foundations under the Austrian Private Foundation Act. Each of these private foundations is managed by its own Executive Board, with no individual serving on both boards. The beneficiaries of these private foundations are Georg Kapsch and members of his family (Traditio-Privatstiftung) as well as Elisabeth Kapsch and members of her family (Children of Elisabeth-Privatstiftung).

There was no other shareholder holding more than 10% of the voting rights in Kapsch TrafficCom AG as of March 31, 2024. In the financial year 2023/24, Kapsch TrafficCom did not acquire or dispose of any treasury shares and did not hold any as of the balance sheet date.

No shares with special control rights exist. No restrictions exist with respect to the exercising of the voting right by employees with capital participation. There are no special provisions regarding the appointment and recall of the members of the Executive Board and the Supervisory Board as well as the modification of the articles of association.

The company currently has no conditional capital authorizing the Executive Board, with the approval of the Supervisory Board, to issue shares without (further) referral to the Annual General Meeting.

Conventional "change of control" clauses, which may lead to termination of the contract, relate to financing agreements, such as the promissory note bond ("Schuldscheindarlehen") and further financing, totaling about EUR 94 million, or are related to individual customer contracts.

No compensation agreements exist between Kapsch TrafficCom AG and its Executive Board and Supervisory Board Members or employees for the event of a public takeover offer.

3.2 Corporate-Governance-Report.

In accordance with C-rule 61 of the Austrian Corporate Governance Code, it is pointed out that the Consolidated Corporate Governance Report can be accessed on the internet at https://www.kapsch.net/en/ir/Corporate-Governance.

Vienna, June 18, 2024

Georg Kapsch
Chief Executive Officer

Alfredo Escribá Gallego
Executive Board member

FINANCIAL STATEMENTS.

Primaries.

Balance sheet as at March31, 2024.

in EUR		March 31, 2023		March 31, 2024
ASSETS				
A. Fixed assets				
I. Intangible assets				
1. Industrial property and similar rights and assets, and licenses in such rights and assets		14,078,562		8,430,816
2. Prepayments made and assets under construction		101,913		230,959
Total intangible assets		**14,180,475**		**8,661,775**
II. Tangible assets				
1. Leasehold improvements		526,441		235,391
2. Technical equipment and machinery		385,711		278,180
3. Other equipment, factory and office equipment		1,354,258		1,285,824
4. Prepayments made and assets under construction		100,469		370,387
Total tangible assets		**2,366,880**		**2,169,782**
III. Financial assets				
1. Shares in affiliated companies		141,450,206		138,442,198
2. Loans to affiliated companies		55,904,949		58,213,521
3. Participating interests		35,252,933		2,556,035
4. Securities		4,375		4,375
Total financial assets		**232,612,463**		**199,216,129**
Total fixed assets		**249,159,817**		**210,047,686**
B. Current assets				
I. Inventories				
1. Merchandise		2,953,843		4,058,352
2. Services not yet invoiced		2,666,997		2,645,204
3. Prepayments made		361,815		361,998
Total inventories		**5,982,656**		**7,065,554**
II. Receivables and other assets				
1. Trade receivables		5,530,315		11,757,766
thereof with a remaining maturity of more than one year	0		2,241,201	
2. Receivables from affiliated companies		105,463,383		134,897,838
thereof with a remaining maturity of more than one year	13,034,678		12,383,601	
3. Receivables from companies in which the Company has a participating interest		12,869,357		411,254
thereof with a remaining maturity of more than one year	12,274,083		0	
4. Other receivables and assets		8,186,014		6,544,662
thereof with a remaining maturity of more than one year	0		0	
Total receivables and other assets		**132,049,069**		**153,611,520**
II. Cash on hand, cash at banks		**1,985,608**		**1,975,656**
Total current assets		**140,017,333**		**162,652,730**
C. Prepaid expenses and deferred charges		**1,575,121**		**3,634,961**
D. Deferred tax assets		**27,323,377**		**22,502,291**
TOTAL ASSETS		**418,075,647**		**398,837,668**

Balance sheet as at March 31, 2024.

in EUR		March 31, 2023		March 31, 2024
SHAREHOLDERS' EQUITY AND LIABILITIES				
A. Shareholders' equity				
1. Share capital called up and paid in		13,000,000		14,300,000
Share capital subscribed	13,000,000		14,300,000	
2. Capital reserves		117,400,000		127,800,000
3. Unappropriated retained earnings		21,319,208		56,834,210
thereof prior period unappropriated retained earnings brought forward	120,008,724		21,319,208	
Total shareholders' equity		**151,719,208**		**198,934,210**
B. Accruals and provisions				
1. Accruals for severance payments		4,859,885		5,074,200
2. Other accruals and provisions		20,371,911		19,434,055
Total accruals and provisions		**25,231,796**		**24,508,255**
C. Accounts payable				
1. Promissory note bonds		31,507,988		8,509,749
thereof convertible	0		0	
thereof with a remaining maturity of less than one year	23,007,988		9,749	
thereof with a remaining maturity of more than one year	8,500,000		8,500,000	
2. Bank loans and overdrafts		113,980,572		60,886,463
thereof with a remaining maturity of less than one year	69,880,572		0	
thereof with a remaining maturity of more than one year	44,100,000		60,886,463	
3. Prepayments received		1,154,537		1,789,018
4. Trade payables		8,669,831		13,893,779
thereof with a remaining maturity of less than one year	8,669,831		13,893,779	
thereof with a remaining maturity of more than one year	0		0	
5. Payables to affiliated companies		77,454,268		81,392,229
thereof with a remaining maturity of less than one year	46,050,115		56,971,499	
thereof with a remaining maturity of more than one year	31,404,153		24,420,730	
6. Payables to companies in which the Company has a participating interest		380,847		0
thereof with a remaining maturity of less than one year	380,847		0	
thereof with a remaining maturity of more than one year	0		0	
7. Other liabilities		6,597,330		7,581,423
thereof taxes	73,532		75,415	
thereof social security payables	801,886		908,906	
thereof with a remaining maturity of less than one year	6,597,330		7,581,423	
thereof with a remaining maturity of more than one year	0		0	
Total accounts payable		**239,745,374**		**174,052,661**
D. Other current liabilities and deferred income		**1,379,270**		**1,342,542**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**418,075,647**		**398,837,668**

Income statement.

