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challenging limits

Kapsch TrafficCom

Annual Financial Statements 2025/26.

Report pursuant to Sec. 124 Austrian Stock Exchange Act (BörseG) 2018.

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Kapsch TrafficCom

Group Report 2025/26

as of March 31, 2026.

Consolidated Management Report and Consolidated Financial Statements 2025/26.

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Selected key data.

2025/26, 2024/25 and 2023/24: refer to the respective financial year (April 1 until March 31)
PP: percent points
Unless otherwise stated, all values in EUR million.

Earnings data	**2023/24**	**2024/25 adjusted[10]**	**2025/26**	**+/-**
Revenues	538.8	530.3	430.6	-18.8%
Share of tolling segment	70.2%	74.1%	68.5%	-5.6 PP
Share of traffic management segment	29.8%	25.9%	31.5%	5.6 PP
EBITDA[1]	88.5	23.8	20.6	-13.3%
EBITDA margin	16.4%	4.5%	4.8%	0.3 PP
EBIT	70.3	7.3	5.6	-23.6%
EBIT margin	13.0%	1.4%	1.3%	-0.1 PP
Result before income tax	36.9	-9.6	-5.8	39.7%
Result for the period	22.3	-8.4	-17.0	-103.5%
Result for the period attributable to equity holders	23.2	-12.1	-18.7	-54.5%
Earnings per share in EUR	1.72	-0.85	-1.31	-54.5%

Business segments	**2023/24**	**2024/25 adjusted[10]**	**2025/26**	**+/-**
Tolling				
Revenues	378.3	393.0	295.1	-24.9%
EBIT	54.3	12.0	8.4	-29.7%
EBIT margin	14.4%	3.1%	2.9%	-0.2 PP
Traffic management				
Revenues	160.5	137.3	135.5	-1.3%
EBIT	15.9	-4.7	-2.9	39.3%
EBIT margin	9.9%	-3.4%	-2.1%	1.3 PP

Revenues by region	**2023/24**	**2024/25**	**2025/26**	**+/-**
EMEA	51.7%	48.5%	41.8%	-6.7 PP
Americas	43.1%	46.9%	52.7%	5.8 PP
APAC	5.2%	4.5%	5.5%	0.9 PP

Balance sheet data	**March 31, 2024**	**March 31, 2025 adjusted[10]**	**March 31, 2026**	**+/-**
Total assets	443.7	449.2	383.6	-14.6%
Total equity[2]	83.4	85.8	67.8	-21.0%
Equity ratio[2]	18.8%	19.1%	17.7%	-1.4 PP
Net debt[3]	106.0	101.5	113.4	11.7%
Gearing[4]	127.1%	118.2%	167.2%	49.0 PP
Net working capital[5]	78.5	66.8	64.1	-4.1%

Cash flow	**2023/24**	**2024/25**	**2025/26**	**+/-**
Net capital expenditures[6]	4.9	7.6	5.5	-27.9%
Free cash flow[7]	105.7	21.2	1.7	-92.0%

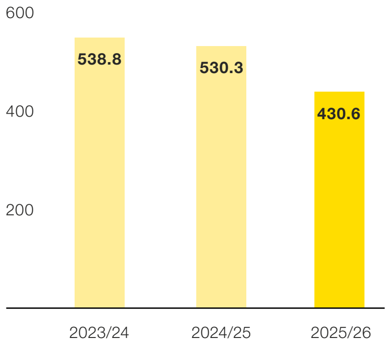
ESG data	**2023/24**	**2024/25**	**2025/26**	**+/-**
Employees, end of period	4,054	3,041	2,717	-10.7%
Share of women in management positions, end of period	33.7%	27.3%	26.9%	-0.4 PP
Carbon footprint (index, base year 2019/20 = 100%)[8]	82.2%	73.5%	58.6%	-14.9 PP
Percentage of taxonomy-aligned products[9]	5.8%	4.7%	99.6%	94.9 PP

