challenging limits

Kapsch TrafficCom

Financial Report 2025/26

of Kapsch TrafficCom AG
as of March 31, 2026.

Management Report and Financial Statements 2025/26.

Table of contents.

MANAGEMENT REPORT.

1 Business performance and economic situation.

1.1 Business performance.

1.1.1 Economic environment.

- Despite uncertainties, the economy was solid, with declining inflation and interest rates.
- Supply chains were stable but affected by price increases and tariff discussions.
- The outbreak of war in the Middle East changed the economic landscape from the end of February 2026 onward.

Global economic developments.
In financial year 2025/26, the global economy was largely stable and showed an upward trend: While trade barriers and high levels of uncertainty weighed on economic activity, technology-related investments and the overall financial environment—including fiscal and monetary policy support—had a positive effect. At the end of February 2026, this picture changed abruptly: The outbreak of war in the Middle East caused prices for fossil fuels to rise rapidly, while shifting inflation expectations and economic conditions dampened companies' willingness to invest. Given the uncertainty regarding the war's future course, forecasts were made for various scenarios at the end of the financial year. In its "Reference Scenario" released in mid-April, the International Monetary Fund (IMF) assumed that the war would be limited in duration, intensity, and scope, and that disruptions would subside by mid-2026.

Global gross domestic product (GDP) growth stood at 3.4% in 2025, as in the previous year. While major emerging economies continued to post robust growth rates, growth in the United States reached 2.1% and in the euro area only 1.4%. On the one hand, the eurozone benefited less from the technology-driven investment boom; on the other hand, persistently high energy prices and the strong euro dampened growth. For 2026, the IMF forecasts global economic growth of 3.1%.

Supply chains.
Already in the previous financial year, growing trade tensions and tariff disputes among leading economies led to uncertainty in global procurement and sales markets. The introduction of additional industry-specific tariffs could lead to supply bottlenecks, particularly in the supplier industries, which could initially affect prices and, subsequently, business activity. The war in the Middle East also led to a drastic shortage and a rise in prices for crude oil and gas in early 2026. For Kapsch TrafficCom, in the supply chain the enormous price increases for memory components were particularly significant during the reporting period; these were linked to the global rise in demand resulting from the increased need for data processing for artificial intelligence.

Interest rates.
In response to the high level of uncertainty in the markets and to stimulate demand, both the European Central Bank (ECB) and the Federal Reserve (FED) decided to further lower key interest rates in 2025. In Europe, the interest rate for main refinancing operations, which had been in effect since March 2025, as well as the interest rates for the marginal lending facility and the deposit facility, were lowered in two steps from 2.65%, 2.9%, and 2.5%, respectively, to 2.15%, 2.4%, and 2.0%, respectively, in June 2025. The FED lowered its key interest rate from a range of 4.25% to 4.50% in September in several steps to 3.50% to 3.75% in December 2025. Interest rates are particularly significant for Kapsch TrafficCOM in terms of financing costs.

Inflation.
Global inflation developed largely steadily in the financial year 2025/26. According to the International Monetary Fund, the average global inflation rate fell to 4.1% in 2025 from 5.8% in 2024 and is expected to reach 4.4% in 2026. While the rate in the eurozone remained relatively stable in 2025, inflation in Austria rose from 2.9% to 3.6% in 2025 and is forecast to fall back to 2.5% in 2026. For Kapsch TrafficCom, inflation plays a significant role, particularly in relation to personnel costs.

Currencies.
On the foreign exchange markets, the performance of the US dollar (USD) is particularly important for Kapsch TrafficCom. The currency's impact on business development results from the Group's international presence, which includes numerous projects and locations in the United States and other countries where transactions are settled in USD. In financial year 2025/26, the euro (EUR) appreciated significantly against the US dollar: Starting at 1.08 EUR/USD on April 1, 2025, the exchange rate reached a high of 1.20 EUR/USD on January 28, 2026, but subsequently fell back to 1.15 EUR/USD. The average exchange rate was 1.16 EUR/USD (previous year: 1.07).

Austria.
After two years of recession, the Austrian economy also recorded slight growth in gross domestic product of 0.6% in 2025. Data from the Austria Institute of Economic Research (Österreichisches Institut für Wirtschaftsforschung, WIFO) show a recovery in fixed capital investments in particular for 2025. However, the economic upturn in the middle of the year was followed by a renewed slowdown. WIFO expects the effects of the war in the Middle East to be reflected particularly in the development of Austrian industry.

1.1.2 Market definition and solutions.

The following information complies with the requirements of ESRS 2 SBM-1 in the Non-Financial Statement 2025/26. Kapsch TrafficCom is a globally renowned provider of transportation solutions for sustainable mobility. Innovative solutions in the areas of tolling and traffic management contribute to a healthier world without congestion.

Vision und 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.

Markt.
Kapsch TrafficCom addresses the market for Intelligent Transportation Systems (ITS). These systems support and optimize transportation, including infrastructure, vehicles, users, and industry, through the use of information and communication technologies.

Within the ITS market, Kapsch TrafficCom focuses on the Tolling and Traffic Management segments. The core regions of its business activities are EMEA (Europe, Middle East, Africa), the Americas (North, Central, and South America), and APAC (Asia-Pacific). Other market segments within the ITS market are currently not addressed by Kapsch TrafficCom.

Addressable Market for Kapsch TrafficCom.
The market addressable by the Company—comprising all markets worldwide addressed by Kapsch in 2025/26 across its full portfolio of products and solutions—had a market size of EUR 7.5 billion in fiscal year 2025/26, according to internal calculations.

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 playsa significant role here, as it is responsible for a substantial portion of the greenhouse gas emissions. Both trafficmanagement 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 almost 70% in 2050. At the same time, the world's population will rise from around 8.2 billion people today to 8.6 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 simply be moved to make way for wider roads or new construction. 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, an increase in the urban population tends to lead to higher transport volumes.

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 transportation, 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 and data protection. 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,-module solutions and cloud applications.
- Instead of products, increasingly solutions and services (anything-as-a-service) are being offered.
- Payment options are evolving and increasingly being integrated into mobility solutions.
- Intelligent traffic infrastructure can be implemented using more economical means and technologies. However, specific domain knowledge and the need for customer-specific solutions remain of critical importance.New solutions can increasingly be rolled out on a global scale.
- New solutions can increasingly be rolled out on a global scale.

1.1.3 Business performance 2025/26. (Group view).

Kapsch TrafficCom's business performance fell short of initial expectations in financial year 2025/26: While a decline in revenues had been anticipated due to the cancellation of two major operation projects, the tolling market also showed an unexpectedly severe weakness. In addition, there were customer-related delays in starts and and executions of projects, and Kapsch TrafficCom did not win all of the projects it had expected. The strong order intake despite the difficult market situation, will only become apparent in the coming years.

Consequently, the financial year was primarily marked by internal cost adjustments and an increased focus on new business. Strategically and in terms of projects, Kapsch TrafficCom was able to look ahead and further strengthen its position in the market.

Project developments. Operating projects continued to deliver solid performance. During financial year 2025/26, additional implementation projects were successfully transitioned into the operational phase. The Swiss truck tolling system commenced operations, and Kapsch systems also went live in Norway and Chile. Traffic management systems were implemented in several Spanish cities, as well as in Sweden, Brazil, Mexico, Georgia, and New York (USA).

Increasingly, systems incorporating components from and for Connected Vehicles (CV) are being deployed. The first phase of Europe's largest C-ITS project on Germany's motorways was completed. In the United States, a comprehensive Connected Vehicles project in Georgia was put into operation. Another milestone was the initiative to introduce the first Connected Vehicle tolling system in North Carolina, USA. The integration of connected vehicle data into a tolling system is thereby being deployed for the first time in a live operating environment.

Notable new orders in the tolling business included the contract for Denmark's nationwide distance- and emissions-based truck tolling system, the renewed mandate for the operation and maintenance of the Bulgarian tolling system, and the contract for a satellite-based tolling system in Lithuania, where tolls will be charged based on distance traveled via a smartphone application. This represents a technological innovation that was publicly tendered for the first time worldwide. In addition, Kapsch TrafficCom presented further technological innovations within its portfolio and entered into significant partnerships during the reporting period.

Sustainability and Kapsch TrafficCom's structured ESG management continue to be key success factors in light of changing macroeconomic priorities, including in tendering procedures.

1.2 Financial and non-financial performance indicators.

1.2.1 Results of operations

Revenue of Kapsch TrafficCom AG amounted to EUR 166.9 million in financial year 2025/26, compared to EUR 187.7 million in the previous year. Revenue in the Tolling segment amounted to EUR 142.9 million (previous year: EUR 156.9 million). In the Traffic Management segment, revenue decreased from EUR 30.8 million in the previous year to EUR 24.1 million in financial year 2025/26. At the same time, a settlement agreement was reached in arbitration proceedings against the Federal Republic of Germany, resulting in a positive non-recurring revenue and earnings effect of EUR 13.5 million for the Company.

Personnel expenses increased marginally by EUR 0.6 million from EUR 55.2 million in the previous year to EUR 55.8 million as of March 31, 2026. The average number of employees increased by 10 to 509 employees.

Other operating expenses increased by EUR 22.6 million to EUR 66.4 million (previous year: EUR 43.9 million). The increase was mainly attributable to higher impairment losses on receivables from affiliated companies.

The operating result (EBIT) of Kapsch TrafficCom AG amounted to EUR -47.9 million in the reporting year, compared to EUR -27.4 million in the previous year. The financial result improved by EUR 4.8 million to EUR 6.7 million (previous year: EUR 1.9 million). The main drivers of this increase were higher interest income and higher income from financial investments. Income tax expense amounted to EUR 25.0 million during the reporting period (previous year: income of EUR 2.5 million) and resulted from the impairment of deferred tax assets. Net loss for the year increased by EUR 43.3 million to EUR 66.2 million (previous year: EUR 23.0 million).

1.2.2 Net assets positions.

Total assets amounted to EUR 383.9 million as of the balance sheet date of March 31, 2026, representing a decrease of EUR 58.1 million compared to the end of financial year 2024/25 (March 31, 2025: EUR 442.0 million).

Non-current assets decreased by EUR 11.0 million to EUR 193.7 million as of March 31, 2026 (previous year: EUR 204.7 million). This change was mainly attributable to impairments of investments in affiliated companies.

Inventories increased from EUR 8.5 million to EUR 23.0 million. This increase resulted from the transfer of inventory held by Kapsch Components GmbH & Co. KG.

Receivables from affiliated companies and companies in which an equity interest is held, as well as loans to affiliated companies, decreased from EUR 217.6 million in the previous year to EUR 196.6 million in financial year 2025/26.

ash and cash equivalents amounted to EUR 0.9 million, significantly below the prior-year level of EUR 19.2 million.

In financial year 2025/26, revenues declined more significantly than planned due to substantial project postponements outside the sphere of influence of Kapsch TrafficCom AG, delays in tender processes, and the continued depreciation of the US dollar against the euro. As a result, the Company's operational performance and liquidity position fell significantly short of budget expectations.

Equity amounted to EUR 109.7 million, below the comparative figure of EUR 176.0 million as of March 31, 2025. The equity ratio decreased to 28.6% as of March 31, 2026 (previous year: 39.8%).

Non-current liabilities decreased from EUR 118.5 million in the previous year to EUR 34.0 million as of the balance sheet date of March 31, 2026. Due to the economic development in financial year 2025/26, the Company was not in compliance with the covenants agreed as part of the most recent refinancing as of March 31, 2026. As no waiver had been obtained from the financing banks as of the balance sheet date, liabilities to credit institutions amounting to EUR 90.5 million were required to be presented as liabilities with a remaining term of up to one year (March 31, 2025: EUR 15.0 million with a remaining term of up to one year and EUR 89.6 million with a remaining term of more than one year).

Liabilities to affiliated companies increased by EUR 25.2 million to EUR 128.3 million (previous year: EUR 103.1 million). Other liabilities decreased from EUR 6.4 million in the previous year to EUR 3.8 million as of March 31, 2026.

1.2.3 Financial position.

Net cash flow from operating activities decreased to EUR -12.4 million, compared to EUR 3.7 million in the previous year.

Net cash flow from investing activities amounted to EUR 6.7 million and was significantly higher than in the previous financial year (previous year: EUR -30.1 million). This was mainly attributable to cash inflows from purchase price claims arising from the disposal of subsidiaries.