in EUR		2022/23		2022/24
1. Net sales		155,126,193		221,903,376
2. Change in services not yet invoiced		-8,651,541		-21,794
3. Other operating income				
a) Income from the retirement of fixed assets excluding financial assets		125		3,000
b) Income from the reversal of accruals and provisions		4,023,864		420,830
c) Other		12,937,314		19,434,122
		16,961,303		19,857,952
4. Cost of materials and other purchased services				
a) Cost of materials		-31,626,342		-43,379,569
b) Cost of purchased services		-57,550,908		-60,044,490
		-89,177,250		-103,424,059
5. Personnel expenses				
a) Wages		0		0
b) Salaries		-34,076,763		-39,602,854
c) Social benefits		-8,776,378		-10,371,825
thereof expenses for pensions	-87,885		-35,925	
thereof expenses for severance payments and contributions to staff provision funds	40,453		-1,038,897	
thereof expenses for statutory social security, payroll-related taxes and mandatory contributions	-8,437,931		-9,071,271	
		-42,853,140		-49,974,679
6. Depreciation and amortization of fixed tangible and intangible assets		-6,696,635		-6,535,227
7. Other operating expenses		-65,346,741		-48,679,359
thereof taxes not included in line 16	-128,842		-73,284	
8. Subtotal of lines 1 to 7		**-40,637,952**		**33,126,210**
9. Income from participating interests		10,873,116		52.991.600
thereof from affiliated companies	10,873,116		22,991,600	
10. Other interest and similar income		4,611,127		5,902,692
thereof from affiliated companies	4,130,688		4,070,380	
11. Income from the disposal of fixed financial assets		7,137,922		641.494
12. Expenses on fixed financial assets		-84,452,993		-35,263,581
thereof write-downs	-84,452,993		-32,037,244	
thereof relating to affiliated companies	-80,193,928		-6,327,424	
13. Interest and similar expenses		-5,000,433		-16,815,052
thereof relating to affiliated companies	-757,076		-731,976	
14. Subtotal of lines 9 to 13		**-66,831,260**		**7,457,151**
15. Profit/Loss before taxation (subtotal of lines 8 and 14)		**-107,469,212**		**40,583,361**
16. Taxes on income		8,779,696		-5,068,358
thereof recharged to group parent	0		0	
thereof deferred taxes	8,878,679		-4.821.086	
17. Profit/Loss after taxation		-98,689,516		35,515,002
18. Net profit/loss for the year		**-98,689,516**		**35,515,002**
19. Prior period unappropriated retained earnings brought forward		120,008,724		21,319,208
20. Unappropriated retained earnings		**21,319,208**		**56,834,210**

Notes to the financial statements.

A. General principles.

The financial statements as at March 31, 2024 have been prepared in accordance with the financial reporting requirements of the UGB (Austrian Company Code) as amended.

In preparing these financial statements, the previous form of presentation has been maintained.

The financial statements, prepared under Austrian generally accepted accounting principles, present a true and fair view of the assets and liabilities, the financial situation of the Company, as well as its results of operations.

Accounting and valuation methods are based on generally accepted accounting principles. Section 201 para. 2 UGB was adhered to, as were the provisions on classification and valuation of balance sheet and income statement items under sections 195 to 211 and 222 to 235 UGB. The income statement was prepared in accordance with the total expenditure format.

The principle of completeness was observed in preparing the financial statements. With regard to the valuation, the Company's ability to continue as a going concern was assumed.

The principle of individual valuation was applied in the valuation of assets and liabilities

Taking into account the principle of prudence, the Company only reported the profits realized as of the balance sheet date. All identifiable risks and impending losses occurred until the balance sheet date were taken into account.

Estimates are based on prudent assessment. If statistical experience exists for similar circumstances, it was taken into account by the Company in its estimates

Fighting in Ukraine. The global economy recovered quickly from the effects of the conflict in Ukraine. To date, there has been no significant impact on the risk situation.

B. Group relations.

The Company is a 63.291% subsidiary of KAPSCH-Group Beteiligungs GmbH, Vienna, and thus is related to its shareholder and its affiliated companies as a group company.

DATAX HandelsgmbH, Vienna, prepares the consolidated financial statements for the largest group of companies. These consolidated financial statements are deposited at the Commercial Court Vienna.

The Company prepares the consolidated financial statements for the smallest group of companies.

With regard to the disclosure on the legal and economic relations with affiliated companies, the protection-of-interest clause pursuant to section 242 UGB was used

C. Accounting and valuation methods.

The previously applied accounting and valuation methods have been maintained

1. Fixed assets.

Purchased intangible assets and tangible assets are valued at acquisition cost less scheduled straight-line amortization/depreciation charged according to the estimated useful life of the assets

Low-value fixed assets with individual acquisition costs of up to EUR 1,000.00 (previous year EUR 800.00) were fully written off in the year of acquisition or production

1.1 Intangible assets.

Acquired IT software is amortized based on a useful life of between four and eight years.

In the reporting year, intangible assets in the amount of EUR 0.00 (prior year: EUR 0k) were acquired from affiliated companies

1.2 Tangible assets.

Tangible assets were depreciated on a straight-line basis over the following useful lives:

	Years
Investments in leasehold buildings	2-12
Technical equipment and machinery	2-5
Other equipment, factory and office equipment	2-15

No write-downs were charged in the financial year.

Additions to fixed assets are depreciated according to the date of their initial use

1.3 Financial assets.

Financial assets are stated at acquisition costs or the lower market values at the balance sheet date. Write-downs/write-ups are made only in case a diminution/increase in value is expected to be permanent.

Write-ups of fixed assets.
Write-ups of fixed assets are made when the reasons for the extraordinary depreciation no longer apply. The write-up is made up to a maximum of the net book value, which results taking into account the normal depreciation that would have had to be made in the meantime.

2. Current assets.

2.1 Inventories.

The stocks of purchased goods, recorded by means of electronic data processing, were stated using the moving average price method. Inventories denominated in foreign currencies were stated using the exchange rate at the date of acquisition. Where required, write-downs were made to the lower replacement costs. A proportional deduction from acquisition or production cost was made for goods with diminished usability or marketability, which was derived from the respective inventory turnover ratio.

Services not yet invoiced were stated at acquisition or production cost which include direct costs as well as proportionate material and production overheads.

In case of long-term contracts, no administrative and selling overheads were capitalized, directly attributable finance cost was capitalized depending on the project. At the balance sheet date, there are no services not yet invoiced for which finance cost was capitalized. Expenses for social benefits were not included. To provide for losses from pending transactions arising from the projects, the asset affected is written off or provisions are set up.

2.2 Receivables and other assets.

Receivables and other assets were stated at nominal values. Identifiable risks were considered in the valuation of the individual receivables by write-downs. Non-interest-bearing receivables or receivables bearing particularly low interest were discounted.

Receivables in foreign currencies are translated using the exchange rate at the date of the original transaction or the lower bank buying rate prevailing at the balance sheet date.

2.3 Cash on hand, cash at banks.

Cash on hand and cash at banks denominated in foreign currencies are reported using the exchange rate at the date of the original transaction or the lower rate prevailing at the balance sheet date.

3. Prepaid expenses and deferred charges.

Prepaid expenses include payments effected before the balance sheet date as far as they relate to expenses for a specific time after the balance sheet date

4. Deferred tax assets.

Deferred tax assets are recognized on differences between the valuation according to company law and the valuation according to tax law with respect to assets, accruals and provisions, accounts payable, prepaid expenses and deferred charges as well as deferred income which are expected to decrease in later financial years.

Since the financial year 2021/2022, the option to recognise deferred tax assets for tax loss carryforwards (internal loss carryforwards that are kept evident within the framework of group management and offset against future positive tax results) has been used

Deferred tax assets for existing tax loss carryforwards are created to the extent that there are sufficient deferred tax liabilities or there are convincing, substantial indications that sufficient taxable income will be available to utilize these loss carryforwards in the future (planning horizon of six years, whereby the Group applies appropriate discounts in later planning periods due to greater uncertainty in the utilization of the loss carryforwards).

Deferred taxes are valued using a tax rate of 23% for all differences (previous year: 23% for temporary differences that are eliminated in the following financial year and 23% for the other temporary differences and loss carryforwards) without taking discounting into account.

Deferred tax assets were offset against deferred tax liabilities because it is legally possible to offset the actual tax refund claims against the actual tax liabilities.