1) Operating result before amortization, depreciation, and impairment
2) Including non-controlling interests
3) Cash and cash equivalents + other current financial assets - financial liabilities - lease liabilities
4) Net debt / equity
5) Inventories + trade receivables and other current assets + current contract assets + current tax receivables - trade payables - current contract liabilities - current tax liabilities - current provisions - current other liabilities and deferred income
6) Capital expenditure and proceeds from the disposal of property, plant, and equipment and intangible assets
7) Cash flow from operating activities + cash flow from investing activities
8) Base year 2019/20 calculated retrospectively
9) Revenue share of environmentally sustainable products and services in accordance with the EU Taxonomy Regulation
10) See Consolidated Financial Statements, note 30 regarding the retrospective adjustment resulting from an error in accordance with IAS 8

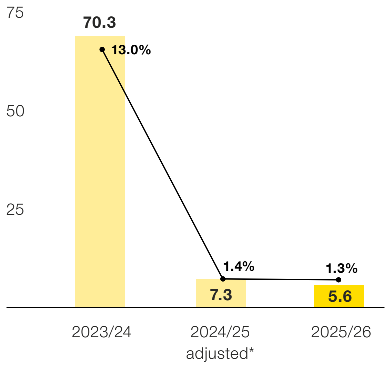
Kapsch TrafficCom 2025/26.

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 healthy world without congestion.

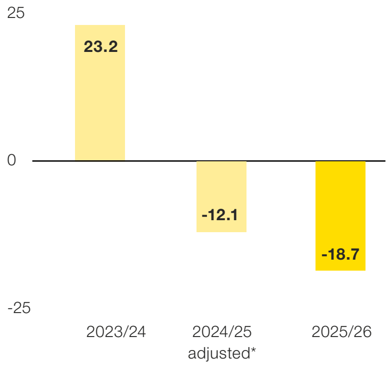
Revenues
in EUR million



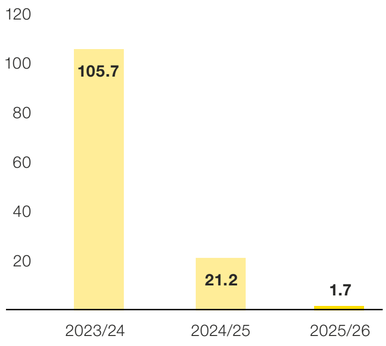
EBIT (in EUR million) and
EBIT margin (in %)



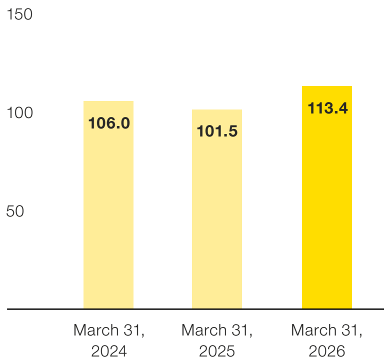
Result for the period attributable to equity holders in EUR million



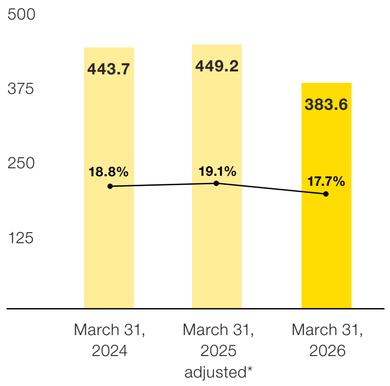
Free cash flow
in EUR million



Net debt
in EUR million



Total assets (in EUR million) and
equity ratio (in %)



*) See Consolidated Financial Statements, note 30, regarding the retrospective adjustment resulting from an error in accordance with IAS 8.

Headlines 2025/26.

Business performance fell short of initial expectations.

- Revenues were EUR 431 million, down 19% from the previous year's figure of EUR 530 million.
- Cancellation of two major projects reduced tolling revenue by approximately EUR 80 million, as expected.
- Additionally, customer-related project delays, as well as a drastic and unexpectedly severe weakness in the global tolling market.