Net cash flow from financing activities was negative again in financial year 2025/26 at EUR -12.6 million (previous year: EUR 42.8 million). The main reason for this was partial repayments of loan agreements amounting to EUR 14.1 million to the Group's principal banks.

Cash and cash equivalents as of March 31, 2026 amounted to EUR 0.9 million (March 31, 2025: EUR 19.2 million).

1.2.4 Non-financial information.

The Kapsch TrafficCom Group prepares a consolidated non-financial statement as part of the Group management report that complies with the statutory requirements set out in Section 267a of the Austrian Commercial Code (UGB).

1.3 Research and develpoment.

In financial year 2025/26, Kapsch TrafficCom invested 7% of Group revenue in generic development, development support, and product management. Following a multi-year technology roadmap, progress was achieved across all product and solution areas.

In its core business **tolling**, Kapsch TrafficCom's vision is to significantly reduce infrastructure requirements compared to current Multi-Lane Free Flow (MLFF) solutions while maintaining or enhancing the performance of end-to-end systems. In this context, a range of innovations was introduced: "HoTCap" (Holistic Toll Capture) enables a reduction in infrastructure costs, while at the same time substantially improving video processing through the use of data and artificial intelligence. During the current financial year, the first version of a platform supporting the next generation of MLFF solutions will be launched: Operian 4.0. This will make customer solutions and project delivery more effective, flexible, and future-oriented, while further strengthening Kapsch TrafficCom's leading market position in MLFF systems.

Another major focus during the reporting period was the continued advancement of the Connected Vehicles business, which will remain a key focus in financial year 2026/27. With one of the first connected vehicle tolling applications in North America, an important early reference project was established and a strong relationship was built with one of the major automotive original equipment manufacturers (OEMs).

Based on developments completed during the reporting period, Kapsch TrafficCom will also launch its first location-based system centered around a mobile tolling application, Kapsch TollAssist, which effectively virtualizes the traditional functions of customer relationship and account management.

In **traffic management** segment, Kapsch TrafficCom completed the first implementations of its new EcoTrafix 4 traffic management platform. The platform's modular architecture enables urban traffic authorities to flexibly deploy a range of solution configurations, from traffic signal control systems to comprehensive traffic management systems, while leveraging all aspects of connected vehicles, the strategic use of mobility data, the integration of artificial intelligence (AI), and the application of digital twins.

In addition, Kapsch TrafficCom continued to invest in state-of-the-art software development and deployment practices, as well as in new technologies for software and hardware development teams. These investments included, among other things, the automation of testing, security, environment provisioning, and solution deployment.

Artificial intelligence is being integrated into numerous business processes and contributes to productivity improvements across various departments. AI is also increasingly used in software and product development.

In introducing new technologies, the human capital, skills, and expertise of Kapsch TrafficCom's engineers remain of central importance. Therefore, a dedicated training and development program has been established to ensure that employees remain up to date with the latest developments and the application of the most relevant technologies.

Fostering innovation continues to be an integral part of Kapsch TrafficCom's culture. During financial year 2025/26, two rounds of the internal innovation program "Dynamic Creators" were conducted, alongside other initiatives such as hackathons focused on improving efficiency for customers and Kapsch TrafficCom services.

Research and development expenses of Kapsch TrafficCom AG amounted to EUR 42.8 million in financial year 2025/26 (previous year: EUR 48.3 million).

2 Anticipated develpoment and risks.

2.1 Outlook to financial year 2026/27.

For financial year 2026/27, Kapsch TrafficCom expects the market environment to remain challenging. Management therefore continues to refrain from providing quantitative guidance. However, revenue and EBIT are expected to exceed the prior-year levels.

Expectation for financial year 2026/27:
> Revenue and EBIT above prior-year levels.

Revenues.
Part of the reported decline in revenue was attributable to project delays in existing projects. Kapsch TrafficCom expects these delays to be recovered during the current financial year.

Stable order intake and the high order backlog provide a solid foundation. Based on orders that have already been contractually secured, revenue and EBIT for financial year 2026/27 are expected to exceed the prior-year levels. The proportion of orders already contracted in advance for financial year 2026/27 was significantly higher than in previous years.

EBIT (operating result).
The cost adjustments to the current lower revenue level are well advanced during the reporting period and will already become effective in financial year 2026/27. In addition, processes have been further standardized with a view to improving project efficiency. The expenses associated with these measures have largely already been recognized in profit or loss.

In order to maintain the resources required for future growth, a key priority is to retain sufficient capacity and expertise to support additional business opportunities.

At the beginning of July 2026, Kapsch TrafficCom sold the majority of its shares in the subsidiary tolltickets. This transaction is not expected to have a significant impact on the Group's net assets, financial position, or results of operations.

Liquidity.
Due to the decline in revenue resulting from project postponements, the Group experienced an adverse economic development during the past financial year, which subsequently led to a strained liquidity situation. As of March 31, 2026, the Group was not in compliance with its financial covenants, resulting in liabilities to credit institutions being presented as liabilities with a remaining term of up to one year.

To address this situation, negotiations were initiated with the financing banks, including the holders of the promissory note loan, which resulted in the signing of a standstill agreement on July 1, 2026, and a binding term sheet for the refinancing agreement on July 26, 2026 (see Events after the Reporting Date).

Compliance with the restructuring path defined in the Restrukt-IBR is a key factor for the Group's future development. During the refinancing phase, Kapsch TrafficCom is also working together with external advisors.

Non-financial targets.
Sustainability management was expanded during the reporting period and reporting was increasingly combined with financial reporting.

Strategy.
In line with its commitment to technological leadership, Kapsch TrafficCom continues to focus on innovation and maintains a broad portfolio of technological innovations. Progress in the field of connected vehicles is also continuing, albeit at a significantly slower pace than anticipated by Kapsch TrafficCom.

As part of the renewed restructuring process, Kapsch TrafficCom will implement extensive cost-saving and efficiency-enhancement measures. In addition, the Company plans further divestments within its business portfolio and is also evaluating measures to strengthen its capital base.

2.2 Risk report.

2.2.1 Risk management system and internal control system (ICS).

The Kapsch TrafficCom Group has a Company-wide risk management system (Enterprise Risk Management, ERM) that is based on the internationally recognized COSO Enterprise Risk Management – Integrated Framework. The aim of the system is to identify, evaluate, and control risks that could significantly impair the achievement of strategic, operational, and financial objectives at an early stage. The ERM thus makes a valuable contribution to corporate management and security.

The focus is not on blanket risk avoidance, but on conscious, controlled risk management – including the exploitation of opportunities that arise. Risks are regularly identified, assessed, aggregated and documented in a structured process. The resulting risk report is prepared on a quarterly basis and made available to the Executive Board and the Audit Committee of the Supervisory Board. The Audit Committee is informed immediately of any significant individual events. The design and implementation quality of the risk management system is reviewed annually by the auditor in accordance with Rule 83 of the Austrian Corporate Governance Code (ÖCGK). In addition, internal audits are conducted to assess operational effectiveness.

Project-oriented risk management is embedded in all major customer and development projects and begins with a systematic risk analysis during the quotation phase. This ensures that a basis for decision-making is established at an early stage and that appropriate control measures can be planned.

The Internal Control System (ICS) is an integral part of the governance structure of the Kapsch TrafficCom Group and is designed to ensure the regularity of accounting and compliance with legal and internal requirements. It comprises organizational regulations, control mechanisms at the process level, and technical measures within the IT systems. Through clear responsibilities, the dual control principle, automated system controls, and regular training, the ICS contributes to reducing operational risks and ensuring compliance with regulatory requirements.

The interaction between risk management and ICS ensures structured risk control at all levels of the company and supports sound decision-making in a dynamic environment.

2.2.2 Strategic risks.

The business activities of the Kapsch TrafficCom Group are characterized by long-term strategic objectives, particularly with regard to technological market leadership, international expansion, and digitalization. These are associated with strategic risks that may arise from changing market conditions, new competitive structures, or technological and regulatory developments.

A significant strategic risk lies in the high dependence on publicly financed infrastructure projects. Political changes, changes in funding priorities or macroeconomic developments in target markets can influence the availability and implementation of tenders. In emerging and developing countries in particular, there is also increased uncertainty regarding regulatory stability, economic conditions and legal enforceability.

The international expansion of business activities opens up new opportunities, but also entails risks in terms of political stability, legal frameworks, access to markets, and the availability of skilled labor.

To manage risk, Kapsch TrafficCom continuously monitors the market and its environment, regularly evaluates new technological and regulatory developments, and flexibly adapts its strategic planning. The diversification approach with regard to markets, products, and technologies, as well as targeted investments in R&D, contribute to risk minimization. Strategic cooperation models and alliances are used to respond specifically to new requirements and secure access to key technologies.

As part of its strategic development, Kapsch TrafficCom regularly reviews potential company acquisitions or investments. This involves generic risks relating to the valuation, integration, and management of acquired entities. These include, among other things, synergy deviations, cultural integration problems, or duplicate operational structures. Such risks are taken into account as part of a structured M&A process and, where relevant, included in the risk assessment.

2.2.3 Market and industry risks.

The Kapsch TrafficCom Group operates in a specialized and highly competitive market environment. Its customers are primarily public authorities, operators of transportation infrastructures, and licensed project companies. Access to the market is largely gained through public tendering procedures, which involve high requirements in terms of technical performance, pricing, and regulatory compliance.

A material industry-specific risk lies in the volatility of order intake. Tenders for large-volume traffic management or toll systems may be delayed or canceled entirely due to political changes, legal challenges from unsuccessful bidders, or changes to subsidy programs. The decision-making process at government agencies is often lengthy and associated with increased uncertainty. There are also risks associated with the social acceptance of toll systems, particularly in politically sensitive regions.

To mitigate risk, Kapsch TrafficCom pursues geographical diversification in both the public and private sectors, as well as the expansion of recurring revenues through the operation and maintenance of existing systems. The latter are characterized by greater predictability and lower dependence on individual projects.

The technological dynamics in the industry require constant further developments in the areas of software, sensor technology, and connectivity. Successful competitors are increasingly operating globally, and price pressure is increasing due to international and regional providers and new market entrants, particularly from the IT and platform sectors.

In addition, individual markets are highly dependent on a few large public-sector customers, which can lead to temporary declines in sales when projects are completed or not renewed. This customer structure provides a stable revenue base, but also requires active customer relationship management and diversification strategies.

Kapsch TrafficCom counters these risks with a broad technology portfolio, systematic market analyses, and the development of new business areas. The market is continuously monitored in order to identify trends at an early stage and address them through targeted development and acquisition activities.

2.2.4 Project and supply chain risks.

The Kapsch TrafficCom Group implements complex traffic technology systems, often in response to public tenders and under demanding contractual, technical, and time constraints. This results in a wide range of project risks, particularly with regard to quality, deadlines, costs, and contractual obligations.

A key risk lies in underestimating technical and organizational requirements during the bidding phase. The actual project environment is often impossible to predict in its entirety. Risks arise, for example, from a lack of complete transparency regarding existing IT and infrastructure interfaces, unexpected dependencies on third-party systems, or delays in obtaining approvals.

Missed deadlines, performance deviations, or system defects can have financial consequences in the form of contractual penalties, claims for damages, or, in extreme cases, premature termination of the contract by the client. In individual cases, there are contractual provisions for compensation for lost toll revenues, which increase the economic impact. In addition, the company's reputation may be negatively affected by project delays, particularly in connection with future tenders in sensitive markets.

Kapsch TrafficCom uses structured project and risk management based on international standards (including IPMA) to manage risk. Systematic risk analysis is carried out during the bidding phase. During project implementation, close monitoring of performance progress, costs, and milestones is ensured. The pooling of expertise in interdisciplinary project teams and intensive involvement of the customer in critical phases also help to reduce risk.

Another significant area of risk concerns the supply chain for critical hardware and software components. While the general supply shortages experienced in previous years have stabilized, risks remain due to geopolitical tensions, potential disruptions affecting critical upstream products, and price volatility in strategic components and raw materials. In addition, increasing regulatory requirements regarding transparency, due diligence obligations, and supply-chain resilience may result in higher monitoring efforts and additional operational adjustment costs.

To mitigate these risks, Kapsch TrafficCom diversifies its supply chain for critical components, gives preference to suppliers with high delivery reliability and certified quality, and initiates project-related procurement activities at an early stage. Risks are continuously monitored and assessed in close coordination with the project teams and the procurement function in order to strengthen the resilience of the supply chain.