5. Accruals and provisions.

The accruals and provisions were set up in accordance with the principle of prudence at the estimated amounts.

The accruals for severance payments and the provisions for anniversary bonuses were calculated as stated in the AFRAC (Austrian Financial Reporting and Auditing Committee) opinion 27 “Accruals for pensions and severance payments, provisions for anniversary bonuses and comparable obligations falling due in the long term under the provisions of the Austrian Company Code” (June 2022, available in German only) pursuant to accepted actuarial methods in accordance with IAS 19 using the projected unit credit method.

A discount rate of 3,55% (prior year: 4.0%) was used for the calculation of the provisions for anniversary bonuses and a discount rate of 3.50% (prior year: 3.95%) for the calculation of accruals for severance payments. A rate of 3.0% (prior year: 3,0%) was assumed for salary increases. Furthermore, the calculation was based on the earliest possible retirement age in accordance with the transitional statutory provisions and the mortality tables AVÖ 2018-P ANG for salaried employees. Staff turnover rates were determined based on the period of service.

The interest rate used is the interest rate at the balance sheet date.

All changes in personnel-related accruals and provisions (including interest expense) were recorded entirely in personnel expenses.

In accordance with the principle of prudence, other accruals and provisions take into account all risks identifiable at the time the balance sheet was prepared and all liabilities uncertain as to their amounts or bases. Other accruals and provisions were stated at the best possible estimate of the settlement amount

6. Accounts payable.

In accordance with the principle of prudence, accounts payable were valued at the settlement amount.

Payables in foreign currencies are translated using the exchange rate at the date of the original transaction or the higher bank selling rate prevailing at the balance sheet date.

Exchange gains or losses from foreign currency valuation are recorded entirely in the operating result (other operating income or other operating expense)

D. Comments on items in the balance sheet.

Assets.

Movements in fixed assets:

	Acquisition cost			
in EUR	**Balance April 1, 2023**	**Additions**	**Disposals**	**Balance March 31, 2024**
I. Intangible assets				
1. Industrial property and similar rights and assets, and licenses in such rights and assets	49,403,517	55,729	0	49,459,246
2. Prepayments made and assets under construction	101,913	129,046	0	230,959
	49,505,429	**184,775**	**0**	**49,690,204**
II. Tangible assets				
1. Leasehold improvements	6,538,418	87,466	0	6,625,884
2. Technical equipment and machinery	2,532,502	53,932	0	2,586,434
3. Other equipment, factory and office equipment	7,493,544	224,877	-1,538	7,716,883
4. Prepayments made and assets under construction	100,469	269,918	0	370,387
	16,664,933	**636,193**	**-1,538**	**17,299,588**
III. Financial assets				
1. Shares in affiliated companies	269,892,237	2,849,300	-11,382	272,730,155
2. Loans to affiliated companies	77,411,110	2,308,572	0	79,719,682
3. Participating interests	51,427,615	270,183	-11,516,326	40,181,472
4. Securities	4,375	0	0	4,375
	398,735,337	**5,428,055**	**-11,527,708**	**392,635,684**
Total fixed assets	**464,905,699**	**6,249,023**	**-11,529,246**	**459,625,476**

in EUR	Accumulated amortization/depreciation Balance April 1, 2023	Additions	Disposals	Write-ups	Balance March 31, 2024	Net book values Balance March 31, 2024	Balance March 31, 2023
I. Intangible assets							
1. Industrial property and similar rights and assets, and licenses in such rights and assets	35,324,955	5,703,475	0	0	41,028,430	8,430,816	14,078,562
2. Prepayments made and assets under construction	0	0	0	0	0	230,959	101,913
	35,324,955	**5,703,475**	**0**	**0**	**41,028,430**	**8,661,775**	**14,180,475**
II. Tangible assets							
1. Leasehold improvements	6,011,977	378,516	0	0	6,390,493	235,391	526,441
2. Technical equipment and machinery	2,146,790	161,464	0	0	2,308,254	278,180	385,712
3. Other equipment, factory and office equipment	6,139,286	291,772	0	0	6,431,058	1,285,824	1,354,258
4. Prepayments made and assets under construction	0	0	0	0	0	370,387	100,469
	14,298,053	**831,752**	**0**	**0**	**15,129,805**	**2,169,782**	**2,366,880**
III. Financial assets							
1. Shares in affiliated companies	128,442,031	6,327,424	0	481,499	134,287,956	138,442,198	141,450,206
2. Loans to affiliated companies	21,506,160	0	0	0	21,506,160	58,213,521	55,904,949
3. Participating interests	16,174,683	25,709,820	4,259,065	0	37,625,438	2,556,035	35,252,933
4. Securities	0	0	0	0	0	4,375	4,375
	166,122,874	**32,037,245**	**4,259,065**	**481,499**	**193,419,554**	**199,216,129**	**232,612,463**
Total fixed assets	**215,745,882**	**38,572,472**	**4,259,065**	**481,499**	**249,577,790**	**210,047,686**	**249,159,817**

Financial obligations of the Company from the use of tangible assets not recognized in the balance sheet amount to:

Obligations from rental and lease agreements	2022/23	2022/24
	in EUR k	in EUR
In the following financial year	3,696	3,442,778
In the next 5 financial years	12,191	10,457,062

Financial assets.

Loans

Of the loans to affiliated companies amounting to EUR 58,213,521.90 (previous year: EUR 55,905 thousand), EUR 0 have a remaining term of up to one year (previous year: EUR 0 thousand).

Shares in affiliated companies and participations as well as loans to affiliated companies.

Supplementary disclosures pursuant to section 238 para. 1 subsec. 4 UGB.