EBIT reached EUR 6 million due to a one-time effect.

- Settlement agreement with the Federal Republic of Germany had a positive impact of EUR 23 million.
- Cost base was aligned with the expected higher revenue level; adjustments already made to account for the lower level will only take effect in the coming financial year.
- Expenses related to these measures are partially included in the fourth quarter; in addition, compared to the preliminary results, an impairment of EUR 2 million was taken into account.

Financial indicators reflected challenging liquidity situation at the end of the year.

- Equity ratio at just under 18%, down from the previous year's level.
- Cash inflow from Germany enabled an extraordinary repayment of liabilities; nevertheless, the gearing ratio stood at 167%.
- Free cash flow amounted to EUR 2 million.

Strategy confirmed by notable new projects in both segments.

- Strategic focus underpinned by technological innovations.
- Development of the market for connected vehicles is evident but remains sluggish.
- Sustainability and ESG management continue to be important in bidding processes.

Outlook for financial year 2026/27.

- Revenues and EBIT are expected to exceed the previous year's levels; proportion of orders already contracted is higher than in previous years.
- Strong order intake and a high order backlog at year-end point to revenue growth.
- In July 2026, a standstill agreement and a binding term sheet were concluded with the major financial partners regarding the restructuring.
- Project delays from the reporting period will contribute positively.

Letter from the Chief Executive Officer.

Dear Shareholders,

The 2025/26 financial year took a turn that fell far short of our expectations at the beginning of the year: Over the course of the year, we had to revise our revenue and earnings forecasts downward twice, in October and in February. Whereas a year ago in the summer we had expected annual revenues of EUR 510 million, the final figure was EUR 431 million. Our EBIT guidance was EUR 45 million; ultimately, the preliminary operating result came in at EUR 8 million, and after a necessary impairment at year-end, it now stands at EUR 6 million.

The second half of the year, in particular, was therefore marked by two urgent priorities: Aligning costs with the lower revenue level and intensifying our focus on revenues that could be realized in the short term. We have already implemented many changes, but the measures will only take full effect in the current financial year. Accordingly, my analysis of the past year is also down to earth.

Financial year 2025/26 fell short of expectations.

But let me briefly outline the development: The previous financial year 2024/25 had been relatively positive overall. Above all, we had solidified the foundation for a successful future – streamlined our core business through several deconsolidations, stabilized revenues and EBIT after difficult years, and reduced both previously problematic projects and debt.

Financial development.
For the reporting year, we expected revenues to remain below the previous year's level – after all, two of our major toll operation projects, in Belarus and South Africa, had been discontinued, and these could not be fully offset by new projects in the short term. By the end of the first half of the year, however, a decline in revenue was becoming apparent that went beyond seasonal fluctuations, and the global tolling market showed an unexpectedly severe weakness over the course of the year. There were delays in project tenders and their awarding, as well as customer-related delays in starts and executions of projects. Furthermore, we did not win all of the expected projects.

In terms of costs, we were well-positioned and lean – though for the expected, significantly higher level of revenue. When the weak performance became apparent, we immediately took steps to further adjust costs and optimize project management. The measures are well underway, though their impact will be visible only in the current financial year.

Market unexpectedly weak: Costs were adjusted to the lower revenue level.

Price increases from suppliers also posed a challenge, particularly for memory modules for our hardware components. High global demand caused prices to multiply in some cases during the reporting period. We were able to mitigate the effects here as well through long-term, Group-wide strategies.

However, a positive one-time effect from Germany was encouraging: At the end of June 2025, we were able to conclude the arbitration proceedings against the Federal Republic of Germany with a settlement agreement. This resulted in a cash inflow of approximately EUR 27 million, the majority of which was used to reduce liabilities. The EBIT effect amounted to EUR 23 million. In addition, despite the deconsolidation of the company that operates the nationwide tolling system in Belarus, we were able to continue to benefit economically from its success last year.