2.2.5 Technological and innovation risks.

The competitiveness of the Kapsch TrafficCom Group is based primarily on its technological expertise and innovative capabilities. As a provider of intelligent transportation systems, the company is subject to intense pressure to innovate. New technologies, regulatory requirements, and changing customer needs require continuous development of the product and solution portfolio. A significant risk is that new technological developments will not be identified, implemented, or made marketable in a timely manner. A delayed response to technological trends can weaken the competitive position, especially against new market entrants from the IT or platform sector with high innovation speeds.

There is also a risk that developed solutions will not meet market expectations – whether in terms of scalability, interoperability, life cycle costs, or environmental requirements. Regulatory changes (e.g., in data protection or safety standards) may also mean that existing products have to be adapted or recertified at short notice.

Another risk arises from the possible infringement of third-party property rights during the development of new technologies. Conversely, there is a risk that the Company's own technologies and know-how could be compromised by product piracy or reverse engineering. Both could have financial and reputational consequences.

Kapsch TrafficCom addresses these risks with a structured innovation process that systematically monitors market, customer, and technology trends and integrates them into strategic product development. Research and development activities are carried out according to defined roadmaps and are continuously reviewed for relevance and feasibility. Property rights are actively managed, secured by patents, utility models, or confidentiality agreements, and enforced legally if necessary.

The involvement of partners, research institutions, and start-ups in cooperation agreements helps to strengthen innovative capabilities. In addition, Kapsch TrafficCom lays the foundation for future technological leadership by providing its employees with targeted further training in the areas of technology, software development, and system integration.

2.2.6 ESG-related risks.

Sustainability aspects, particularly in the areas of environmental, social, and governance (ESG), are becoming increasingly important to the business activities of the Kapsch TrafficCom Group. Associated with this are risks that may affect the Company's economic development, the operational execution of projects, and its reputation.

In the environmental area, risks arise, among other things, from increasing regulatory pressure regarding emissions reductions, energy efficiency, and product circularity. Climate change may also have medium- to long-term impacts on infrastructure projects, supply chains, and the deployment of certain technologies. Projects located in climate-sensitive regions may face specific requirements relating to resilience, operational reliability, and transport logistics.

Social risks arise primarily in relation to occupational health and safety, fair working conditions throughout the supply chain, and compliance with international standards in third countries. Project delays or reputational damage may occur if ESG requirements are not met or if violations become publicly known.

In the area of governance, risks primarily relate to regulatory requirements concerning compliance structures, transparency obligations, data protection, and integrity in procurement and tendering procedures.

These ESG-related risks are considered, analyzed, and assessed as part of the Group-wide risk management process. For further information, please refer to the Kapsch TrafficCom Group Report. They are described in detail in Chapter 4, "Consolidated Non-Financial Statement", in accordance with the European Sustainability Reporting Standards (ESRS) and the material sustainability topics of the Kapsch TrafficCom Group.

2.2.7 Financial risks.

As an internationally active tech company, Kapsch TrafficCom Group faces a bunch of financial risks. These are mainly foreign exchange risks, interest rate risks, liquidity risks, and credit risks.

Foreign exchange risk. Due to global project management and purchasing in different currency areas, there is a significant risk of exchange rate volatility. This can affect both project calculations and key figures for earnings and the balance sheet. Transaction risks arise primarily from project revenues and expenses in different currencies, while translation risks result from the conversion of individual financial statements of non-eurozone Group companies into the Group currency.

Kapsch TrafficCom addresses this risk with a project-based currency hedging policy. Where economically viable, hedging transactions are concluded to minimize exchange rate fluctuations. In addition, foreign exchange positions are analyzed on an ongoing basis and taken into account in corporate planning.

Interest rate risk. Part of the project and corporate financing is based on variable interest rates. An increase in the general interest rate level may increase financing costs and have a negative impact on earnings. Appropriate financial instruments are used to hedge against interest rate risks where necessary.

Liquidity risk. The Company ensures adequate liquidity primarily through maintaining appropriate financial reserves, available credit facilities, bond issuances, customer advance payments, and by continuously matching the maturities of receivables, liabilities, and financial assets. For this purpose, cash flow forecasts are prepared on a regular basis for the short term (rolling 13-week period), the medium term (current financial year, updated quarterly), and the long term (in line with long-term payment obligations, particularly those arising from loans). Appropriate measures are derived from these forecasts to ensure sufficient liquidity at all times.

Kapsch TrafficCom AG seeks to avoid dependence on individual banks and therefore ensures that its financing structure is diversified across several partner banks. Significant repayment obligations arising from generally long-term financing arrangements, such as corporate bonds or bullet repayments of long-term loans, are continuously monitored. Appropriate measures are initiated at an early stage to ensure compliance with agreed payment obligations, including reviews of expected operating cash flows and the timely refinancing of upcoming maturities.

Failure to comply with the provisions of the binding term sheet agreed with the financing banks and the holders of the promissory note loan on July 26, 2026, or with the restructuring concept, would constitute a significant risk to the Group’s liquidity position. During the restructuring and refinancing phase, Kapsch TrafficCom also works closely with external advisors to ensure compliance with all agreed obligations.

In this context, reference is also made to the details provided in the Annual Financial Statements, Note A General Principles, Information on the Going Concern Assumption, Note D Liabilities, and Note F Significant Events after the Reporting Date.

To further improve the liquidity situation, arrangements are also being entered into with suppliers regarding outstanding trade payables, which may include payment deferrals or installment payment agreements.

Credit risk. Credit risks arise primarily from receivables from customers, particularly in connection with large-scale projects. Although public-sector customers are among the Company’s main customers, Kapsch TrafficCom also acts as a contractor for private consortia or concession companies. Payment defaults or delays can have an adverse impact on liquidity and earnings.

To reduce credit risk, credit assessments are performed before contracts are concluded. In addition, risk mitigation instruments such as government-backed export guarantees (e.g. through Oesterreichische Kontrollbank, OeKB) are used. Receivables are monitored on an ongoing basis and impaired where necessary.

Sensitivity analyses and scenario analyses may also be used to assess significant financial risk factors.

2.2.8 IT and cyber risks.

The Kapsch TrafficCom Group relies heavily on stable, secure, and available IT systems—both for internal business operations and for providing customer solutions. Due to the increasing digitalization of products, processes, and services, the requirements for information security and cyber resilience have risen significantly in recent years. The objective of the measures implemented is to strengthen cyber resilience and ensure the continuous operability of critical systems.

A material risk lies in the impairment of system availability, data integrity, or confidentiality due to cyber attacks, malware, ransomware, or other external influences. Targeted attacks on the traffic management systems, cloud platforms, locally operated software solutions, or backend infrastructures used can also cause considerable operational, legal, or reputational damage. Compliance with international data protection and information security requirements (e.g., GDPR, NIS2, AI Act) is also becoming increasingly critical.

IT or cyber incidents can also cause disruptions in the supply chain—for example, through third-party providers whose systems are integrated into customer solutions.

Kapsch TrafficCom has a Group-wide information security management system that complies with the international ISO/IEC 27001 standard. The security approach is based on a risk-oriented analysis of critical systems, data flows, and interfaces. Security incidents are centrally recorded, evaluated, and documented. An established incident response procedure and a continuously updated emergency plan ensure that we are able to act in the event of an emergency. Preventive measures include access and authorization concepts, network segmentation, encryption technologies, and regular penetration tests. Employees are made aware of these measures through mandatory training and internal awareness campaigns. Information security is also an integral part of project and product development processes (“security by design”).

The company continuously monitors the threat situation, adapts technical and organizational measures to new attack patterns, and actively participates in industry-specific security initiatives.

2.2.9 Legal and compliance risks.

The business activities of the Kapsch TrafficCom Group are subject to a wide range of national and international legal requirements. These include public procurement law, export controls, tax regulations, data protection, competition law, labor law, and industry-specific standards. Violations of legal or regulatory requirements can result in significant financial burdens, damage to reputation, or exclusion from tendering procedures.

A material risk exists in connection with participation in public tenders, particularly with regard to compliance with complex award requirements, formal criteria, and subcontractor structures that must be disclosed. Errors in this context can not only lead to disqualification, but also to legal disputes with competitors or authorities in the event of violations of public procurement law.

With the increasing internationalization of business, the risk of inadvertently operating in legally uncertain or sanctioned markets has also risen. Political instability, unclear ownership structures, or rapidly changing legal frameworks can significantly impair business activities. Hidden compliance risks in the supply chain, such as environmental or human rights violations by suppliers, are also coming under greater scrutiny as a result of new regulatory requirements (e.g., EU supply chain legislation).

In addition, there are risks associated with intellectual property rights infringements, whether through the unintentional use of protected third-party technologies or through inadequate protection of the Company’s own developments.

To manage risk, there are Company-wide compliance structures in place that are continuously adapted to new legal requirements. These include internal guidelines, mandatory training, clearly defined responsibilities, and a whistleblower system that is available to both employees and external stakeholders.

Special attention is paid to public procurement law, export control, data protection, competition law, and anti-corruption law. New markets or partnerships are reviewed from a legal perspective prior to market entry. Intellectual property is protected through structured patent management and contractual protection mechanisms in development partnerships. Kapsch TrafficCom has set up a dedicated department for the systematic pursuit of strategic partnerships.

Events such as project delays, contractual disputes, technical defects, or public criticism of tolling and traffic management systems can have a negative impact on the reputation of the Kapsch TrafficCom Group, both locally and across the Group. Maintaining long-term customer relationships, high quality standards, and transparent communication are key control measures for preventing damage to reputation.

2.2.10 Personnel risk.

The success of the Kapsch TrafficCom Group depends to a large extent on the competence, motivation, and availability of qualified employees. In particular, specialists with technical expertise, international project experience, and knowledge in the areas of software development, system integration, and traffic telematics are of central importance.

A material risk arises from the loss of key personnel with business-critical expertise or from difficulties in recruiting qualified specialists, particularly in an increasingly competitive global labor market. Technological developments, hybrid working models, and changing employee expectations are further intensifying the competition for talent. A shortage of suitable personnel can result in project delays, loss of expertise, and a reduction in innovation and implementation capabilities.

Personnel risks can also arise in international project implementation—for example, due to restrictions on mobility and secondment, cultural barriers, or differences in labor law between individual countries.

To manage risk, Kapsch TrafficCom pursues a comprehensive human resources development strategy with a focus on talent retention, qualification, and international cooperation. This includes, among other things:

- An internal career and learning platform for self-directed development
- Targeted training opportunities in technology, leadership, and soft skills
- Mentoring and onboarding programs
- Flexible working hours and home office options to increase employer attractiveness

To promote employee retention, the company also relies on regular feedback formats and transparent internal communication. Periodic employee surveys and direct access to management via the “OpenLine2CEO” format enable the company to respond quickly to moods, challenges, and potential for improvement.

2.2.11 Opportunities.

In addition to the systematic identification and assessment of risks, Kapsch TrafficCom Group also considers opportunities arising from technological developments, market changes, and regulatory frameworks as part of its Enterprise Risk Management activities. The objective is to identify potential opportunities at an early stage, assess them strategically, and actively leverage them.

A significant area of opportunity arises from the global trend toward sustainable, connected, and digitally managed mobility. The increasing need to reduce emissions, alleviate congestion in urban areas, and improve traffic efficiency is creating new demand for intelligent mobility solutions, environmental zone systems, dynamic traffic management, and tolling technologies.

The shift of public investment toward digitalization and transportation modernization, often supported by national or European funding programs, also creates additional market opportunities. Kapsch TrafficCom is able to address a wide range of customer requirements through its modular technology portfolio, both in the area of systems and services, particularly in the fields of electronic tolling systems, urban traffic management, and data-driven mobility solutions.

At the project level, opportunities arise through so-called change requests, which represent customer-driven modifications during project execution that can be commissioned and billed as additional services. Furthermore, the operation of existing systems regularly generates additional business opportunities through system enhancements, upgrades, or new regulatory requirements.

Additional opportunities also arise from further geographical diversification, particularly in high-growth regions with increasing demand for transportation infrastructure and mobility management solutions.

Kapsch TrafficCom addresses these opportunities through an innovation-driven product strategy, active market development, and close cooperation with strategic partners, cities, and transportation authorities.