Figures as at March 31, 2024	Share in %	Shareholders' equity in EUR k	Result of financial year in EUR k	FN
a) Shares in affiliated companies				
Kapsch TrafficCom AB, Jönköping, Sweden	100.00	12,270	462	1)
Kapsch TrafficCom Argentina S.A., Buenos Aires, Argentina	95.00	3,140	-1,687	1)
Kapsch Components GmbH & Co KG, Vienna	100.00	5,454	2,669	1)
Kapsch Components GmbH, Vienna	100.00	152	5	1)
Kapsch TrafficCom B.V., Amsterdam, Netherlands	100.00	10,457	23	1)
Kapsch Telematic Services GmbH, Vienna	93.00	-4,815	117	1)
Kapsch Telematic Technologies Bulgaria EAD, Sofia, Bulgaria	100.00	408	144	1)
Kapsch TrafficCom Ltd., Middlesex, United Kingdom	100.00	1,140	294	1)
Artibrain Software Entwicklungsgesellschaft mbH, Vienna	100.00	23	-3	1)
Kapsch TrafficCom Russia o.o.o., Moscow, Russia	100.00	-1,173	-87	1)
Kapsch TrafficCom France SAS, Paris, France	30.20	1,424	1,389	1)
Electronic Toll Collection (Pty) Ltd., Cape Town, South Africa	9.62	11,602	7,524	1)
Kapsch TrafficCom South Africa Holding (Pty) Ltd., Cape Town, South Africa	100.00	1,174	27	1)
KTS Beteiligungs GmbH, Vienna	100.00	-524	22	1)
Transport Telematic Systems LLC, Abu Dhabi, United Arab Emirates	49.00	431	34	1)
Kapsch Telematic Services IOOO, Minsk, Belarus	99.00	2,593	3,473	1)
Kapsch TrafficCom Lietuva UAB, Vilnius, Lithuania	0.00	0	0	1)
Kapsch TrafficCom Transportation S.A.U., Madrid, Spain	100.00	7,183	2,732	1)
tolltickets GmbH, Rosenheim, Germany	100.00	-11,258	-2,291	1)
Kapsch TrafficCom S.A.S., Bogota, Colombia	100.00	-4,207	-811	1)
Intelligent Mobility Solutions Limited, Lusaka, Zambia	51.00	-14,427	-1,961	1)
MTS Maut & Telematik Services GmbH, Berlin, Germany	100.00	-1,393	-352	1)
Kapsch TrafficCom Dominican Republic S.R.L., Santo Dominigo, Dominican Republic	99.00	-859	-305	1)
Kapsch TrafficCom Norway AS, Oslo, Norway	0.00	0	0	1)
SIMEX, Integracion de Sistemas, S.A.P.I. de C.V. Mexico City, Mexico	69.50	-1,815	-1,297	1)
Kapsch TrafficCom Peru S.A.C., Lima, Peru	99.93	-532	-213	1)
Kapsch TrafficCom Transportation Argentina S.A., Buenos Aires, Argentina	22.03	-903	-3,147	1)
Kapsch TrafficCom Ireland Limited, Dublin, Ireland	100.00	360	60	1)
Kapsch Telematic Services Sp.z.o.o., Warzaw, Poland	100.00	-1,853	942	1)
Kapsch TrafficCom Zagreb d.o.o.; Zagreb, Croatia	100.00	0	0	1)
Kusa Kokutsha (Pyd) Ltd., Cape Town, South Africa	5.00	0	0	1)
b) Participating interests				
Traffic Technology Services Inc., Beaverton, United States	42.44	0	0	1)
MoKA SAS, Paris, France	50.00	253	1	2)
Natras AG, Adliswil, Swiss	50.00	270	0	1)
autoTicket GmbH, Berlin, Germany	50.00	67,183	118,438	2)

1) Figures as at March 31, 2024 (IFRS)

2) Figures as at December 31, 2023 (local law)

On July 6, 2023, Kapsch TrafficCom Zagreb d.o.o, Zagreb, Croatia, was founded. On July 10, 2023, the 51.0% share of Kapsch TrafficCom Lietuva UAB, Vilnius, Lithuania, was sold. As of July 31, 2023, Kapsch TrafficCom Norway AS, Oslo, Norway, was liquidated

Of the **write-down on shares in affiliated companies** totaling EUR 6,327,424.39 in the 2023/24 financial year relates to Kapsch Telematic Services GmbH, Vienna, Austria, EUR 4,153,710.79, Kapsch TrafficCom S.A.S., Bogota, Colombia, EUR 1,929,650.50, Kapsch Traffic Com Peru S.A.C., Lima, Peru, EUR 110,150.67, Kapsch TrafficCom Russia OOO, Moscow, Russia, EUR 90,000.00 and Kapsch TrafficCom Dominican Republic S.R.L., Santo Domingo, Dominican Republic, EUR 43,912.43

In the 2023/24 financial year, a **write-up of shares in affiliated companies** amounting to EUR 481,498.97 was made at KTS Beteiligungs GmbH, Vienna.

In the case of the investment in autoTicket GmbH, Germany, the shareholders, Kapsch TrafficCom AG holds a 50% share, decided to distribute a dividend, which was divided equally among the shareholders. The pro rata dividend of Kapsch TrafficCom AG amounted to EUR 30,000 thousand. The book value as of March 31, 2024 was EUR 2,161 thousand (March 31, 2023 EUR 27,871 thousand). In addition, there was a distribution-related write-down of EUR 25,710 thousand on the equity attributable to Kapsch TrafficCom AG, Vienna.

In March 2024, the shares of the associated company Traffic Technology Services, Inc., USA, were sold. The loss from the sale was recorded in the financial result.

Of the shares in affiliated companies, EUR 63,345,088.01 thousand is attributable to Kapsch TrafficCom B.V., Amsterdam, Netherlands, which acts as the holding company of the Kapsch TrafficCom North America Group. Furthermore, there are loans to affiliated companies from the US companies (subsidiaries/grandchildren of Kapsch TrafficCom B.V.) amounting to EUR 58,213,520.90.

Current assets.

Inventories.
Inventories included write-downs on goods amounting to EUR 3,271,501.07 (previous year: EUR 3,254 thousand)

Receivables.
The accounts receivable from trade and services with a remaining term of more than one year amounting to EUR 2,241 thousand relate to a long-standing customer of Kapsch TrafficCom AG.

The accounts receivable from affiliated companies relate to accounts receivable from trade and services amounting to EUR 108,505,251.94 (previous year: EUR 84,782 thousand), loan receivables amounting to EUR 17,394,342.36 (previous year: EUR 14,693 thousand) and dividend receivables amounting to EUR 8,998,243.26 (previous year: EUR 5,988 thousand).

The accounts receivable from companies with a participating interest relate to loan receivables amounting to EUR 0.00 (previous year: EUR 12,274 thousand) and accounts receivable from trade and services amounting to EUR 411,254.34 (previous year: EUR 595 thousand).

Other receivables and assets mainly include research bonuses, receivables from the tax office, accrued receivables and other receivables.

Other receivables include income of EUR 4,896,234.48 (previous year: EUR 6,660 thousand), that will affect cash low only after the balnace sheet date.

Deferres tax assets.
Deferred tax assets amounting to EUR 2,310,561.74 (previous year: EUR 2,313 thousand) result from temporary differences from severance pay provisions, open sevenths from depreciation of shares in affiliated companies and investments as well as from fixed assets and also include the amounts of the subsidiary Kapsch Components GmbH & Co KG, Vienna, whose tax result is attributable to Kapsch TrafficCom AG, Vienna. Deferred taxes include long-term temporary differences in the amount of EUR 2,228.541,90 (prior year: EUR 2,147 k).

Deferred tax assets are recognized for tax loss carryforwards (internal loss carryforwards from group taxation) to the extent that this tax benefit is likely to be offset by furture taxable income.. The company has capitalized deferred taxes for tax losses amounting to EUR 20.191.729,00 (previous year: EUR 25,010 thousand), that can be offset against future taxable income on the basis of the tax planning calculation.

Shareholders’ equity and liabilities.

Shareholders’ equity.

Disclosures on share capital.
The registered share capital of the company amounts to EUR 14,300,000.00 (March 31, 2023: EUR 13,000,000) due to a capital increase carried out in November 2023. The share capital is fully paid in. The total number of shares issued is 14,300,000. The shares are no-par value bearer shares.

Capital increase
On November 21, 2023, the offer period for the capital increase resolved on that day ended, in which a total of 1,300,000 new voting bearer shares (ordinary shares) were issued, of which 477,217 shares against cash contributions and 822,783 shares against contributions in kind. The issue and subscription price was EUR 9.00 per new share and the gross proceeds EUR 11.7 million. The increase in the tied capital reserve in the amount of EUR 10.4 million stems from the difference between gross proceeds of EUR 11.7 million from the capital increase and the share capital increase in the amount of EUR 1.3 million.