As previously mentioned, there was a required impairment of property, plant, and equipment and intangible assets in the amount of EUR 2 million, which reduced EBIT compared with the preliminary results.

Overall, as a result of the weak performance, the key financial indicators at the end of the financial year were below expectations. Based on the overall economic picture, our financial partners confirmed in July 2026, through a standstill agreement and a binding term sheet, that they would continue to support Kapsch TrafficCom, although this is contingent on comprehensive measures for a restructuring. At year-end, however – and thus in this annual financial report – all financial liabilities had to be reported as current on the balance sheet in this context.

Strategic milestones.
The settlement of the arbitration proceedings in Germany allowed us to finally close the chapter on the termination of the German passenger car toll contract in 2019 – even though implementing the project would have been significantly more profitable and, above all, sustainable for us. Our business in North America is also developing positively. Once we have resolved the previous problematic projects by 2023/24, this region has again become reasonably profitable, and we are winning new projects.

We are also increasingly establishing a foothold in the Middle East, where there is significant interest, particularly in the traffic management segment. In Bulgaria, we were once again successful in winning the tender to operate the nationwide tolling system, and in Lithuania we achieved a success that was small in terms of order value but significant from a technological perspective: Kapsch TrafficCom received the world's first public contract for a satellite tolling system combined with a smartphone app – tolling is based on the actual distance driven.

One of the pioneers in the field of tolling via connected vehicles (CV) is North America: In North Carolina, we are currently implementing the first CV tolling system in a real operating environment. In this process, data from connected vehicles is integrated into a conventional tolling system, turning a vision of the future into reality – albeit on a small scale for now.

Outlook.
Market performance has recently been disappointing and is expected to remain weak for the time being. We therefore do not anticipate any disruptive shifts in the 2026/27 financial year. However, Kapsch TrafficCom has many technological innovations in its portfolio.

Outlook 2026/27:
Revenues and EBIT are expected to exceed the previous year's figures.

Given the numerous uncertainties in the markets, we are refraining from providing a quantitative outlook at this time. Based on the orders already contracted, we expect revenues and EBIT in financial year 2026/27 to exceed the previous year's figures.

In July 2026, we also succeeded in reaching an agreement on the sale of the majority stake in our subsidiary tolltickets GmbH. We had already announced this plan last year and have now – subject to all necessary approvals – carried it out. From today's perspective, this transaction will have a positive impact on EBIT due to the associated deconsolidation.

Kapsch TrafficCom has been recognized worldwide as a pioneer in technology and innovation for many years. I would like to thank everyone who contributes to the success, ongoing development, and, in particular, the future of Kapsch TrafficCom. My special thanks go to our employees worldwide, my Executive Board colleagues Alfredo Escribá and Samuel Kapsch, and our Supervisory Board. I would like to thank our partners and our investors for walking this currently difficult path with us.

Sincerely,

Georg Kapsch
Chief Executive Officer

About us.

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.

Our products and solutions help to

- maintain and further expand the existing road infrastructure,
- use existing traffic routes efficiently,
- reduce the environmental impact of transportation (especially greenhouse gas emissions, particulate matter, and noise),
- control the behavior of road users, and
- increase road safety.

Sustainable business model.

Studies prove and quantify the negative effects of road traffic:
Greenhouse gas emissions, air pollution, and accidents.

Intelligent transportation systems help to solve these problems. We support our customers in reducing traffic emissions as much as possible.

Kapsch TrafficCom's solutions for sustainable mobility include:

Tolling. Distance-based charging and measures financed by toll revenues can improve transport efficiency and contribute to CO_2 savings.

Traffic management. Urban traffic management enables the reduction of stop-and-go traffic, which in turn reduces CO_2 emissions.

Low emission zones. Green zones, which can only be entered by environmentally friendly vehicles (free of charge), can help reduce greenhouse gas emissions.

Demand management. Combined solutions comprising tolling and traffic management components, which positively influence the behavior of road users, can significantly reduce emissions by targeted mobility management.