2.2.12 Overall assessment of the risk situation.

In summary, particular emphasis should be placed on the liquidity risk described above and the related detailed disclosures (see Section 2.2.7 Financial Risks). In particular, strict adherence to the restructuring path defined in the Restrukt-IBR, compliance with the defined financial ratios, and the implementation of the agreed measures are essential to mitigate this risk (for further details, see also the Annual Financial Statements, Note A General Principles, Information on the Going Concern Assumption, Note D Liabilities, and Note F Significant Events after the Reporting Date).

The material operational risks identified are continuously monitored, systematically assessed, and addressed through appropriate management measures. The Group-wide risk management system, including the internal control system, is designed to support the early identification and assessment of material risks and to facilitate their appropriate management.

The overall risk situation is characterized by a challenging market environment and geopolitical volatility. While operational risks relating to contract awards and project execution remained elevated due to market dynamics, the significant decline in revenue could not be fully offset despite targeted liquidity measures and the one-off effect resulting from the settlement agreement with Germany. These developments are being addressed through appropriate measures within the framework of corporate management.

From the current perspective, the identified individual risks can be addressed through the existing organizational, financial, and structural measures in order to limit potential adverse effects on the net assets, financial position, and results of operations of Kapsch TrafficCom. In addition, throughout the term of the restructuring agreement, external advisors will continuously monitor whether the agreed measures to mitigate risks are being implemented as planned.

2.3. Internal control system with respect to the accounting process.

Kapsch TrafficCom has a Group-wide internal control system (ICS) that is specifically designed to ensure that accounting is carried out in accordance with legal requirements and that statutory and internal regulations are complied with. The ICS is part of the company-wide risk management system and is based on the internationally recognized COSO framework.

In line with a process-integrated control approach, the ICS covers all significant companies and accounting-relevant processes. Operational accounting is performed within a heterogeneous ERP (Enterprise Resource Planning) system landscape. Since June 2025, the parent company Kapsch TrafficCom AG has been using the Infor LN software, while the subsidiaries continue to primarily use local systems, in particular Navision. Cross-system data integrity is supported through standardized interfaces to the central OneStream consolidation tool as well as uniform validation rules within Group Accounting. Additional manual and system-supported control mechanisms are used as part of the Group-wide reporting process.

The control environment is characterized by clearly defined responsibilities, Group-wide guidelines (e.g., IFRS Accounting Manual), and uniform approval processes. These guidelines form the basis for the consistent application of accounting and valuation methods.

Risk assessment is carried out as part of a risk-oriented internal control system. The focus is on the early identification of potential sources of error in the accounting process, particularly in the posting of complex business transactions, intercompany reconciliations, or balance sheet-relevant estimates. The identified risk points are incorporated into the design and further development of control measures. Close coordination with risk management supports consistent assessment and prioritization.

Comprehensive control measures are in place to reduce these risks, both automated in the systems used and manual at local and central level. These include system-based checks, standardized controls for bookings, intercompany reconciliations, and the dual control principle in critical process steps.

Efficient information and communication are ensured through structured reporting lines, regular monthly and forecast reports, and central coordination between the units and Group Accounting. The Supervisory Board is also regularly informed about accounting-related developments, including financial statements, forecasts, and relevant aspects of the internal control system.

The effectiveness of the internal control system is monitored by the departments responsible for the respective processes and by the internal audit department, which operates on the basis of a risk-oriented audit plan. Audit findings are documented and appropriate measures to improve the control system are derived.

The ICS is regularly evaluated and adapted to changes in regulatory, procedural, or technological conditions as necessary. In doing so, close integration with the risk management system and with the external audit is ensured.

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.

KAPSCH-Group Beteiligungs GmbH held roughly 63.3% of the shares as of March 31, 2026. KAPSCH-Group Beteiligungs GmbH is a wholly owned subsidiary of DATAX HandelsgmbH, whose shares are held (partly indirectly and 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), including Samuel Kapsch, who has been a member of the Executive Board of Kapsch TrafficCom AG since April 1, 2025, as well as Andrea Kapsch, Birgit Kapsch and Bettina Kapsch (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, 2026.

There are no legal or statutory caps or restrictions on the exercise of voting rights or the transfer of shares.

No shares with special control rights exist. No restrictions exist with respect to the exercising of voting rights 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, nor regarding amendments to the Company's Articles of Association.

The Company currently has neither authorized capital nor conditional capital authorizing the Executive Board, with the approval of the Supervisory Board, to issue shares without (further) referral to the Annual General Meeting.

In financial year 2025/26, Kapsch TrafficCom AG did not acquire or dispose of any treasury shares and did not hold any as of the balance sheet date. However, the Executive Board has been authorized by the Annual General Meeting to acquire treasury shares, to dispose of or use treasury shares, including with the exclusion of subscription rights, and to reduce the share capital through the cancellation of treasury shares.

Conventional "change of control" clauses, which may lead to termination of the contract, relate to financing agreements totaling approximately EUR 90.5 million and the promissory note loan ("Schuldscheindarlehen") amounting to EUR 8.7 million including interest, 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, July 27, 2026

Georg Kapsch Chief Executive Officer	Alfredo Escribá Gallego Executive Board Member	Samuel Kapsch Executive Board Member (as of April 1, 2025)

FINANCIAL STATEMENTS.

Primaries

Balance sheet as at March 31, 2026.

in EUR		March 31, 2025		March 31, 2026
ASSETS				
A. Fixed assets				
I. Intangible assets				
1. Industrial property and similar rights and assets, and licenses in such rights and assets		4,039,217		2,633,285
2. Prepayments made and assets under construction		1,663,428		1,982,982
Total intangible assets		**5,702,645**		**4,616,267**
II. Tangible assets				
1. Leasehold improvements		643,245		554,947
2. Technical equipment and machinery		440,124		318,553
3. Other equipment, factory and office equipment		1,672,843		1,402,047
4. Prepayments made and assets under construction		32,091		0
Total tangible assets		**2,788,303**		**2,275,547**
III Financial assets				
1. Shares in affiliated companies		134,356,839		124,119,515
2. Loans to affiliated companies		60,571,622		61,649,253
thereof with a remaining maturity of more than one year	60,571,622		61,649,253	
3. Participating interests		1,315,962		1,042,273
4. Securities		4,375		4,375
Total financial assets		**196,248,798**		**186,815,416**
Total fixed assets		**204,739,746**		**193,707,230**
B. Current assets				
I. Inventories				
1. Merchandise		6,004,831		18,564,359
2. Services not yet invoiced		2,191,620		4,419,629
3. Prepayments made		343,539		0
Total inventories		**8,539,990**		**22,983,988**
II. Receivables and other assets				
1. Trade receivables		12,594,067		14,484,098
thereof with a remaining maturity of more than one year	1,599,447		4,053,324	
2. Receivables from affiliated companies		156,232,507		134,726,983
thereof with a remaining maturity of more than one year	21,725,324		19,663,461	
3. Receivables from companies in which the Company has a participating interest		822,509		222,498
thereof with a remaining maturity of more than one year	0		0	
4. Other receivables and assets		11,875,832		13,723,961
thereof with a remaining maturity of more than one year	0		4,306,000	
Total receivables and other assets		**181,524,915**		**163,157,540**
II. Cash on hand, cash at banks		**19,207,190**		**850,679**
Total current assets		**209,272,095**		**186,992,207**
C. Prepaid expenses and deferred charges		**3,008,077**		**3,183,754**
D. Deferred tax assets		**25,007,500**		**0**
TOTAL ASSETS		**442,027,417**		**383,883,191**

Balance sheet as at March 31, 2026.

in EUR	March 31, 2025		March 31, 2026	
SHAREHOLDERS' EQUITY AND LIABILITIES				
A. Shareholders' equity				
1. Share capital called up and paid in		14,300,000		14,300,000
Share capital subscribed	14,300,000		14,300,000	
2. Capital reserves		127,800,000		127,800,000
3. Unappropriated retained earnings		33,858,569		-32,376,279
thereof prior period unappropriated retained earnings brought forward	56,834,210		33,858,569	
Total shareholders' equity		**175,958,569**		**109,723,721**
B. Accruals and provisions				
1. Accruals for severance payments		5,369,739		5,501,437
2. Other accruals and provisions		17,611,491		18,144,047
Total accruals and provisions		**22,981,230**		**23,645,484**
C. Accounts payable				
1. Promissory note bonds		8,509,749		8,665,094
thereof convertible	0		0	
thereof with a remaining maturity of less than one year	9,749		8,665,094	
thereof with a remaining maturity of more than one year	8,500,000		0	
2. Bank loans and overdrafts		104,559,000		90,521,258
thereof with a remaining maturity of less than one year	15,000,000		90,521,258	
thereof with a remaining maturity of more than one year	89,559,000		0	
3. Prepayments received		2,772,739		19,830
4. Trade payables		16,375,926		19,196,502
thereof with a remaining maturity of less than one year	16,375,926		19,196,502	
thereof with a remaining maturity of more than one year	0		0	
5. Payables to affiliated companies		103,086,570		128,334,430
thereof with a remaining maturity of less than one year	82,648,320		94,424,338	
thereof with a remaining maturity of more than one year	20,438,250		33,910,092	
6. Payables to companies in which the Company has a participating interest		747,473		0
thereof with a remaining maturity of less than one year	747,473		0	
thereof with a remaining maturity of more than one year	0		0	
7. Other liabilities		6,427,049		3,776,872
thereof taxes	91,576		94,169	
thereof social security payables	1,017,132		1,071,367	
thereof with a remaining maturity of less than one year	6,427,049		3,776,872	
thereof with a remaining maturity of more than one year	0		0	
Total accounts payable		**242,478,507**		**250,513,986**
D. Other current liabilities and deferred income		**609,112**		**0**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**442,027,417**		**383,883,191**

Income statement.

in EUR		2024/25		2025/26
1. Net sales		187,688,126		166,944,226
2. Change in services not yet invoiced		-453,584		2,228,009
3. Other operating income				
a) Income from the retirement of fixed assets excluding financial assets		29,167		0
b) Income from the reversal of accruals and provisions		482,006		600,443
c) Other		8,365,233		16,890,624
		8,876,406		17,491,067
4. Cost of materials and other purchased services				
a) Cost of materials		-51,053,394		-34,012,712
b) Cost of purchased services		-68,344,270		-73,744,234
		-119,397,664		-107,756,946
5. Personnel expenses				
a) Wages		0		0
b) Salaries		-43,258,552		-43,617,280
c) Social benefits		-11,859,205		-12,187,461
thereof expenses for pensions	-79,643		-55,189	
thereof expenses for severance payments and contributions to staff provision funds	-1,170,670		-821,996	
thereof expenses for statutory social security, payroll-related taxes and mandatory contributions	-10,319,940		-10,942,587	
		-55,117,758		-55,804,741
6. Depreciation and amortization of fixed tangible and intangible assets		-5,092,897		-4,573,443
7. Other operating expenses		-43,858,639		-66,432,979
thereof taxes not included in line 16	0		0	
8. Subtotal of lines 1 to 7		**-27,356,009**		**-47,904,806**
9. Income from participating interests		20,883,842		21,545,829
thereof from affiliated companies	18,383,842		8,828,012	
10. Other interest and similar income		5,303,321		5,241,974
thereof from affiliated companies	3,750,432		4,206,789	
11. Income from the disposal of fixed financial assets		4,316,478		10,115,448
12. Expenses on fixed financial assets		-23,321,714		-22,779,833
thereof write-downs	-23,273,849		-22,779,833	
thereof relating to affiliated companies	-21,991,900		-22,506,145	
13. Interest and similar expenses		-5,276,164		-7,445,961
thereof relating to affiliated companies	-522,687		-1,488,771	
14. Subtotal of lines 9 to 13		**1,905,764**		**6,677,458**
15. Profit/Loss before taxation (subtotal of lines 8 and 14)		**-25,450,245**		**-41,227,349**
16. Taxes on income		2,474,604		-25,007,500
thereof recharged to group parent	0		0	
thereof deferred taxes	2,505,210		-25,007,500	
17. Profit/Loss after taxation		-22,975,641		-66,234,849
18. Net loss for the year		**-22,975,641**		**-66,234,849**
19. Prior period unappropriated retained earnings brought forward		56,834,210		33,858,569
20. Unappropriated retained earnings		**33,858,569**		**-32,376,279**

Notes to the financial statements.

A. General principles.

The accounting provisions of the Commercial Code, as currently in effect, were applied to these financial statements as of March 31, 2026.