Authorization of repurchase of shares.
As of March 31, 2024, Kapsch TrafficCom held, as in the previous year, no treasury shares, no shares retained for options retained for options and no conversion rights

Proposed appropriation of retained earnings.
In accordance with the financing-restructuring agreement, the Board of Directors will propose to the 2024 Annual General Meeting that no dividend be paid for the 2023/24 financial year and that the retained profit be carried forward to new account

Amount subject to a prohibition of profit distribution.
Of the retained profit of EUR 59.8 million, an amount of EUR 22.5 million is prohibited from distribution in accordance with Section 235 Para. 2 of the Austrian Commercial Code (UGB)

Accruals and provisions.

Other accruals and provisions include the following items:

	March 31, 2023	March 31, 2024
	in EUR k	in EUR
Project-based accruals and provisions (including impending losses)	7,010	6,167,711
Invoices not yet received (excl. projects)	5,049	3,511,062
Personnel-related accruals and provisions (including vacation accruals of EUR 3.265.071,88; prior year: EUR 2.507 k)	4,334	7,316,413
Restructuring costs	184	0
Warranties and liabilities for construction flaws, as well as production and system defects	1,433	1,268,873
Other accruals and provisions	2,363	1,169,996
Total	**20,372**	**19,434,055**

Accounts payable.

Of the payables bank loans and overdrafts in the amount of EUR 0.00 (prior year: EUR 12,500 k) have a remaining maturity of more than 5 years.

As at June 9, 2016 five promissory note bonds were issued.
The remaining tranches as at the balance sheet date March 31, 2023 are as follows:

Tranche	Interest rate	Interest fixing and interest payment	Repayment
EUR 8.5 million	2.26%	yearly	June 16, 2026

With regard to the supplementary agreement on financing, we refer to the report section on events after the balance sheet date and to the 2023/24 Group report of Kapsch TrafficCom AG.

Liabilities to affiliated companies relate to loan liabilities amounting to EUR 24,420,729.57 (previous year: EUR 31,404 thousand), purchase price liabilities for the acquisition of Kapsch Telematic Services Sp.z.o.o. amounting to EUR 0.00 (previous year: EUR 4,872 thousand) and trade accounts payable.

Other liabilities include expenses amounting to EUR 2,939,006.89 (previous year: EUR 3,119 thousand) that will only be paid after the balance sheet date.

Collateral securities.

The reported export promotion loan of EUR 1,425,462.56 (previous year: EUR 1,425 thousand), the equity financing of EUR 20,353,000.00 (previous year: EUR 30,354 thousand) and the export loan of EUR 10,863,000.00 (previous year: EUR 17,900 thousand) are secured by bills of exchange.

Contingent liabilities and other financial obligations.

Values in EUR	March 31, 2023	March 31, 2024
Assumption of liabilities on behalf of subsidiaries	33,876	34,237,716
Bank guarantees for the performance of contracts relating to projects	35,391	46,502,403
Payment guarantees	161	160,873
Performance bonds	163,785	165,844,820
Other guarantees (security deposits, bid bonds and sureties)	887	1,274,300
Total	**234,100**	**248,020,112**

Furthermore, performance guarantees were provided by Kapsch TrafficCom AG, Vienna, for export transactions and projects of Kapsch TrafficCom AB, Jönköping, Sweden, with an order value of EUR 7,752,203.37 (previous year: EUR 7.8 million).

German infrastructure charge.

In 2018 the joint venture autoTicket GmbH (autoTicket), Germany, was commissioned to levy the German infrastructure charge (“passenger vehicle toll”). Moreover in a separate contract the Group company MTS Maut & Telematik Services GmbH (MTS), Germany, had been awarded the contract for the “automatic control of the passenger vehicle toll”.

On June 18, 2019, the European Court of Justice (ECJ) ruled contrary to expectations that the passenger vehicle toll in its planned form, where in Germany accredited vehicles receive a tax relief simultaneously, violates the principles of the European Union. The customer terminated on the following day the contracts for the implementation and operation of the passenger vehicle toll effective September 30, 2019.

The operating parties of the terminated contract for the project “Toll collection” are Kapsch TrafficCom, CTS EVENTIM and autoTicket. In December 2019, they jointly asserted claims in the amount of around EUR 560,000 k against the Federal Republic of Germany. The responsible minister is disputing this claim. This matter was therefore need to be resolved before an arbitration tribunal.

In March 2022 Kapsch TrafficCom received an interim arbitration award which affirms a claim for compensation of autoTicket against the Federal Republic of Germany on the merits. Consequently, in July 2023, an arbitration decision was reached with mutually agreed terms, compelling the Federal Republic of Germany to make a payment of TEUR 243,000. The developments described led to an increase in sales revenue of EUR 66.3 million and a significantly improved net cash flow from operating activities of EUR 68.3 million.

Derivative financial instruments.

At the balance sheet date, derivative financial instruments break down as follows and are included in the following balance sheet items

Figures as of March 31, 2023	Nominal amount	Number	Fair value [1]	Book value	Balance sheet item
Type of financial instrument					
Interest rate-related products					
Interest rate swap (05/2025)		1	715,964.73	0.00	n/a
Interest rate swap (05/2025)		1	-62,498.60	0.00	n/a
Interest rate swap (09/2027)		1	1,262,883.11	0.00	n/a

[1] A positive amount in this column refers to a positive fair value, a negative amount to a negative fair value.

Figures as of March 31, 2023	Nominal amount	Number	Fair value [1]	Book value	Balance sheet item
Type of financial instrument					
FX Rate Swap		1	240,308.77	0.00	n/a
Interest rate-related products					
Interest rate swap (12/2026)	EUR 20,000,000	1	1,418,479.49	0.00	n/a
Interest rate swap (09/2027)	EUR 25,000,000	1	2,055,612.57	0.00	n/a

[1] A positive amount in this column refers to a positive fair value, a negative amount to a negative fair value.

The fair value corresponds to the market value.

E. Comments on income statement items..

Breakdown of net sales.

	March 31, 2023	March 31, 2024
	in EUR k	in EUR
Toll	129,807	193,010,031
Traffic management	25,319	28,893,345
Total net sales by field of activity	**155,126**	**221,903,376**
Domestic	12,639	12,920,254
European Union, excl. Austria	54,749	114,008,934
Non-European Union	87,738	94,974,188
Total net sales by region	**155,126**	**221,903,376**

At the beginning of July 2023, a settlement was reached in connection with the termination of the operating contract for the collection of the infrastructure levy, the car toll in Germany. autoTicket GmbH, a joint venture between Kapsch TrafficCom and CTS Eventim, received an amount of EUR 243 million from the Federal Republic of Germany. An amount of EUR 66.3 million of the cash inflow of EUR 79.5 million is included in sales revenue.

3 Other operation income.

After an agreement was reached with a customer regarding overdue receivables, the write-down for these receivables in the amount of EUR 10.1 million, which was created as of March 31, 2023, was reversed. The agreement included, on the one hand, an installment payment agreement in the amount of EUR 4.5 million and, on the other hand, a credit for the receivables in the amount of EUR 5.6 million, which was recorded in sales.

The **salaries** includes expenses from the change in provisions for anniversary bonuses in the amount of EUR 34,975.51 (previous year: EUR 197 thousand).

The item **expenses for severance payments and payments to company employee pension funds** includes expenses from severance payments in the amount of EUR 552,563.09 (previous year: income of EUR 482 thousand) and expenses from payments to company employee pension funds in the amount of EUR 486,333.85 (previous year: EUR 441 thousand).