Sustainability targets.

Sustainable portfolio.
Increase the proportion of taxonomy-aligned products to 50%.

Kapsch TrafficCom has set itself the target of achieving taxonomy alignment for 50% of all products and services across its entire portfolio by 2030.

Sustainable Company.
Reduction of CO_2 footprint by 42%.

Kapsch TrafficCom has set itself the target of reducing its Company-wide CO_2 footprint by 42% for 2030 compared to the 2019/20 financial year.

Social sustainability is an equally important factor for a healthy environment. That is why we actively contribute to the UN Sustainable Development Goals. The Kapsch Group Code of Conduct contains the principles and guidelines that govern our actions. In doing so, we take into account the interests, expectations, and requirements of various stakeholder groups.

Strategy.

Further development of existing business.
With a focus on our core competencies.

Active role in the transformation of the industry.
With innovative solutions and technologies.

Technology, innovation and thought leadership.
To shape the future solution ecosystem.

Further information on our business model can be found on the Company website >>> https://www.kapsch.net.

Key Investment Highlights.

01

Global provider of intelligent transportation systems.
Renowned provider in the areas of tolling and traffic management – with global reach, decades of experience, high brand awareness, and a reputation as a quality leader.

02

Claim to technology, innovation, and thought leadership.
End-to-end solutions from design and construction to operation and maintenance, and many years of industry expertise in standard and special solutions, using all common technologies, underpin the Company's claim to technology, innovation, and thought leadership.

Sustainable business model.
Solutions address the major challenges in the areas of transportation and road infrastructure – efficiency, environmental impact, and safety.

03

Growing sales markets.
The market offers significant additional potential through vertical integration (tolling-as-a-service) and entry into pioneering markets (demand management and connected vehicles).

04

Improved performance and stronger financial metrics.
Stable operating business and ongoing initiatives as the basis for a significant improvement in financial indicators and a reduction in debt.

05

Experienced management team.
Owner-managed, publicly listed company – management with many years of industry experience, combining international orientation with the roots of a family business. Entrepreneurship, market-oriented decisions, and above-average commitment characterize the corporate culture.

Our share.

Kapsch TrafficCom AG has been listed on the Vienna Stock Exchange's Prime Market segment since June 26, 2007. Its shares are included in several Austrian indices, including the VÖNIX sustainability index.

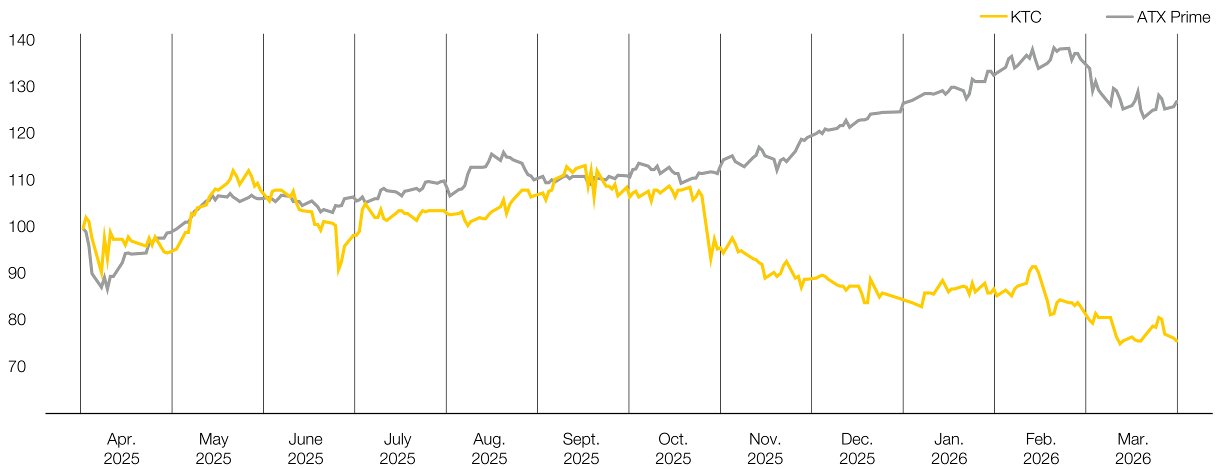
Investor Relations activities in the financial year 2025/26.