The previous format of presentation was retained in the preparation of these financial statements.

The financial statements were prepared in accordance with generally accepted accounting principles and in compliance with the general requirement to present as accurate a picture as possible of the company's financial position, results of operations, and cash flows.

Generally accepted accounting principles were taken into account in the preparation and valuation of the financial statements. In doing so, the principles of proper bookkeeping codified in Section 201(2) of the Austrian Commercial Code (UGB) were observed, as were the presentation and valuation requirements for the balance sheet and the income statement set forth in Sections 195 through 211 and 222 through 235 of the UGB. The income statement is prepared using the full-cost method.

The principle of completeness was observed in the preparation of the annual financial statements.

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

The company has applied the principle of prudence, in particular by reporting only those profits realized as of the balance sheet date. All identifiable risks and potential losses that had arisen by 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.

Developments in the war in Ukraine, the Middle East conflict, and other areas of geopolitical tension are being monitored on an ongoing basis in order to address potential impacts on Kapsch TrafficCom in a timely and appropriate manner. At present, however, these developments do not have any material impact on the Group's judgment calls and estimates.

Information Regarding the Going Concern Assumption.

The valuation was based on the assumption that the company will continue as a going concern.

The Executive Board has assessed the company's ability to continue as a going concern based on current financing and liquidity plans, as well as the measures planned to stabilize its financial situation. Accordingly, it is expected that, despite existing uncertainties related to the implementation of these measures, the company will have sufficient resources to continue its business operations. The annual financial statements were therefore prepared on a going concern basis. The assessment of the going concern assumption represents a key assumption made by the Executive Board and is subject to uncertainties.

In fiscal year 2025/26, revenue declined more sharply than planned due to significant project postponements beyond the Company's control, delays in tenders, and a sustained depreciation of the U.S. dollar against the euro, resulting in operating performance falling significantly short of budgeted levels. The cost-cutting measures implemented during the fiscal year across the various business segments, including personnel measures, were insufficient to offset the decline in revenue. In addition, the Company failed to comply with the covenants agreed upon as part of the most recent refinancing as of the balance sheet date of March 31, 2026.

As of the balance sheet date of March 31, 2026, no waiver had been granted by the lending banks. Accordingly, liabilities to banks in the amount of EUR 90.5 million, with a remaining term of less than one year, were reported on the balance sheet (March 31, 2025: EUR 15.0 million with a remaining term of up to one year, EUR 98.1 million with a remaining term of more than one year) were reported on the balance sheet. The liabilities with a remaining amounting to TEUR 216,604 as of March 31, 2026, exceed the assets with a remaining term of up to one year by EUR 24.5 million. Cash and cash equivalents totaled EUR 0.9 million as of March 31, 2026 (March 31, 2025: EUR 19.2 million).

To mitigate the negative economic impact, the company is working with consultants on a restructuring plan, which will subsequently lead to a refinancing plan in collaboration with the lending banks. In addition, the Executive Board is being strengthened to ensure the restructuring is implemented quickly and successfully. The measures already initiated are primarily aimed at further reducing the cost base by streamlining the bidding process and increasing efficiency across the global organization, with the goal of sustainably improving liquidity and profitability. Subsequently, the company plans to divest non-core assets and business areas through M&A processes.

A key element of the refinancing plan is the conclusion of agreements to restructure Kapsch TrafficCom AG's outstanding liabilities to financial institutions in the amount of EUR 90.5 million, a suspension of the semiannual principal payments due on September 30, 2026, in the amount of approximately EUR 5 million, as of March 31, 2027, in the amount of approximately EUR 5 million, and as of September 30, 2027, in the amount of approximately EUR 5 million, as well as the rescheduling of the promissory note bond outstanding as of the balance sheet date, with a nominal amount of EUR 8.5 million, until March 31, 2028.

Negotiations with the financing banks and the creditors of the promissory note bond regarding a standstill agreement and a refinancing of the outstanding liabilities to credit institutions, including the promissory note bond, were initiated prior to the balance sheet date. On July 1, 2026, a standstill agreement was concluded with the financing banks and the promissory note creditors. Subsequently, on July 26, 2026, a term sheet was contractually agreed, providing for the extension of the standstill agreement and the refinancing of the outstanding financial liabilities, including the promissory note bond.

The Executive Board anticipates that this restructuring plan will be implemented as planned and that the terms of the financing agreement will be met. The Company expects to be able to meet its liquidity needs through the aforementioned measures.

Based on this assessment, the Company considers the application of the going-concern assumption to be appropriate. However, in addition to the current business situation, there are also significant uncertainties regarding the refinancing and restructuring measures—which had not yet been finalized at the time of approval of these financial statements and are subject to the fulfillment of (suspensive) conditions. These could raise substantial doubts about the Company's ability to continue as a going concern. Should the Company fail to implement the planned measures as expected, this could result in assets not being realized and liabilities not being settled in the ordinary course of business.

The legal representatives assume that the planned measures, as well as the conditions and key points set forth in the agreements with the financing banks, can be implemented as scheduled (for the conditions and milestones set forth in the list, please refer to Section F. Other Disclosures—Significant Events After the Balance Sheet Date).

Existing uncertainties also relate to whether the refinancing and the measures that have been implemented will be sufficient to ensure the Company's liquidity on a sustainable basis in the future, so that it can meet its pament obligations as they become due at all times. The key uncertainties relate in particular to the future ability to service the refinanced financial liabilities (including promissory note bond) totaling EUR 99.2 million, the securing of additional guarantee lines required for global business, the successful implementation and actual realization of planned cost-cutting measures, as well as external factors beyond the Company's control, particularly with regard to ongoing and future projects or the disposal of non-core assets. The company has engaged a restruturing advisor to support the Executive Board in implementing the necessary measures; in addition, an independent restructuring advisor will monitor the company's ability to secure financing, the absence of obstacles to restructuring, and compliance with minimum liquidity requirements and other covenants over the term of the agreements.

Should the assumptions regarding refinancing and the decisions made in connection with the restructuring not materialize as expected, there is a risk that the Group will not have sufficient liquidity to meet its financial obligations.

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 accounting and valuation methods applied in previous periods were retained.

1. Fixed assets.

Intangible assets acquired exclusively for consideration and property, plant, and equipment were valued at cost, less straight-line depreciation corresponding to their expected useful lives.

Low-value fixed assets with individual acquisition costs of up to EUR 1,000.00 (previous year: EUR 1,000.00) were fully depreciated in the year of acquisition or construction.

1.1 Intangible assets.

Intangible assets, such as purchased computer software and software licenses, are amortized over a useful life of four to eight years.

Intangible assets totaling EUR 0.00 (prior year: EUR 0 k) were acquired from affiliated companies during the reporting year.

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.

Inventories of goods recorded using electronic data processing were valued using the moving average cost method. Inventories denominated in foreign currencies were valued at the exchange rate prevailing at the time of acquisition. Where necessary, writedowns were made to reflect reduced replacement costs. For goods with reduced usability or marketability, a percentage discount was applied to the acquisition or production costs, derived from the respective inventory turnover rate.

Services not yet billable were valued at acquisition or production costs, which include direct costs as well as an appropriate portion of material and manufacturing overhead costs.

For long-term contracts, no administrative or selling overhead costs were capitalized. Social security expenses were not included. Provisions are made for losses from pending transactions arising from projects through the write-down of the relevant asset or the recognition of provisions.

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 for differences between the carrying amounts of assets, provisions, liabilities, and accruals under corporate accounting and tax law that are expected to reverse in future fiscal years.

The company exercises the option to recognize deferred tax assets for tax loss carryforwards (internal loss carryforwards that are explicitly maintained within the framework of group tax planning and offset against future taxable income).

Deferred tax assets for existing tax loss carryforwards are recognized only to the extent that sufficient deferred tax liabilities exist or, in addition, there is convincing and substantial evidence that sufficient taxable income will be available in the future to utilize these loss carryforwards.

Deferred taxes are measured using a tax rate of 23% for temporary differences that will reverse in the following fiscal year and for the remaining temporary differences and tax loss carryforwards, without taking discounting into account (previous year: 23%).

In these financial statements, deferred tax assets arising from tax loss carryforwards and temporary differences in the amount of EUR 37,510 k (March 31, 2025: EUR 0 k) were written down due to the uncertainty regarding their realizability through future taxable income.

Deferred tax assets were offset against deferred tax liabilities, as it was legally permissible to offset actual tax refund claims against actual tax liabilities.

5. Provisions.

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

Provisions for severance pay and long-service awards are calculated in accordance with AFRAC Opinion 27, "Provisions for Pensions, Severance Pay, Long-Service Awards, and Comparable Long-Term Obligations under the Provisions of the Commercial Code" (June 2022) in accordance with recognized actuarial principles under IAS 19 using the projected unit credit method.

An interest rate of 3.40% (previous year: 3.15%) was used for provisions for long-service awards, an interest rate of 3.25% (previous year: 3.10%) for provisions for severance pay, and a rate of 3.0% (previous year: 3.0%) was applied for salary increases. Furthermore, the calculation was based on the earliest possible retirement age in accordance with the statutory transitional provisions, as well as the AVÖ 2018-P ANG mortality tables. Turnover adjustments are determined based on length 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. Liabillities.

Liabilities were measured at their settlement amount in accordance with the principle of prudence.

Liabilities denominated in foreign currencies are measured at their exchange rate at the time of origination or at the higher selling exchange rate as of the balance sheet date.

Exchange gains and losses resulting from foreign currency valuation are recognized in full in operating income (other operating income or other operating expenses).

D. Comments on items in the balance sheet.

Assets.

Movements in fixed assets:

in EUR	Acquisition cost Balance April 1, 2025	Additions	Disposals	Transfers	Balance March 31, 2026
I. Intangible assets					
1. Industr. property and similar rights and assets, and licenses in such rights and assets	49,459,012	864,103	-104,506	1,698,657	51,917,266
2. Prepayments made and assets under constr.	1,663,428	1,986,120	0	-1,666,566	1,982,982
	51,122,440	**2,850,223**	**-104,506**	**32,091**	**53,900,248**
II. Tangible assets					
1. Leasehold improvements	7,243,248	0	0	0	7,243,248
2. Technical equipment and machinery	2,869,787	0	-1,578	0	2,868,209
3. Other equipment, factory and office equipment	8,443,078	124,956	-1,760	0	8,566,274
4. Prepayments made and assets under constr.	32,091	0	0	-32,091	0
	18,588,204	**124,955**	**-3,338**	**-32,091**	**18,677,731**
III. Financial assets					
1. Shares in affiliated companies	283,875,216	9,158,896	0	0	293,034,112
2. Loans to affiliated companies	82,077,783	1,077,631	0	0	83,155,414
3. Participating interests	40,250,381	0	0	0	40,250,381
4. Securities	4,375	0	0	0	4,375
	406,207,755	**10,236,527**	**0**	**0**	**416,444,283**
Total fixed assets	**475,918,399**	**13,211,705**	**-107,844**	**0**	**489,022,262**

in EUR	Accumulated amortization/depreciation Balance April 1, 2025	Additions	Disposals	Write-ups	Balance March 31, 2026	Net book values Balance March 31, 2026	Balance March 31, 2025
I. Intangible assets							
1. Industr. Prop. and similar rights and assets, and licenses in such rights and assets	45,419,795	3,966,226	102,039	0	49,283,982	2,633,284	4,039,217
2. Prepayments made and assets under construction	0	0	0	0	0	1,982,982	1,663,428
	45,419,795	**3,966,226**	**102,039**	**0**	**49,283,982**	**4,616,267**	**5,702,645**
II. Tangible assets							
1. Leasehold improvements	6,600,003	88,298	0	0	6,688,301	554,947	643,245
2. Technical equipment and machinery	2,429,663	121,571	1,578	0	2,549,656	318,553	440,124
3. Other equipm., factory and office equipm.	6,770,234	395,222	1,230	0	7,164,226	1,402,047	1,672,843
4. Prepaym. made and assets under constr.	0	0	0	0	0	0	32,091
	15,799,900	**605,092**	**2,808**	**0**	**16,402,184**	**2,275,547**	**2,788,303**
III. Financial assets							
1. Shares in affiliated companies	149,518,377	22,506,145	0	3,109,924	168,914,598	124,119,514	134,356,839
2. Loans to affiliated companies	21,506,160	0	0	0	21,506,160	61,649,253	60,571,622
3. Participating interests	38,934,420	273,688	0	0	39,208,108	1,042,274	1,315,962
4. Securities	0	0	0	0	0	4,375	4,375
	209,958,957	**22,779,833**	**0**	**3,109,924**	**229,628,866**	**186,815,416**	**196,248,798**
Total fixed assets	**271,178,652**	**27,351,151**	**104,847**	**3,109,924**	**295,315,032**	**193,707,230**	**204,739,746**

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	**2024/25**	**2025/26**
	in EUR k	in EUR
In the following financial year	4,042	4,208,167
In the next 5 financial years	12,717	13,249,939

Financial assets.

