

Press Release.

Kapsch TrafficCom – Result for the first three quarters of 2023/24.

Highlights.

- > Reported revenues of EUR 400 million are 4% below previous year due to customer credit and margin adjustments for projects in progress.
- > Cash inflow from settlement agreement in Germany significantly improved financial position, net assets and results of operations.
- > Operating result (EBIT) increased to EUR 70 million.
- > Successful completion of existing and numerous new projects should soon be reflected in revenues, earnings and liquidity.
- > Outlook to financial year 2023/24: Revenue growth in single-digit percentage range and significant improvement in operating result (EBIT); further major project awards expected.

"Although we still had relatively high value adjustments from old orders, we managed to stabilize the result. Due to a significant improvement of our organization and our processes, we expect a drastic reduction in the need for value adjustments in the future. Both product quality and a correspondingly lower cost base will not only improve our results, but also further increase our competitiveness," says Georg Kapsch, CEO of Kapsch TrafficCom.

Unless otherwise stated, all values in EUR million.	Q1-Q3 2022/23	Q1-Q3 2023/24	+/-
Revenues	414.4	400.0	-3.5%
EBIT	9.8	70.0	>+500%
EBIT margin	2.4%	17.5%	+15.2pp
Result for the period attributable to equity holders	2.3	38.3	>+500%
Earnings per share (EUR)	0.18	2.95	>+500%

Vienna, February 21, 2024 – In the first three quarters of financial year 2023/24, a decisive course for the future was set by the Kapsch TrafficCom Group. Although the developments are not yet fully reflected in revenues and earnings, the management believes that a turning point has been reached that should also be reflected in future earnings and liquidity.

Significant events and project developments.

An important milestone in July was the settlement agreement reached in the arbitration proceedings between the joint venture autoTicket and the Federal Republic of Germany. This has led to a cash inflow of EUR 79 million to date, which is reflected in the EBIT in the amount of EUR 72 million and enabled the repayment of financial liabilities in the amount of EUR 63 million.

In addition, Kapsch TrafficCom had previously reached an agreement with its major financial creditors in May on a restructuring of the financing, which places the financing structure on a longer-term basis. In accordance with this agreement, Kapsch TrafficCom carried out a capital increase of 10% of the existing share capital in November, which was successfully placed with the pro rata participation of the main shareholder KAPSCH-Group Beteiligungs GmbH. The 1,300,000 new shares have been traded on the Vienna Stock Exchange since November 24, thus increasing the number of shares to 14,300,000.

After nearly three challenging and eventful years for Kapsch TrafficCom and after completing key milestones, Andreas Hämmerle has left the Executive Board and as CFO on the best of terms in the reporting period. "Andreas Hämmerle has contributed to maneuvering Kapsch TrafficCom out of a challenging situation into calmer waters and to steering the company towards the future. I would like to thank Andreas Hämmerle for his great personal commitment to Kapsch TrafficCom and wish him all the very best," said Franz Semmerneegg, Chairman of the Supervisory Board.

In operational terms, Kapsch TrafficCom successfully continued to develop existing projects and transitioned several implementation projects into operation. In South Africa, the contract for the operation of the tolling system in the province of Gauteng was again extended until June 2024.

Numerous new orders not only confirm the increasing market dynamics, they also point the way to the road of the future with tolling services and connected mobility: In the area of tolling, Kapsch TrafficCom as part of a joint venture received an order from a Swiss toll service provider for vehicle equipment, data collection from heavy goods vehicles and customer service for at least eight years. In the area of traffic management, Kapsch TrafficCom was commissioned to implement a Cooperative Intelligent Transport System (C-ITS) with hardware and software for construction site areas in a highway project in Germany and subsequently operate it for up to 12 years.

Earnings position.

The key figures for the first three quarters of 2023/24 only partially reflect the developments described above. At EUR 400 million, revenues were 4% below the previous year's figure of EUR 414 million. This decline was partly due to a customer credit of EUR 6 million in the first quarter. In the third quarter, Kapsch TrafficCom was able to achieve higher invoiced revenues due to good project progress, which led to a corresponding cash inflow. However, this was reduced by EUR 18 million (Q3 2022/23: EUR +3 million) due to accrued revenues from orders in progress in the past and margin value adjustments.