Other operating expenses were reduced to EUR 48,679,358.88 (previous year EUR 65,347 thousand). The previous year was burdened with the included write-downs on loans and receivables in the amount of EUR 23.5 million. The current value in the 2023/24 financial year is EUR 4,317,375.69. The maintenance expenses were reduced to EUR 2,181,333.79 (previous year: EUR 3,405 thousand) also legal and consulting expenses to EUR 7,096,416.40 (previous year: EUR 7,604 thousand). On the other hand, IT expenses increased to EUR 10,187,767.16 (previous year: EUR 8,727 thousand), licensing and patent expenses to EUR 4,292,718.82 (previous year: EUR 3,382 thousand) and the expenses for guarantee commissions to EUR 3,363,369.30 (previous year: EUR 900 thousand).

Regarding the expenses for the auditor, we refer to the 2023/24 Group report of Kapsch TrafficCom AG. In addition, a distribution of Autoticket in the amount of 30 million is included in the position

Financial result.

Income from investments relates to dividends received from affiliated companies and is not phase-congruent.

The interest expense in the past financial year was significantly higher than the previous year at EUR 16,815 thousand, mainly due to the agreement to restructure financing in May 2023. For the coming financial years, a decline to a standard market interest rate level is expected here again.

The expenses from financial assets relate to the depreciation of shares in affiliated companies in the amount of EUR 6,327 thousand and associated companies in the amount of EUR 25,710 thousand, as well as the loss from the sale of Traffic Technology Services Inc., USA, in the amount of EUR 3,215 thousand.

Taxes on income.

The Company is member of a tax group. Parent of the tax group is KAPSCH-Group Beteiligungs GmbH, Vienna. In accordance with section 9 para. 1 KStG (Austrian Corporate Income Tax Act), the relevant tax result of the respective group member is allocated to the relevant tax result of the participating group member or the group parent in the respective financial year. Pursuant to section 7 para. 2 KStG, the income is determined at the group parent based on the consolidated result of the group and taxed. Tax is allocated using the stand-alone method, whereby an allocation to the group parent only takes place in the event of a taxable profit. Tax losses are carried forward in the form of an internal loss carryforward and offset against future positive results

F. Other disclosures.

Disclosures on board members and staf.

The average number of employees during the 2023/24 financial year was 449 employees (previous year: 432 employees).

The current remuneration (including pension fund payments) of the Executive Board in the 2023/24 financial year amounted to EUR 3,171 thousand (previous year: EUR 1,974 thousand). The increase in remuneration is primarily due to the profit-related remuneration. Expenses for severance payments and pensions for Executive Board members amounted to EUR 32 thousand and relate to payments to company employee pension funds (previous year: EUR 36 thousand). In total, this results in total remuneration of the Executive Board in the 2023/24 financial year of EUR 3,171 thousand (previous year: EUR 1,974 thousand).

For the members of the Supervisory Board, Supervisory Board remuneration (including travel expenses) of EUR 118,300.00 (previous year: EUR 120 thousand) was recorded as an expense.

As in previous years, no advances or loans were granted to members of the Management Board or Supervisory Board, nor were any guarantees given in their favor.

The Executive Board and Supervisory Board are composed of the following persons

Executive Board.

Georg Kapsch (Chairman)
Alfredo Escribá Gallego
Andreas Hämmerle (until November 2023)

Supervisory Board.

Franz Semmernegg (Chairman)
Harald Sommerer (Deputy-Chairman)
Sabine Kauper (until September 6, 2023)
Monika Brodey (from September 6, 2023)
Sonja Hammerschmid

Delegated by the works council:

Christian Windisch
Claudia Rudolf-Misch (until November 22, 2023)
Robert Kutschera (from November 22, 2023)

Subsequent events.

Winning a major infrastructure project in Switzerland.
Kapsch TrafficCom AG announced on April 30, 2024 that it had been contracted by the Swiss Federal Office for Customs and Border Security (BAZG) to supply the heavy goods vehicle (HGV) road fee collection system and to manage the technical operation until at least the end of 2032. This major project has a contract value of EUR 74.5 million.

Supplementary financing agreement.
In May 2024, the term of the existing restructuring agreement including all credit lines of Kapsch TrafficCom AG was extended until March 31, 2026. Furthermore, Kapsch TrafficCom AG is committed to make repayments totaling EUR 20 million between December 31, 2024 and March 31, 2026.

Beyond this, there were no events after the balance sheet date to report.

Vienna, June 18, 2024

Georg Kapsch
Chief Executive Officer

Alfredo Escribá Gallego
Executive Board member

Statement of all Members of the Executive Board.

Pursuant to Sec. 124 (1) Stock Exchange Act 2018

We declare to the best of our knowledge that the Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the Management Report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Vienna, June 18, 2024

Georg Kapsch Vorsitzender des Vorstands	Alfredo Escribá Gallego Mitglied des Vorstands

AUDITOR'S REPORT.
Report on the Financial Statements.

Audit Opinion.
We have audited the financial statements of Kapsch TrafficCom AG, Vienna, which comprise the balance sheet as at March 31, 2024, the income statement for the financial year then ended and the notes.

In our opinion, the accompanying financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as at March 31, 2024, and of its financial performance for the financial year then ended in accordance with Austrian Generally Accepted Accounting Principles.

Basis for Opinion.
We conducted our audit in accordance with Regulation (EU) No. 537/2014 (hereinafter EU Regulation) and Austrian Generally Accepted Standards on Auditing. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Company in accordance with Austrian Generally Accepted Accounting Principles and professional requirements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained until the date of the auditor’s report is sufficient and appropriate to provide a basis for our opinion by this date.

Key Audit Matters.
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the financial year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have structured key audit matters as follows:
- Description
- Audit approach and key observations
- Reference to related disclosures

1 Valuation oh shares in affiliated companies and participating interests as well as loans to and loan receivables from affiliated companies and participating interests.

Description.
As a holding company, Kapsch TrafficCom AG, Vienna, holds material shares in affiliated companies (book values in the amount of EUR 138,442k) and participating interests (book values in the amount of EUR 2,556k) as at March 31, 2024. Moreover, loans in the amount of
EUR 58,214k as well as loan receivables from affiliated companies in the amount of EUR 17,394k and from participating interests in the amount of EUR 0k exist.

Pursuant to section 204 para. 2 UGB, shares in affiliated companies and participating interests as well as loans are to be written down in case a diminution in value occurs that is expected to be permanent. Pursuant to section 207 UGB, the strict lower of cost or market principle is to be taken into account for current assets (loan receivables). Write-ups are made if the reasons for the write-down no longer apply, however they are capped at acquisition cost.

In the financial year 2023/24, write-downs on the shares in affiliated companies in the amount of EUR 6,327k were made based on the tests for write-downs (thereof EUR 1,930k on Kapsch TraffiCom S.A.S, Colombia, and EUR 4,154k on Kapsch Telematic Service GmbH (KTS), Austria). In the financial year under review, for the participating interest in Auto Ticket GmbH, a distribution-related write-down on the book value under tax on equity attributable to Kapsch TrafficCom AG, Vienna, was made in the amount of EUR 25,710k. The book value of the participating interest after the write-down amounts to EUR 2,556k. The Traffic Technology Services Inc., USA was sold during the fiscal year, resulting in loss amounting to TEUR 3.215.