Loans

Of the loans to affiliated companies amounting to EUR 61,649,253 (previous year: EUR 60.572 k), EUR 0 have a remaining term of up to one year (previous year: EUR 0 k).

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, 2026	**Share in %**	**Shareholders' equity in EUR k**	**Result of financial year in EUR k**	
a) Shares in affiliated companies				
Kapsch TrafficCom AB, Jönköping, Sweden	100.00	8,946	112	1)
Kapsch TrafficCom Argentina S.A., Buenos Aires, Argentina	95.00	1,277	-1,082	1)
Kapsch Components GmbH & Co KG, Vienna	100.00	4,186	-3,041	1)
Kapsch Components GmbH, Vienna	100.00	152	-5	1)
Kapsch TrafficCom B.V., Amsterdam, Netherlands	100.00	10,413	-114	1)
Kapsch Telematic Services GmbH, Vienna	93.00	-7,327	24	1)
Kapsch Telematic Technologies Bulgaria EAD, Sofia, Bulgaria	100.00	622	158	1)
Kapsch TrafficCom Ltd., Middlesex, United Kingdom	100.00	2,092	403	1)
Kapsch TrafficCom France SAS, Paris, France	30.20	1,967	617	1)
Kapsch TrafficCom South Africa (Pty) Ltd., Cape Town, South Africa	9.62	8,711	1,739	1)
Kapsch TrafficCom South Africa Holding (Pty) Ltd., Cape Town, South Africa	100.00	-3,458	-311	1)
Kapsch Security GmbH, Vienna	100.00	-1,346	-21	1)
Transport Telematic Systems LLC, Abu Dhabi, United Arab Emirates	49.00	361	453	1)
Kapsch TrafficCom Transportation S.A.U., Madrid, Spain	100.00	4,243	-961	1)
tolltickets GmbH, Rosenheim, Germany	100.00	-24,663	-6,668	1)
Kapsch TrafficCom S.A.S., Bogota, Colombia	100.00	-6,932	-869	1)
MTS Maut & Telematik Services GmbH, Berlin, Germany	100.00	2,270	4,430	1)
Kapsch TrafficCom Dominican Republic S.R.L., Santo Dominigo, Dominican Republic	99.00	-6,932	3	1)
SIMEX, Integracion de Sistemas, S.A.P.I. de C.V. Mexico City, Mexico	69.50	-6,074	-2,371	1)
Kapsch TrafficCom Peru S.A.C., Lima, Peru	99.93	-1,100	-14	1)
Kapsch TrafficCom Transportation Argentina S.A., Buenos Aires, Argentina	22.03	1,277	-1,628	1)
Kapsch TrafficCom Ireland Limited, Dublin, Ireland	100.00	528	65	1)
Kapsch Telematic Services Sp.z.o.o., Warzaw, Poland	100.00	-3,293	891	1)
Kapsch TrafficCom Zagreb d.o.o.; Zagreb, Croatia	100.00	0	0	1)
Kapsch TrafficCom Riyadh Ltd. Riyadh, Saudi Arabia	100.00	-110	-106	1)
Kapsch Telematic Services GmbH, Rosenheim, Germany	100.00	1,399	167	1)
Kapsch TrafficCom Guatemala S.A., Guatemala Stadt, Rep. Guatemala	1.00	34	-260	1)
b) Participating interests				
MoKA SAS, Paris, France	50.00	125	1	2)
Natras AG, Adliswil, Swiss	50.00	166	28	1)
autoTicket GmbH, Berlin, Germany	50.00	683	-409	1)
Kapsch Telematic Services IOOO, Minsk, Belarus	33.45	7,893	1,318	2)
Parat Ltd., Abu Dhabi, United Arab Emirates	24.50	12,908	1,237	2)

1) Figures as at March 31, 2026 (IFRS)
2) Figures as at December 31, 2025 (local law)

Additions to financial assets primarily relate to capital transactions involving affiliated companies.

On September 20, 2024, Parat Ltd., Abu Dhabi, United Arab Emirates, was founded by Kapsch TrafficCom AG,Vienna. Parat Ltd. acquired 66.55% of the shares and thus a majority stake in Kapsch Telematic Services IOOO, Belarus. The remaining 33.45% of the shares in Kapsch Telematic Services IOOO are still held by Kapsch TrafficCom AG, Vienna.

Subsequently, Kapsch TrafficCom AG sold 75.5% of its shares in Parat Ltd., United Arab Emirates. The transfer of shares was entered in the local registry on January 6, 2025. Following the sale, Kapsch TrafficCom AG, Vienna, continues to hold 24.5% of the shares in Parat Ltd., United Arab Emirates.

As a result of the sale of its shares in Parat Ltd., United Arab Emirates, Kapsch TrafficCom AG, Vienna, lost control of its subsidiary Kapsch Telematic Services IOOO Minsk, Belarus.

Of the shares in affiliated companies, TEUR 63,345,088.01 are attributable to Kapsch TrafficCom B.V., Amsterdam, Netherlands, which acts as the holding company of the Kapsch TrafficCom North America Group. In addition, there are loans to affiliated companies totaling EUR 61,649,253 owed by the U.S. companies (subsidiaries and sub-subsidiaries of Kapsch TrafficCom B.V.).

Current assets.

Inventories.
Inventories included write-downs on goods amounting to EUR 5,751,134.28 (previous year: EUR 2,117 k)

Receivables.
Trade receivables with a remaining term of more than one year in the amount of EUR 905 k (previous year: EUR 1,599 k) relate to a long-standing customer.

Receivables from affiliated companies consist of trade receivables totaling EUR 96,366,510.97 (prior year: EUR 110,995 k), loan receivables totaling EUR 37,299,571.02 (previous year: EUR 43,772 k), and dividend receivables totaling EUR 1,060,901.42 (previous year: EUR 1,466 k).

Receivables from companies in which the company holds an equity interest, totaling EUR 222,497.81 (previous year: EUR 823 k), relate to trade receivables.

Other receivables and assets primarily consist of research grants, receivables from the tax authority, and receivables from the sale of Parat Ltd. (of which EUR 4,306 k has a remaining term of more than one year).

Included in other receivables are revenues totaling EUR 9,248,989.39 (previous year: EUR 9,330 k), which will not result in cash inflows until after the balance sheet date and stem primarily from the sale of Parat Ltd.

Deferresd tax assets.

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 future taxable income.

In these financial statements, tax loss carryforwards from the prior year totaling EUR 25,007 k were written down due to the uncertainty regarding their realization against future taxable income.

The development of deferred taxes is as follows:

2024/25	Balance	Additions/ Disposals	Balance (Gross)	Adjustment	Balance
Item/Origin	**April 1, 2024**	**2025**	**March 31, 2025**	**2025**	**March 31, 2025**
Fixed assets (outstanding seventh)	1,751,619.02	1,356,415.42	3,108,034.44	0.00	3,108,034.44
Social Capital Reserves	558,942.69	854,770.56	1,413,713.25	0.00	1,413,713.25
Fixed assets	381,075.84	-539,132.13	-158,056.29	0.00	-158,056.29
Loss carryforwards	20,191,729.00	452,080.00	20,643,809.00	0.00	20,643,809.00
	22,883,366.55	**2,124,133.85**	**25,007,500.40**	**0.00**	**25,007,500.40**

2025/26	Balance	Additions/ Disposals	Balance (Gross)	Adjustment	Balance
Item/Origin	**Dec. 31, 2025**	**2026**	**March 31, 2026**	**2026**	**March 31 2026**
Anlagevermögen (offene Siebtel)	3,108,034.44	-711,432.13	2,396,602.31	-2,396,602.31	0.00
Sozialkapitalrückstellungen	1,413,713.25	-181,723.45	1,231,989.80	-1,231,989.80	0.00
Anlagevermögen	-158,056.29	729,291.87	571,235.58	-571,235.58	0.00
Verlustvorträge	20,643,809.00	12,666,283.00	33,310,092.00	-33,310,092.00	0.00
	25,007,500.40	**12,502,419.29**	**37,509,919.69**	**-37,509,919.69**	**0.00**

Shareholders’ equity and liabilities.

Shareholders’ equity.

Disclosures on share capital.

The Company’s registered share capital amounts to EUR 14,300,000.00 as a result of a capital increase carried out in November 2023 (March 31, 2025: EUR 14,300,000). The share capital is fully paid in. The total number of issued shares is 14,300,000. The shares are no-par 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, 2026, 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.

The Executive Board of Kapsch TrafficCom AG will propose at the 2026 Annual Shareholders’ Meeting that the reported net loss be carried forward to new accounts.

Provisions.

Other provisions include the following items:

	March 31, 2025	March 31, 2026
	in TEUR k	in TEUR k
Project-based accruals and provisions (including impending losses)	3,243	4,513
Invoices not yet received (excl. projects)	5,042	5,396
Personnel-related accruals and provisions (including vacation accruals of EUR 3.467.640,65; prior year: EUR 3.640 k)	7,223	6,338
Warranties and liabilities for construction flaws, as well as production and system defects	1,021	978
Other accruals and provisions	1,083	919
Total	**17,611**	**18,144**

Liabillities.

Of the liabilities, liabilities to banks in the amount of EUR 0.00 (previous year: EUR 0 k) have a remaining term of more than five years.

As at June 9, 2016 five promissory note bonds were issued.

The remaining tranches as at the balance sheet date March 31, 2026 are as follows:

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

The repayment on June 16, 2026, did not take place. On July 26, 2026, as part of a binding term sheet agreed with the financing banks and the holders of the promissory note loan, a debt rescheduling was concluded extending the maturity until March 31, 2028.

On March 21, 2025, Kapsch TrafficCom AG reached an agreement with its principal banks on a new long-term financing arrangement that runs through March 29, 2030. The syndicated refinancing was concluded in the amount of EUR 104.6 million. Approximately half of the total amount is due in a lump sum on March 29, 2030, while the other half is to be repaid to the banks in semiannual installments beginning September 30, 2025.

Kapsch TrafficCom AG made repayments totaling EUR 14.4 million in fiscal year 2025/26. In addition to the scheduled repayment in March 2026, a mandatory special repayment of EUR 9.0 million was made in September 2025 asagreed, due to cash inflows in Germany.

Due to the unexpectedly sharp decline in revenue, the failure to meet budget targets, and the delayed or insufficient realization of cost savings from the restructuring measures, the Company's earnings and liquidity situation deteriorated. The Group covenants agreed upon as part of the 2025 refinancing (equity ratio and net debt relative to EBITDA) could not be met as of the balance sheet date of March 31, 2026.

Because the financing banks and the creditors of the promissory note loan did not grant a waiver prior to the balance sheet date of March 31, 2026, liabilities to financial institutions—including the promissory note bond with a remaining term of up to one year—amounted to EUR 99.2 million (Previous year: EUR 15 million with a remaining term of upto one year and EUR 98.1 million with a remaining term of more than one year).

With regard to the specific terms of the standstill agreement entered into on July 1, 2026, and the binding term sheet agreed upon on July 26, 2026, regarding the extension of the standstill agreement and the new refinancing of outstanding liabilities to banks (including the promissory note bond), please refer to Section F. Other Information—Significant Events After the Balance Sheet Date.

Liabilities to affiliated companies consist of loan liabilities in the amount of EUR 37,239,540.11 (previous year: EUR 28,846 k) and trade payables in the amount of EUR 91,094,889.42 (previous year: TEUR 74,189). The increase results from higher service invoicing by affiliated companies in the U.S. as well as increased product manufacturing in the EU.

Other liabilities include expenses totaling EUR 3,199,956.20 (previous year: TEUR 3,227) that will not affect cash flow until after the balance sheet date.

Contingent liabilities and other financial obligations.

