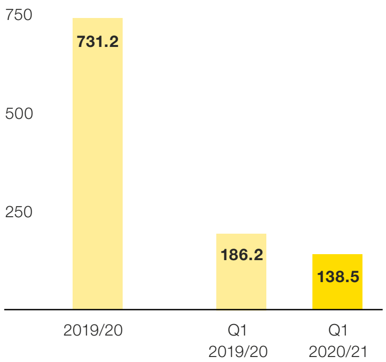
Headlines Q1 2020/21.

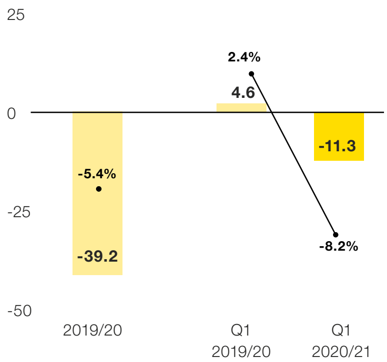
April 1, 2020 to June 30, 2020.

- Several major projects which have come to an end, an ongoing personnel shortage in North America and additional expenses for the implementation of new software lead to a decline in revenues and earnings.
- No dividend for 2019/20.
- Program launched to reduce costs and increase efficiency.
- Still too many uncertainties for quantitative outlook on full year 2020/21.

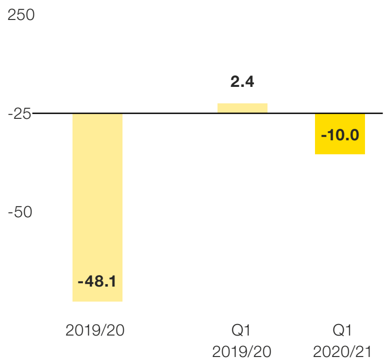
Revenues
in EUR million



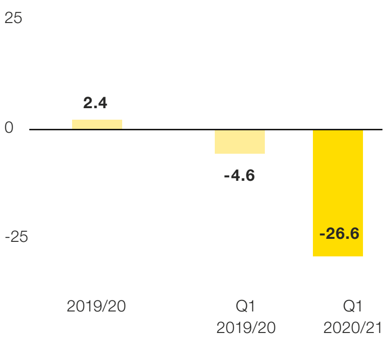
EBIT (in EUR million) and
EBIT margin



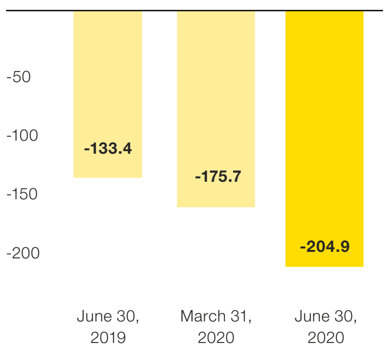
Result for the period attributable to equity holders in EUR million



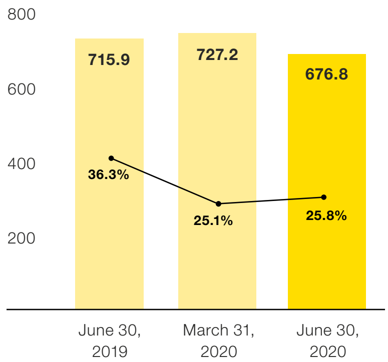
Free cash flow
in EUR million



Net debt
in EUR million



Total assets (in EUR million) and
equity ratio



None of the figures in this document have been subjected to an audit or audit review conducted by a statutory auditor.

Remarks by the CEO.

Business development in the Q1 2020/21 period.

Dear shareholders,

We have already explained in the outlook for financial year 2020/21 that some of the effects that impacted us in the previous year will continue to pose a challenge:

> Profitable major projects (ETC segment) have come to an end.
  It is well known that the two projects for the German infrastructure charge were terminated effective September 30, 2019, that our contract to operate the nation-wide toll system in the Czech Republic expired at the end of November 2019, and that we successfully completed the implementation of the nation-wide car and truck toll system in Bulgaria.