Based on the expected business development, in the financial year 2023/24, write-downs on loan receivables from affiliated companies were made in the amount of EUR 4,006k. These write-downs relate in the amount of EUR 3,574k to Kapsch TrafficCom Services USA and in the amount of EUR 432k to Intelligent Mobility Solutions. No write-downs on loan receivables from participating interests were made.

No requirement for value adjustment of the book value of loans to affiliated companies has been identified.

Management believes that no further diminutions in value or reversals of write-downs (up to a maximum of the amount of acquisition cost) apply to shares in affiliated companies, participating interests as well as loans to and loan receivables from affiliated companies and participating interests as at March 31, 2024 and that, consequently, no further write-downs or write-ups are required.

Valuation of shares in affiliated companies and participating interests as well as in loans and loan receivables requires management to make material estimates on future market developments and the probability of the subsidiaries winning contracts in the planning period. This is particularly true for implementation projects with regard to tolling systems in the Tolling segment, where the order inflow is very volatile and contracts are usually awarded based on invitations to tender, which usually is associated with certain uncertainties. Moreover, there is a significant area of judgement involved in the valuation, in particular with regard to the discount rate and the long-term growth rate. With regard to the financial statements, there is a risk of an overstatement of shares in affiliated companies and participating interests due to these estimation uncertainties and it was therefore identified as key audit matter. The valuation of loans is also subject to significant management estimates. These estimates relate to the future prospects of the subsidiaries and their ability to repay the outstanding loans. Due to this uncertainty, there is a risk of overstatement of loans and loan receivables in the financial statements, which is why they were also identified as a key audit matter.

Audit approach and key observations.
We assessed management's approach to the valuation of shares in affiliated companies and loans to affiliated companies to determine whether it appropriately identifies a potential need for diminutions in value.

We first gained an understanding of the valuation model itself and the key value drivers of the current values.

With the partial involvement of our internal valuation experts, we examined whether the selected valuation method complies with recognized valuation principles and analyzed and critically assessed the main drivers for future development (such as net sales, expenses, project planning, investments, changes in working capital) as well as the main risks for possible deviations from the planning assumptions and discussed them with management. The assumptions regarding the discount rate and the growth rate were checked by means of external market and industry data, and the calculation model was tested for mathematical accuracy. In addition, we have checked if the corresponding loan receivables have been adjusted in value.

The valuation models used by the Company are suitable to assess the valuation of the shares in affiliated companies and the participating interests as well as the loans and loan receivables. The assumptions and valuation parameters used in the valuation are reasonable.

Reference to related disclosures.
For further information, reference is made to the notes to the financial statements of Kapsch TrafficCom AG, Vienna, Section D. Comments on items in the balance sheet “Shares in affiliated companies and participating interests as well as loans to affiliated companies” and “Current assets, Receivables”.

2 Estimates and assumptions regarding net sales, services not yet invoiced and project-related accruals in the accounting of inventories.

Description.
Services not yet invoiced as at March 31, 2024 amount to EUR 2,645k, project-related accruals including accruals for impending losses amount to EUR 6,168k. Implementation projects, in particular, require an ongoing assessment and update of the contract costs and the risks from fulfilling the contracts which may result from technical and time delays, supply chain bottlenecks or other external framework conditions and influence the project margin. Furthermore, damages or contractual penalties can arise from these contracts which have to be considered in the project valuation and require a risk assessment. The major projects of the Company usually are technologically complex individual contracts with specific terms of contract and therefore have to be assessed individually with regard to revenue recognition and project risks.

Due to the material impact of the major projects, in particular during the construction phase, on the Company's financial position and financial performance and the considerable estimates involved in the accounting for these contracts, there is the risk that the project revenue, the result and the related services not yet invoiced and project-related accruals contain a material misstatement, and this was therefore identified as key audit matter.

Audit approach and key observations.
Within the framework of our risk-based audit approach, we gained an understanding of the processes and internal controls relevant for the accounting of construction contracts and tested the effectiveness of selected internal controls. This mainly referred to internal controls in connection with the approval of order calculation upon the conclusion of new contracts as well as approval of the ongoing recalculation. In the course of our detailed audit procedures, we requested the project valuations for random samples of projects and reperformed the calculation of the accruals/deferrals and accruals for those projects based on plan revenue and costs as well as the costs incurred up until the balance sheet date. We looked at project requests, customer contracts, Supervisory Board minutes, the project budgeting tool as well as detailed cost estimates and held discussions with the project managers and the management team regarding the status of the project, project risks and planning assumptions. In assessing the appropriateness of the estimates, a particular focus was on the review of the regular update of plan assumptions, in particular on the planned cost to complete and the planned project margin. In order to assess the accuracy of the estimates, we requested and checked the purchase orders and contracts for both actual and planned revenue.

The valuation methods used and the underlying assumptions in the valuation of the project are reasonable and comply with the provisions of the UGB.

Reference to related disclosures.
For further information, reference is made to the notes to the financial statements of Kapsch TrafficCom AG, Vienna, Section C. Accounting and valuation methods "2.1. Inventories" and "5. Accruals and provisions" as well as Section D. Comments on items in the balance sheet under "Accruals and provisions".

3 Recognition of deferred tax assets.

Description.
In the financial statements, deferred tax assets in the amount of EUR 22.502k (prior year: EUR 27,323k) are reported which are mainly attributable to internal loss carry-forwards from the tax group. The Company recognizes deferred tax assets up to the extent it is probable that sufficient taxable profits will be available against which the temporary differences as well as unused tax loss carry-forwards can be utilized. In the case of a history of losses, capitalization only occurs to the extent that there is convincing substantial evidence that sufficient taxable income will be available in the future. The planning horizon in this context is six years.

The recognition of deferred taxes requires management to make significant estimates as regards future market and business development within the planning horizon, which is usually subject to a degree of uncertainty. With regard to the financial statements, there is a risk of an overstatement of deferred tax assets due to these estimation uncertainties, and they were therefore identified as key audit matter.

Audit approach and key observations.
We examined whether the assumptions used in the future cash flows are plausible and transparent, and we analyzed and critically assessed the essential drivers for future development (revenue growth, earnings margin, investment planning). Furthermore, we analyzed and critically assessed the adjustments to the tax planning result. The calculation model was tested for mathematical accuracy and the tax rates used were reconciled with external sources. We evaluated in particular whether there is convincing evidence that sufficient taxable profits will be available against which the unused tax loss carryforwards can be utilized. Further, we evaluated whether the disclosures on deferred taxes provided in the notes are appropriate.

The model used by the Company is suitable to recognize deferred tax assets in accordance with the provisions of the UGB. The assumptions used in the valuation are reasonable. The disclosures in the notes required by UGB are complete.

Reference to related disclosures.
The Company's disclosures on the recognition of deferred taxes are included in Section C. Accounting and valuation methods under "Deferred tax assets" as well as Section D. Comments on items in the balance sheet under "Deferred tax assets".

4 Restructuring of financing.

Description.
As at March 31, 2024, bank loans and overdrafts in the amount of EUR 60,886k (prior year: EUR 113,981k) exist, thereof, no liabilities with a remaining maturity of less than one year exist (prior year: EUR 69,881k). In addition, promissory note loans in the amount of EUR 8,510k (prior year: EUR 31,508k) exist, thereof EUR 9k (prior year: EUR 23,007k) short-term.