Values in EUR	March 31, 2025	March 31, 2026
Assumption of liabilities on behalf of subsidiaries	33,349	14,595,485
Bank guarantees for the performance of contracts relating to projects	37,686	57,101,450
Payment guarantees	2,090	2,035,522
Performance bonds	257,842	266,245,505
Other guarantees (security deposits, bid bonds and sureties)	776	689,940
Total	**331,744**	**340,667,902**

In addition, performance guarantees totaling EUR 10,735,373.05 (previous year: EUR 8.1 million) were assumed by Kapsch TrafficCom AG, Vienna, for export transactions and projects of Kapsch TrafficCom AB, Jönköping, Sweden.

Derivative financial instruments.

Figures as of March 31, 2026	Nominal amount	Number	Fair value [1]	Book value	Balance sheet item
Type of financial instrument					
Interest rate-related products					
Interest rate swap (09/2027)	EUR 10,000,000.00	1	295,500.62	0.00	n/a
Interest rate swap (03/2030)	EUR 13,500,000.00	1	157,256.94	0.00	n/a
Interest rate swap (03/2030)	EUR 13,500,000.00	1	168,127.74	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, 2025	Nominal amount	Number	Fair value [1]	Book value	Balance sheet item
Type of financial instrument					
Interest rate-related products					
Interest rate swap (09/2027)	EUR 15,000,000.00	1	540,024.64	0.00	n/a
Interest rate swap (05/2025)	EUR 15,000,000.00	1	-39,591.63	0.00	n/a
Interest rate swap (05/2025)	EUR15,000,000.00	1	-69,604.16	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.

No provision was established because the positive fair values of the transactions per portfolio predominate.

The fair value corresponds to the market value.

E. Comments on income statement items.

Breakdown of net sales.

	March 31, 2025	March 31, 2026
	in EUR k	in EUR
Toll	156,913	142,853,982
Traffic management	30,775	24,090,244
Total net sales by field of activity	**187,688**	**166,944,226**
Domestic	15,133	16,557,159
European Union, excl. Austria	82,412	70,462,807
Non-European Union	90,143	79,924,260
Total net sales by region	**187,688**	**166,944,226**

At the end of June 2025, a settlement agreement was reached with the Federal Republic of Germany regarding the termination in 2019 of the contract for the automatic enforcement of the infrastructure charge (passenger car toll). The agreed payment of approximately EUR 27 million to the subsidiary MTS Maut & Telematik Services GmbH was made at the beginning of the second quarter in July 2025. The resulting revenue of EUR 13,502 k is reported under sales revenue.

The decline in revenue was caused by customer-related project delays and a weakness in the globalmarket.

Other operation income.

Other operating income primarily includes income from foreign exchange effects in the amount of EUR 13,821 k, as well as the reversal of allowances for receivables and loans in the amount of EUR 2,034 k.

Personnel Expenses.

The “Salaries” line item includes income from changes in provisions for long-service awards in the amount of EUR 17,029.80 (previous year: EUR 46 k).

The “Expenses for Severance Pay and Contributions to Company Pension Funds” line item includes severance pay expenses in the amount of EUR 136,373.65 (previous year: income of EUR 595 k) as well as expenses for contributions to company pension funds in the amount of EUR 685,622.45 (previous year: EUR 576 k).

Other operating expenses.

Other operating expenses increased to EUR 66,432,979.0 (previous year: TEUR 43,859). This increase is primarily attributable to the rise in allowances for doubtful accounts from EUR 13,072,663.50 to EUR 14,856,101.72 in fiscal year 2025/26 (prior year: EUR 1,783 k) as well as to the increase in foreign currency losses.

Regarding **auditor expenses**, please refer to the 2025/26 Consolidated Financial Statements of Kapsch TrafficCom AG.

Financial result.

Income from investments relates to dividends received from affiliated companies in the amount of EUR 8,828,012.11 and is not phased in.

Interest expense increased compared to the previous year to EUR 7,445,961.01. Interest income rose to EUR 5,502,588.16 during the fiscal year.

Income from the disposal of and write-ups to financial assets primarily relates to a subsequent purchase price adjustment from the sale of Parat Ltd., United Arab Emirates, in the amount of EUR 6.9 miilion, and write-ups of EUR 3,110 k to investments in affiliated companies (Kapsch Telematic Services Sp. z o.o., Poland).

Amortization of investments in affiliated companies totaling EUR 22,506,145.23 in fiscal year 2025/26 consists of EUR 13,641,098.65 for Kapsch TrafficCom Transportation S.A.U., Madrid, Spain, EUR 4,970,981.56 to tolltickets GmbH, Rosenheim, Germany; EUR 1,550,268.11 to Kapsch TrafficCom South Africa Holding (Pty) Ltd., Cape Town, South Africa; EUR 1,000,000.00 to Kapsch TrafficCom S.A.S., Bogotá, Colombia; EUR 822,388.07 Kapsch Security GmbH (formerly: KTS Beteiligungs GmbH), Vienna, Austria, EUR 242,147.52 Kapsch TrafficCom México, S.A.P.I. de C.V., Mexico City, Mexico, EUR 225,478.89 Kapsch TrafficCom Transportation S.A.U., Madrid, Spain, EUR 49,362.21 Kapsch TrafficCom Riyadh Limited, Jeddah, Saudi Arabia, and EUR 4,420.22 Kapsch TrafficCom Guatemala S.A., Guatemala City, Republic of Guatemala.

Income and earnings taxes.

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 2025/26 fiscal year was 509 (previous year: 499).

The current compensation of the Executive Board (including pension fund payments) amounted to EUR 2,041 k in the 2025/26 fiscal year (2024/25: EUR 1,783 k). The total compensation of the Executive Board increased by 14.5% compared to the previous year.

This increase was primarily due to the appointment of Samuel Kapsch to the Executive Board effective April 1, 2025, and the resulting expansion of the Executive Board from two to three members. The average annual compensation per Executive Board member during the reporting period decreased by 14.1%.

Expenses for severance payments and pensions for Executive Board members amounted to EUR 14 k (2024/25: EUR 25 k). In total, this results in total compensation for the Executive Board (before offsetting against provisions) in the 2025/26 fiscal year of EUR 2,041 k (2024/25: EUR 1,783 k).

Supervisory Board compensation (including travel expenses) totaling EUR 140,000.00 (previous year: EUR 142 k) was recognized as an expense for the members of the Supervisory Board.

As in previous years, no advances or loans were granted to members of the Executive Board or Supervisory Board, nor were any guarantees issued in their favor.
The Management Board and Supervisory Board comprise the following individuals:

Executive Board.

Georg Kapsch (Chairman)
Alfredo Escribá Gallego
Samuel Kapsch (effective April 1, 2025)

Supervisory Board.

Sonja Hammerschmid (chairman)
Monika Brodey (deputy chairman)
Martin Fellendorf
Sonja Wallner

Delegated by the works council:

Christian Windisch
Robert Kutschera

Subsequent events.

Agreements on the Refinancing of Financial Liabilities

Kapsch TrafficCom kept its lending banks continuously informed about business developments; in particular, the reasons for the revenue delays and their effects were disclosed. The failure to meet the agreed covenants as of the balance sheet date—and thus the need for a waiver—was also announced in a timely manner. This was followed by intensive discussions on how best to resolve the situation. Ultimately, to stabilize the company’s situation, a stand-still agreement was reached on July 1, 2026, with the lending banks and creditors of the promissory note bond. Under this agreement, all due and future receivables arising from the financing agreements (principal repayments, but not interest payments, costs, and fees) will be deferred until July 26, 2026. This applies to liabilities to financial institutions as of the balance sheet date of March 31, 2026, in the amount of EUR 90.5 million (and liabilities from promissory note bond in the amount of EUR 8.7 million, including interest). As of the date of approval of these financial statements (July 27, 2026), the balance of the relevant financial liabilities has not changed, with the exception of the additional interest accrued. The conclusion of the Standstill Agreement entailed the appointment of a restructuring advisor to conduct an Independent Business Review and prepare a restructuring plan, as well as the appointment of an independent restructuring advisor to review the activities carried out by the restructuring advisor. The Standstill Agreement was in effect until July 26, 2026 (or, if the extension option was exercised, until September 30, 2026), unless terminated due to unmet conditions or the occurrence of certain extraordinary grounds for termination. As of the date of approval of these financial statements, the Standstill Agreement had not been terminated.

Instead, on July 26, 2026, a binding term sheet was reached regarding the extension of the Standstill Agreement and the refinancing of the outstanding financial liabilities, including the promissory note bond, whereby key terms and milestones from the Standstill Agreement were carried forward.

This binding term sheet (including the extension of the Standstill Agreement) is binding within the meaning of § 885 ABGB but is subject to the condition precedent of the submission of (i) the final restructuring plan, (ii) the submission of the final Restruct-IBR and any required going-concern projections, provided that the need to prepare such projections arises from the Restruct-IBR, or an IDW S11 report for tolltickets GmbH, (iii) the submission of confirmation of the Group's full financing (including selected subsidiaries—such as tolltickets GmbH—as well as parent companies such as KAPSCH-Group Beteiligungs GmbH and DATAX Handels GmbH) for the duration of the agreement and regarding the absence of obstacles to restructuring, (iv) proof of the valid aappointment of the restructuring advisor and the independent restructuring advisor, (v) the provision and maintenance of collateral, (vi) confirmation from OeKB, (vii) payment of fees to banks and legal advisors.

The final restructuring agreement, reflecting the key terms and conditions set out in the term sheet, is to be con cluded by September 15, 2026.

The term sheet regarding the extension of the standstill agreement and the refinancing of the financial liabilities essentially provides for the following condition:

- Extension of the standstill agreement until March 31, 2028
- Suspension of the financial covenants currently stipulated under the syndicated loan agreement for the duration of the term sheet and, subsequently, the refinancing agreement
- Submission of a final restructuring concept and an Independent Business Review ("Restrukt-IBR") by September 4, 2026
- Development of a milestone plan for the implementation of the operational measures resulting from the Independent Business Review ("Restrukt-IBR").
- Implementation of the restructuring measures set out in the restructuring concept, including, for example, the divestment of assets and business units that are not part of the core business, as well as the initiation of an M&A process for the disposal of non-core assets.
- Implementation of and sourcing for alternative guarantee financing solutions.
- Provision of security through a restructuring trust arrangement and the pledge of the shares in Kapsch TrafficCom AG held by KAPSCH-Group Beteiligungs GmbH, the pledge of shares in KAPSCH-Group Beteiligungs GmbH, as well as the provision of security over trademarks and patents. In addition, further measures attributable to the shareholder sphere and shareholder contributions are required, including, for example, the waiver of the servicing of shareholder claims and cooperation obligations in connection with the implementation of the restructuring concept.
- Assignment of intercompany receivawbles as well as receivables arising from the disposal of non-core assets
- Obligation to make special repayments from proceeds generated through the liquidation of collateral and other excess cash
- Introduction of a minimum group liquidity requirement of EUR 20 million as a new covenant provision, to be monitored and confirmed monthly by the independent restructuring advisor, as well as two additional financial covenants that are reasonable within the parameters of the Restruct-IBR. Potential breaches of covenants during the term of the agreement may be remedied if it can be confirmed that the Group remains on the agreed restructuring path.
- Granting the financing banks extensive information, inspection and participation rights, including access to relevant financial and operational information, as well as the appointment of a supervisory board member agreed upon with the financing banks.
- Continuation of the Interim Manager's (acting as a jointly authorized member of the Management Board of Kapsch

TrafficCom AG and as a jointly authorized managing director of KAPSCH-Group Beteiligungs GmbH for the term of the agreement).

- Continuation of the adjustments to the corporate governance structure envisaged under the standstill agreement, such as restricting operational and financial management activities to the ordinary course of business in order to safeguard the interests of the financing institutions, in line with the framework conditions defined in the restructuring concept, as well as restrictions on distributions/dividend payments.
- Ordinary termination of the agreement; extraordinary termination rights apply only in specific circumstances, (including, material payment defaults, insolvency, or the occurrence of a change of control, etc.)

The objective of the term sheet and the measures set out therein is the full repayment of the financial liabilities owed to the financing banks and the holders of the promissory note bond, in accordance with the restructuring concept and the findings and recommendations of the Independent Business Review.

The financing banks have furthermore agreed to increasing their guarantee facility lines by up to EUR 14 million, enabling the Group to cover both expiring guarantees and additional guarantee requirements arising from new projects.