The operating result (EBIT) increased from EUR 10 million in the same period of the previous year to EUR 70 million. This significant increase includes the following effects in particular:

- The one-off effects from the settlement in Germany led to an increase in EBIT of EUR 72 million.
- After an agreement was reached with a customer regarding overdue receivables, a credit note was issued (reduction in revenues), which in turn led to a reversal of the value adjustment for these receivables and a positive effect on earnings of EUR 5 million.
- The cost of materials and other purchased production services increased by EUR 5 million compared to the previous year, influenced by unfavorable exchange rate developments and inflation adjustments.
- Personnel costs decreased by EUR 9 million compared to the previous year, primarily due to the reduction in the number of employees.
- Some implementation projects in the USA as well as in other regions recorded a deterioration in margins due to increased costs and the resulting adjustments. This had a negative impact on EBIT in the amount of EUR 19 million (previous year: EUR 8 million). These difficulties should be largely resolved over the course of the year as the relevant projects are gradually completed.

Adjusted for the effects of the settlement agreement in Germany, the customer credit and the project margin adjustments, EBIT for the first three quarters would have totaled EUR 13 million.

The financial result decreased to EUR -23 million in the first three quarters of 2023/24 (previous year: EUR -5 million), primarily due to higher interest expenses, one-off costs in connection with the restructuring of financing and effects from exchange rate changes. Kapsch TrafficCom expects significantly lower interest expenses going forward, as financial liabilities have been significantly reduced and the high one-off costs for refinancing can be discontinued.

The result for the period attributable to equity holders increased to EUR 38 million compared to EUR 2 million in the same period of the previous year. Earnings per share amounted to EUR 2.95 (previous year: EUR 0.18).

Segment performance.

In the tolling segment, revenues fell from EUR 304 million in the previous year to EUR 282 million, of which EUR 6 million was attributable to the customer credit. The share of total revenues therefore was 70%. EBIT amounted to EUR 58 million after EUR -2 million in the same period of the previous year. The enormous increase reflects the effect of the settlement agreement in Germany, however, the margin deterioration particularly in implementation projects significantly dampened the development.

The traffic management segment recorded revenue growth from EUR 111 million to EUR 118 million, increasing its share of total revenue to 30%. EBIT increased from EUR 12 million to EUR 13 million.

In regional terms, revenues in the EMEA region (Europe, Middle East, Africa) were slightly above the previous year's level in the past nine months, while the Americas (North, Central and South America) and Asia-Pacific regions recorded declines of 9% and 7% respectively.

Financial and asset position.

Free cash flow amounted to EUR 49 million in the first three quarters after EUR 2 million in the same period of the previous year. This increase was primarily due to the increase in earnings, while net working capital could be reduced by EUR 7 million in the reporting period in connection with the invoiced projects in progress.

On the assets side of the balance sheet, current assets increased, primarily due to the rise in trade receivables. Current contract assets could be reduced by EUR 11 million due to the aforementioned invoicing of projects in progress. The liabilities side is characterized by the significant increase in equity by 90% to EUR 97 million and a shift in the liability structure from current to non-current liabilities, the repayment of financial liabilities as well as an increase in trade payables.

The equity ratio thus rose to 20% as of December 31, 2023 after 11% as of March 31, 2023. Net debt decreased from EUR 186 million to EUR 134 million. Consequently, the gearing ratio was reduced significantly and amounted to 138% after 363% at the end of the financial year.

Outlook.

In the course of the financial year to date, Kapsch TrafficCom has won numerous new projects that form a solid basis for further growth and are also of strategic importance. In addition, further project tenders are to be awarded. Kapsch TrafficCom sees this as confirmation of the increase in market dynamics.

The settlement concluded in Germany led to a significant improvement in the operating result and key financial indicators. Building on this, the focus remains on consistent cost and liquidity management, improving key financial indicators and new business.

For the financial year 2023/24, the Executive Board continues to expect revenue growth in the single-digit percentage range and a significant improvement in the operating result (EBIT).

The report on the first three quarters of 2023/24 as well as further materials on the results are scheduled to be available today, from 7:35 a.m. (CET), at: www.kapsch.net/en/ir

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

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

Kapsch TrafficCom, headquartered in Vienna, has subsidiaries and branches in more than 25 countries and is listed in the Prime Market segment of the Vienna Stock Exchange (ticker symbol: KTCG). In its 2022/23 financial year, about 4,000 employees generated revenues of EUR 553 million.

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