> There were also additional expenses for the implementation of new software.
  In the fourth quarter of the last financial year in particular, it became apparent that there were significant cost overruns in the implementation of new software in individual customer systems. In the outlook for the new financial year, we stated that additional expenses would probably be incurred through the first half of 2020/21.

> Personnel shortage in the USA.
  We already reported on the shortage of staff in the USA last year. In our outlook for financial year 2020/21, we voiced our expectation that this problem would be solved by the end of 2020. By then, a large number of employees will need to be recruited and then trained by experienced colleagues. This means that productivity will fall while costs simultaneously increase until it is possible to achieve the full potential of the enlarged team. This must be partly compensated by outsourcing.

In Q1 2020/21, the impact of these factors was stronger than expected. **Revenues** decreased in Q1 by around 26% to EUR 138 million. This decrease is mainly due to developments in the EMEA region (Europe, Middle East, Africa). As already explained above, some major projects whose revenues are still included in the comparable figures for the previous year ended. This alone explains a drop in revenues of around EUR 38 million. In South Africa, the COVID-19 situation in particular led to a drop in revenues of EUR 6 million.

By contrast, revenues continued to rise in the Americas region (North, Central, and South America). The critical factor here was the strong implementation business. The Americas region now accounts for 47% of total revenues (previous year: 34%), which is a little less than one percentage point below the EMEA region. The APAC (Asia-Pacific) region accounts for around 5% of revenues.

Revenues in the Americas and EMEA regions on the same level.

Revenues in the ETC (Electronic Toll Collection) segment decreased by 28% in comparison to Q1 of the previous year and those in the IMS (Intelligent Mobility Solutions) segment fell by 17%. ETC generated 77% of total revenues, IMS 23%.

The operating result (**EBIT**) was at EUR -11 million (previous year: EUR 5 million). It has not yet been possible to compensate for the loss of profitable major projects. At the same time, we have not yet been able to adapt our cost base to the new circumstances. For example, personnel costs fell by only 2% compared with the first quarter of the previous year despite a 26% decline in revenues. The number of employees remained constant at around 5,000. Compared to the balance sheet date (March 31, 2020), however, the number of employees decreased by 116.

Additional expenses for the implementation of new software and the expenses in connection with the staff situation in the USA were also higher than expected in Q1. For some projects, the project margin had to be adjusted and provisions for impending losses had to be made: This had an impact of around EUR -9 million on both revenues and EBIT.

Adjustment of project margins and provisions for impending losses lowered revenues and EBIT by EUR 9 million.

In Q1 2020/21, we achieved **earnings for the period attributable to equity holders** of EUR -10 million (previous year: EUR 2 million). This corresponds to **earnings per share** of EUR -0.77 (previous year: EUR 0.19). **Free cash flow** was very negative at EUR -27 million. More than EUR 20 million of this amount resulted from changes in working capital. In particular, trade payables were reduced, which caused the balance sheet to decline. **Total assets** fell to EUR 677 million as of June 30, 2020 (March 31, 2020: EUR 727 million) and the **net debt** rose to EUR 205 million (March 31, 2020: EUR 176 million). The **equity ratio** increased slightly to 26% (March 31, 2020: 25%).

Outlook.

It is not currently possible to quantify the effects of COVID-19 on our business. In some cases, we see shifts within projects and in tenders. Moreover, visibility for the second half of the year remains low. For this reason, and due to the weak Q1 results, we are withdrawing from the original dividend proposal (EUR 0.25 per share) and will not be proposing a distribution at the Annual General Meeting on September 9, 2020.

No dividend for financial year 2019/20.

In anticipation of a difficult financial year, we have launched a program to define short-term cost-cutting measures and to create the basis for sustainable growth. The goals include sustainable cost reductions in the double-digit million range and the cushioning of negative factors influencing earnings in the current financial year. The first measures are already being implemented and more will follow.