Based on the measures provided for in the agreements, the company anticipates that its operating activities will continue under the going-concern assumption. This depends directly on compliance with and implementation of the conditions set forth in the terms of the Standstill Agreement and refinancing (in particular, the fulfillment of the conditions precedent), the generation of cash to maintain minimum liquidity, and two additional financial covenants that are reasonable within the parameters of the Restructuring IBR. With regard to risks and uncertainties that could threaten the company's continued existence, please refer to Section A. General Principles – Statement on the Going-Concern Assumption.

Sale of a significant subsidiary

On July 8, 2026, a transaction agreement was signed for the sale of a majority interest in tolltickets GmbH, headquartered in Rosenheim, Germany. Closing of the transaction is expected by the end of the year. Based on the current preliminary assessment, the Group expects to recognize a gain on deconsolidation upon completion of the transaction.

Vienna, July 27, 2026

Georg Kapsch Chief Executive Officer	Alfredo Escribá Gallego Executive Board Member	Samuel Kapsch Executive Board Member (as of April 1, 2025)

Statement of all Members of the Executive Board.

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

We confirm to the best of our knowledge that the annual financial statements, prepared in accordance with the applicable accounting standards, present as accurate a picture as possible of the company's net assets, financial position, and results of operations; that the management report describes the course of business, business results, and the company's position in a manner that provides the fairest possible view of the company's financial position, financial performance, and results of operations, and that the management report describes the significant risks and uncertainties to which the company is exposed.

Vienna, July 27, 2026

Georg Kapsch
Chief Executive Officer

Alfredo Escribá Gallego
Executive Board Member

Samuel Kapsch
Executive Board Member

Auditor's Report.
Report on the Financial Statements.

Audit Opinion
We have audited the accompanying financial statements of Kapsch TrafficCom AG, Vienna, which comprise the balance sheet as at March 31, 2026, the income statement for the financial year then ended and the notes.

In our opinion, the financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as at March 31, 2026, 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.

Material Uncertainty Related to Going Concern
We refer to section “A. General principles – Statement on the going concern assumption” of the notes to the financial statements which describes that liabilities with a remaining maturity of less than one year amounting to EUR 216,604k as at March 31, 2026 exceed current assets with a remaining maturity of less than one year amounting to EUR 158,969k by EUR 57,635k. As described in section “D. Comments on items in the balance sheet – Accounts payable” of the notes to the financial statements, contractually agreed financial covenants were breached as at March 31, 2026, which led to a reclassification of the respective bank loans and overdrafts (remaining maturity of more than one year to of less than one year) as at March 31, 2026, as the waiver by the financing banks of compliance with the financial covenants was granted only after the reporting date as part of a Heads of Agreement (Punktation) for the restructuring dated July 26, 2026.

On July 1, 2026, a Standstill Agreement until July 26, 2026 was concluded with the financing banks and creditors of the promissory note bonds. Subsequently, on July 26, 2026, a Heads of Agreement on the extension of the Standstill Agreement and on refinancing of the outstanding promissory note bonds and bank loans and overdrafts until March 31, 2028, was agreed and therefore binding.

The conclusion of the Standstill Agreement was accompanied by the appointment of a restructuring advisor to conduct an independent business review and prepare a restructuring concept. In addition, an independent restructuring advisor was engaged to monitor the Company’s refinancing, the absence of restructuring obstacles, and compliance with financial covenants.

The going concern of the Company depends on the implementation of the measures included in the updated liquidity planning from the restructuring concept and Independent Business Review (“Restrukt-IBR”), i.e., in particular, the achievement of the planned sales increases and cost savings, the successful completion (closing) of the sale of tolltickets GmbH, Germany, as well as obtaining additional guarantee lines for the worldwide business, the realization of assets not belonging to the core business, and the ability to compensate for any budget deviations through corresponding countermeasures, so that the financial key figures defined in the Heads of Agreement for the Restructuring Agreement dated July 26, 2026 (minimum group liquidity of EUR 20 million as well as two further key figures to be proposed by the restructuring advisor, which are acceptable within the range of the Restrukt-IBR), can be met and the planned loan repayments can be serviced.

As set out in section “A. General principles – Statement on the going concern assumption”, there is a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern if it does not successfully implement these measures or secure the additional liquidity required, or if the suspensive conditions of the Heads of Agreement for the Restructuring Agreement dated July 26, 2026 (in particular, obtaining confirmation from the independent restructuring advisor on the Company's refinancing and confirmation that no restructuring obstacles exist), cannot be fulfilled. Consequently, the Company might not be able to realize its assets and settle its liabilities in the ordinary course of business as of March 31, 2026, which could lead to insolvency.

Our audit opinion is not modified in respect of this matter.

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 of 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 124,120k (prior year: EUR 134,357k)) and participating interests (book values in the amount of EUR 1,042k (prior year: EUR 1,316k)) as at March 31, 2026. Moreover, loans in the amount of EUR 61,649k (prior year: EUR 60,572k) to affiliated companies as well as loan receivables from affiliated companies in the amount of EUR 37,300k (prior year: EUR 43,772k) exist.

Pursuant to section 204 para. 2 UGB, shares in affiliated companies and participating interests as well as loans to affiliated companies 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 2025/26, write-downs on the shares in affiliated companies in the amount of EUR 22,506k were made based on the tests for write-downs (thereof mainly EUR 13,641k on Kapsch TrafficCom Transportation S.A.U., Spain, EUR 4,971k on tolltickets GmbH, Germany, EUR 1,550k on Kapsch TrafficCom South Africa Holding (Pty) Ltd., South Africa). Moreover, write-ups in the amount of EUR 3,110k were recognized on Kapsch Telematic Services Sp. Z.o.o, Poland.

No requirement for value adjustment of the book value of loans to affiliated companies as well as of loan receivables from 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 affiliated companies and loan receivables from affiliated companies and participating interests as at March 31, 2026 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 to affiliated companies and loan receivables from affiliated companies 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, as well as in the Traffic Management (TM) segment, for the ability to generate sufficient projects contracted at short notice to cover the fixed cost base, 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 to affiliated companies 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 to affiliated companies and loan receivables from affiliated companies in the financial statements, which is why this was 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 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, if the book value exceeded the current values.

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 to affiliated companies 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" under "Shares in affiliated companies and participations as well as loans to affiliated companies" and under "Current assets – Receivables" as well as to section "E. Comments on income statement items – Financial result".

2. Compliance with financial covenants pursuant to the financing agreement, Standstill Agreement and Heads of Agreement (Punktation) for a Restructuring Agreement

- **Description**

Due to the adverse business development in the financial year 2025/26, the Company did not comply with the group financial covenants agreed upon in the financing agreement as at the reporting date March 31, 2026. (Group equity ratio below 22.5%; relation net debt to EBITDA of the Group exceeding 3.75). As no waiver by the financing banks of compliance with the financial covenants was granted as at the reporting date, the respective bank loans and overdrafts were reported in their full amount with a remaining maturity of less than one year.

To stabilize the Company's situation, a Standstill Agreement was concluded with the financing banks and creditors of the promissory note bonds on July 1, 2026. Under this agreement, all due and becoming due receivables from financing agreements (repayments, but not interest payments, costs and fees) were deferred until July 26, 2026. This applies to outstanding promissory note bonds in the amount of EUR 8,665k and to bank loans and overdrafts in the amount of EUR 90,521k, as of the reporting date March 31, 2026. By Heads of Agreement dated July 26, 2026 and resolution by the financing banks, the Standstill Agreement was extended until September 30, 2026.

Furthermore, the Management Board has signed a Heads of Agreement for a Restructuring Agreement with the financing banks and creditors of the promissory note bonds on July 26, 2026 which mainly includes the following provisions:

- Continuation and extension of the Standstill Agreement until March 31, 2028
- Suspension of the financial covenants during the term of the Restructuring Agreement and waiver of any existing or up to the term of the Restructuring Agreement any occurrence of breach of the financial covenants
- Implementation of operational restructuring measures in accordance with a restructuring concept supported by a restructuring advisor ("Restrukt-IBR") and monitored by an independent restructuring advisor
- Financial covenants (minimum group liquidity of EUR 20 million as well as two further key figures to be proposed by the restructuring advisor, which are acceptable within the range of the Restrukt-IBR); and
- The Heads of Agreement is binding within the meaning of section 885 Austrian Civil Code (ABGB) but subject to the conditions precedent of (i) submission of the final restructuring concept, (ii) submission of the final Restrukt-IBR and respective required going concern forecasts, if preparing going concern forecasts is required according

to the Restrukt-IBR, (iii) submission of a confirmation of refinancing and the absence of restructuring obstacles, (iv) documentation of continued appointment of the restructuring advisor and the independent restructuring advisor, (v) granting and existence of collateral, (vi) confirmation by the OeKB, (vii) payment of the fees of bank and legal advisors

Due to the material impact of these agreements on the Company's assets and liabilities, financial situation and results of operations and on the Company's going concern assumption, we identified this matter as key audit matter.

- **Audit approach and key observations**

We assessed the presentation of the non-compliance with the financial covenants in the financial statements regarding their compliance with the provisions of the Austrian Company Code (Unternehmensgesetzbuch), especially in respect of the presentation of the respective bank loans and overdrafts with a remaining maturity of less than one year. We evaluated the resulting impact on the Company's assets and liabilities, financial situation and results of operations and on the Company's going concern assumption and assessed in this context the integrated business planning and the restructuring concept and Independent Business Review ("Restrukt-IBR") prepared by management and the restructuring advisor as basis for the going concern assessment by involving internal restructuring experts. Moreover, we assessed whether the occurrence of the conditions precedent of the Heads of Agreement for the Restructuring Agreement is sufficiently likely and whether the agreement is binding.

We evaluated the appropriateness and completeness of the disclosures on the financial covenants, the refinancing and going concern made by management in the financial statements. Furthermore, we reviewed and assessed the conditions of the Heads of Agreement for the Restructuring Agreement in respect of the Company's (future) compliance with the therein determined requirements, including the renegotiated financial covenants, terms and obligations.

The preparation of the financial statements applying the going concern assumption is appropriate taking into account the Heads of Agreement for the Restructuring Agreement dated July 26, 2026, despite the material uncertainty related to the Company's going concern as described in section "A. General principles – Statement on the going concern assumption". The presentation of the promissory note bonds and bank loans and overdrafts and the corresponding disclosures in the notes are appropriate.

- **Reference to related disclosures**

We refer to the disclosures of the Company in the sections "A. General principles – Statement on the going concern assumption", "D. Comments on items in the balance sheet – Accounts payable" and "F. Other disclosures – Subsequent events".

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. Regarding the non-financial statement contained in the management report, it is our responsibility to examine whether it has been prepared, to read it and to consider whether it is, based on our knowledge obtained in the audit, materially inconsistent with the financial statements or otherwise appears to be materially misstated.

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.

Addendum.
Regarding the material uncertainty related to going concern, we refer to section 1.1 "Business performance" of the management report which includes an analysis of the Company's situation. Furthermore, we refer to section 2.1 "Outlook" of the management report which describes the Company's expected development and includes disclosures on the liquidity risk and the risk to continue as a going concern in the management report.

Additional Information in Accordance with Article 10 of the EU Regulation.
We were elected as statutory auditor at the general meeting dated September 3, 2025. We were appointed by the Supervisory Board on October 31, 2025. 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 Vilain, Austrian Certified Public Accountant.

Vienna,
July 27, 2026

PwC Wirtschaftsprüfung GmbH

Frédéric Vilain m.p.
Austrian Certified Public Accountant

This report is a translation of the original report in German, which is solely valid. Publication and sharing with third parties of the financial statements together with our auditor's report is only allowed if the financial statements and the management report are identical with the German audited version. 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.

Imprint.
Media owner and publisher: Kapsch TrafficCom AG
Place of publishing: Vienna, Austria
Editorial deadline: July 27, 2026

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 areas of tolling and traffic 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 2025/26 financial year, over 2,700 employees generated revenues of EUR 431 million.

>>> ***www.kapsch.net***

Kapsch TrafficCom AG | Am Europlatz 2 | 1120 Vienna | Austria | www.kapsch.net
Investor contact | Doris Gstatter | Phone +43 50 811 1122 | IR.kapschtraffic@kapsch.net
Press contact | Sandra Bijelic | Phone +43 50 811 1720 | sandra.bijelic@kapsch.net