In the previous financial year 2022/23, the adverse business development, particularly with regard to profitability and the associated liquidity and debt, has led management to prepare a comprehensive restructuring concept with the help of an external advisor, which includes measures to improve profitability and reduce working capital, but is also intended to create a basis for sustainable future growth. This restructuring concept also forms the basis for the refinancing agreement concluded by Kapsch TrafficCom AG, Vienna, with its main financial creditors on May 31, 2023, which was concluded until May 25, 2025, in which a comprehensive refinancing of current financial liabilities (including the promissory note bonds) was agreed. Existing financing in the amount of EUR 106.3 million was extended until May 25, 2025, and new financing was concluded by this date. This includes a refinancing agreement of 50% of the promissory note bond in the amount of EUR 11.5 million that has matured in mid-June 2023 and the provision of EUR 4.25 million as an additional operating loan by a promissory note creditor. In this context, the Company has agreed to make early repayments from surplus cash and cash equivalents (cash sweep), from extraordinary inflows and from pending proceedings, and to not distribute any dividends. In the course of the refinancing, additional customary covenants and conditions were agreed with the financial creditors, compliance with which will be closely monitored and reported on by the external advisors in the future. The main shareholder KAPSCH-Group Beteiligungs GmbH, Vienna, pledged all its shares held in the Company (around 63.6% of the share capital) as collateral. The Company also undertook to utilize the entire existing authorized capital to the extent of 10% of the share capital.

In a supplementary agreement dated May 31, 2024 to the restructuring agreement, the maturity of the non-current loans was extended to March 31, 2026 with the condition that EUR 4 million must be repaid early on a quarterly basis from December 31, 2024.

The measures for ensuring sufficient liquidity implemented by management in the prior years were continued in the financial year 2023/24.

Due to the material impact of the refinancing on the assets and liabilities and financial situation as well as the going concern assumption of the Group, this was identified as key audit matter.

Audit approach and key observations.
The refinancing from the previous year, which was concluded on May 31, 2023, was revalued by the management. We first gained an understanding of the calculation and whether a significant contract adjustment in accordance with AFRAC 14 has been made. The model for the calculation was evaluated and the cash flows analyzed. These were compared using detailed documentation on the loan agreements and interest payments in order to verify the underlying values of the model. The present values of the original cash flows were compared with the present values of the adjusted cash flows and it was checked whether this is a significant contract adjustment – considering qualitative and quantitative aspects. The result was that no significant contract adjustment has been made and the difference is recognized in the income statement.

We checked the agreements dated May 31, 2023 as well as the supplementary agreement dated May 31, 2024, on refinancing and assessed the resulting impact on the assets and liabilities, financial situation and results of operations as well as the going concern assumption of the Company and assessed the related disclosures made by the Executive Board in the consolidated financial statements. In this process, we first gained an understanding of the planning process and model. We examined whether the assumptions used in the future cash flows are in line with the plan included in the restructuring concept prepared by the Executive Board and approved by the Supervisory Board. We analyzed and critically assessed the essential drivers for future development (such as revenue and cost planning, changes in working capital as well as liquidity planning) as well as the essential risks for possible deviations from the planning assumptions and discussed them in meetings with the management. We interviewed the management on the status of the implementation of the measures.

Furthermore, on the basis of the planning calculations, we assessed whether the Company will be able to fulfil the future repayment obligation included in the supplementary agreement.

Moreover, we assessed the management's measures implemented to ensure sufficient liquidity and checked whether the monitoring implemented by management in this regard (daily monitoring of the group-wide liquidity portfolio and weekly 12-weeks cash flow forecasts) continue to be performed.

Based on the information we have collected and as agreed in the refinancing agreement dated May 31, 2023 and in the supplementary agreement dated May 31, 2024, regular monitoring and external reporting will be carried out by the external advisor to ensure ongoing and appropriate monitoring of liquidity and compliance with the intended implementation of the measures from the restructuring concept.

The application of the accounting method based on the going concern assumption is appropriate

Reference to related disclosures.
The Company's disclosures on refinancing are included in the notes under "Subsequent events" under Section F. "Other disclosures".

Other Information.
Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the management report and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Financial Statements.
Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Austrian Generally Accepted Accounting Principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements.
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation and with Austrian Generally Accepted Standards on Auditing, which require the application of ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU Regulation and with Austrian Generally Accepted Standards on Auditing, which require the application of ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with all relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, on measures taken to eliminate identified threats or on applied safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements.

Comments on the Management Report for the Company.
Pursuant to Austrian Generally Accepted Accounting Principles, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the management report was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the management report in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian standards on auditing for the audit of the management report.

Opinion.
In our opinion, the management report for the Company was prepared in accordance with the applicable legal regulations, comprising the details in accordance with section 243a UGB, and is consistent with the financial statements.

Statement.
Based on the findings during the audit of the financial statements and due to the obtained understanding concerning the Company and its circumstances no material misstatements in the management report came to our attention.

Additional Information in Accordance with Article 10 of the EU Regulation.
We were elected as statutory auditor at the ordinary general meeting dated September 6, 2023. We were appointed by the Supervisory Board on November 7, 2023. We have audited the Company's financial statements for an uninterrupted period since 2002.

We confirm that the audit opinion in the "Report on the Financial Statements" section is consistent with the additional report to the Audit Committee referred to in Article 11 of the EU Regulation.

We declare that no prohibited non-audit services (Article 5 para. 1 of the EU Regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

Responsible Engagement Partner.
Responsible for the proper performance of the engagement is Frédéric Vilan, Austrian Certified Public Accountant.

Vienna,
June 18, 2024

PwC Wirtschaftsprüfung GmbH

signed
Frédéric Vilain
Austrian Certified Public Accountant

Publication and sharing of the financial statements together with our auditor's report is only allowed in the version audited by us. This auditor's report is only applicable to the German and complete financial statements with the management report. For deviating versions, the provisions of section 281 para. 2 UGB apply.

Disclaimer.
Certain statements in this report are forward-looking statements. They contain the words “believe,” “intend,” “expect,” “plan,” “assume,” and terms of a similar meaning. Forward-looking statements reflect the beliefs and expectations of the company. Actual events may deviate significantly from the expected developments, due to a range of factors. As a result, readers are cautioned not to place undue reliance on such forward-looking statements. Kapsch TrafficCom AG is under no obligation to update forward-looking statements made herein, unless required by applicable law.

This report was created with care and all data has been checked conscientiously. Nevertheless, the possibility of layout and printing errors cannot be excluded. Differences in calculations may arise due to the rounding of individual items and percentages. The English translation is for convenience; only the German version is authentic.

When referring to people, the authors strive to use both the male and female forms as far as possible (for example: he or she). For readability reasons, occasionally only the masculine form is used. However, it always refers to people of all gender categories.

This report does not constitute a recommendation or invitation to purchase or sell securities of Kapsch TrafficCom.

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Kapsch TrafficCom

Kapsch TrafficCom is a globally renowned provider of transportation solutions for sustainable mobility with successful projects in more than 50 countries. Innovative solutions in the application fields of tolling, tolling services, traffic management and demand management contribute to a healthy world without congestion.

With one-stop-shop solutions, the company covers the entire value chain of customers, from components to design and implementation to the operation of systems.

Kapsch TrafficCom, headquartered in Vienna, has subsidiaries and branches in more than 25 countries and is listed in the Prime Market segment of the Vienna Stock Exchange (ticker symbol: KTCG). In its 2023/24 financial year, about 4,000 employees generated revenues of EUR 539 million.

>>> www.kapsch.net

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