As a sign of how seriously management takes this program, the members of the Executive Board and the 15 executives on the Global Leadership Team are waiving 10% of their fixed salary for at least six months. Due to the negative EBIT in 2019/20, the members of the Executive Board will not be entitled to receive profit-related remuneration this year.

Management with waiving of salary.

From today's perspective, I expect profitability for financial year 2020/21 to be significantly better than in the previous year. Based on the performance in Q1, achieving a positive EBIT is expected to be much more challenging than originally anticipated, given the low visibility and uncertainties surrounding COVID-19. In any case, I am convinced that we will lead the company out of the current weak phase with sustained strength.

Sincerely,

Georg Kapsch
Chief Executive Officer

Selected key data.

2020/21 and 2019/20 refer to the respective financial year (April 1 to March 31)
Q1: first quarter of a financial year (April 1 to June 30)
All figures presented in EUR million unless otherwise stated.

Earnings Data	**2019/20**	**Q1 2019/20**	**Q1 2020/21**	**+/-**
Revenues	731.2	186.2	138.5	-25.6%
thereof in ETC segment	563.5	147.0	106.0	-27.9%
thereof in IMS segment	167.7	39.1	32.5	-17.0%
EBITDA	13.6	13.4	-4.7	> -100%
EBIT	-39.2	4.6	-11.3	> -100%
thereof in ETC segment	1.5	7.6	-8.9	> -100%
thereof in IMS segment	-40.7	-3.1	-2.5	-20.1%
EBIT margin	-5.4%	2.4%	-8.2%	-10.6%p
EBIT margin ETC segment	0.3%	5.2%	-8.4%	-13.6%p
EBIT margin IMS segment	-24.2%	-7.9%	-7.6%	0.3%p
Financial result and result from associated companies	-24.3	-1.9	-1.8	-9.0%
Income taxes	7.7	-0.4	2.8	> 100%
Profit for the period	-55.7	2.2	-10.3	> -100%
Earnings per share in EUR	-3.70	0.19	-0.77	> -100%

Cash flow	**2019/20**	**Q1 2019/20**	**Q1 2020/21**	**+/-**
Cash flow from operating activities	33.4	4.8	-22.6	> -100%
thereof cash flow from earnings	2.1	7.1	-2.2	> -100%
thereof change in net working capital	31.3	-2.4	-20.4	> -100%
Cash flow from investing activities	-31.0	-9.4	-4.1	57.0%
Free cash flow [1]	2.4	-4.6	-26.6	> -100%
Cash flow from financing activities	31.4	5.1	-7.2	> -100%

Balance sheet data	**March 31, 2020**		**June 30, 2020**	**+/-**
Total assets	727.2		676.8	-6.9%
Non-current assets	227.3		221.6	-2.5%
Current assets	499.8		455.2	-8.9%
Non-current liabilities	273.2		225.4	-17.5%
Current liabilities	271.5		276.8	2.0%
Total equity [2]	182.5		174.6	-4.3%
Equity ratio [2]	25.1%		25.8%	0.7%p
Net cash (+)/debt (-) [3]	-175.7		-204.9	16.7%
Gearing [4]	96.3%		117.4%	21.1%p

Other information	**March 31, 2020**		**June 30, 2020**	**+/-**
Employees, end of period	5,104		4,988	-2.3%

[1] Cash flow from operating activities + cash flow from investing activities
[2] Including non-controlling interests
[3] Cash and cash equivalents + other current financial assets - financial liabilities - lease liabilities
[4] Net debt/equity

Financial calendar.

August 30, 2020	Record Date: Annual General Meeting
September 9, 2020	Annual General Meeting
November 18, 2020	Results H1 2020/21
February 16, 2021	Results Q1–Q3 2020/21

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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 can 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 disclaims any obligation to publicly announce the result of any revisions to the forward-looking statements made herein, except where it would be required to do so under applicable law.

This report was created with the greatest possible care, and all data has been checked conscientiously. Nevertheless, the possibility of layout and printing errors cannot be completely excluded. Slight 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 and binding.

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, this always refers to men, women, and non-binary persons.

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