In addition to its regular and occasion-specific publications, Kapsch TrafficCom's Investor Relations team is available for investor inquiries and actively takes opportunities to intensify contact with capital market participants. During the reporting period, Kapsch TrafficCom was represented at six international investor conferences, and a Capital Markets Day was held for institutional investors and analysts. Furthermore, there were numerous individual meetings, phone calls, and emails.

Share price development.

The price of Kapsch TrafficCom shares was extremely volatile in financial year 2025/26, with a clear downward trend in the second half of the year. Starting from a closing price of EUR 7.16 on March 31, 2025, the price first rose and reached an intraday high of EUR 7.88 on May 20, 2025, the peak for the reporting period. Following the revision of the outlook at the end of October and a further adjustment in February, the share price fell sharply on both occasions. On March 13, 2026, it reached its intraday low for the reporting period at EUR 5.04. On March 31, 2026, the shares closed at EUR 5.20, down 24.0% from a year earlier. The benchmark index ATX Prime recorded an increase of 27.0% over the same period.

Development of Kapsch TrafficCom shares and ATX Prime in the financial year 2025/26.



Share performance indicators.

in EUR, unless otherwise stated	2024/25	2025/26
Earnings per share	-0.85*	-1.31
High (intraday)	9.28	7.88
Low (intraday)	5.72	5.04
Closing price on March 31	7.16	5.20
Share performance	-15.8%	-24.0%
Ø trading volume (shares, double counting)	10,620	19,144

* adjusted

Analysts.

In the reporting period, the following financial institutions published reports on the Kapsch TrafficCom share (in alphabetical order):

- Erste Group Bank
- Montega (since July 2025)
- ODDO BHF

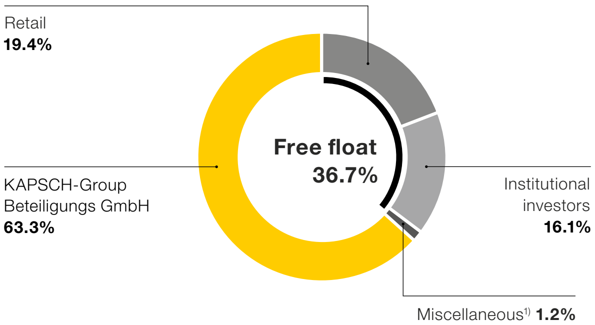
Dividend.

The Executive Board will propose to the Annual General Meeting in 2026 that no dividend be paid for the financial year 2025/26 and that the retained earnings be carried forward. Kapsch TrafficCom aims to resume dividend payments as soon as it is economically justifiable and permissible from a corporate perspective, and ideally to return to the dividend policy suspended in 2020. The core of that policy was the payment of a minimum dividend of either EUR 1.00 per share or one-third of the consolidated income per share – whichever was higher.

Shareholder structure.

At the end of the financial year 2025/26, KAPSCH-Group Beteiligungs GmbH unchanged held 63.3% of the shares as the core shareholder, while the free float amounted to 36.7%. According to a survey of the shareholder structure (conducted as of March 31, 2025), around 16% of the shares are held by institutional investors, primarily from continental Europe (including Austria), and around 19% by private investors.

Shareholder structure.



[1] Trading positions and unidentified shareholders

Contact for Investors.

Investor Relations Officer	Doris Gstatter
Shareholders' telephone line	+43 50 811 1122
Email	IR.kapschtraffic@kapsch.net
Website	www.kapsch.net

CONSOLIDATED MANAGEMENT REPORT.

1 Business performance and economic situation.

1.1 Business performance.

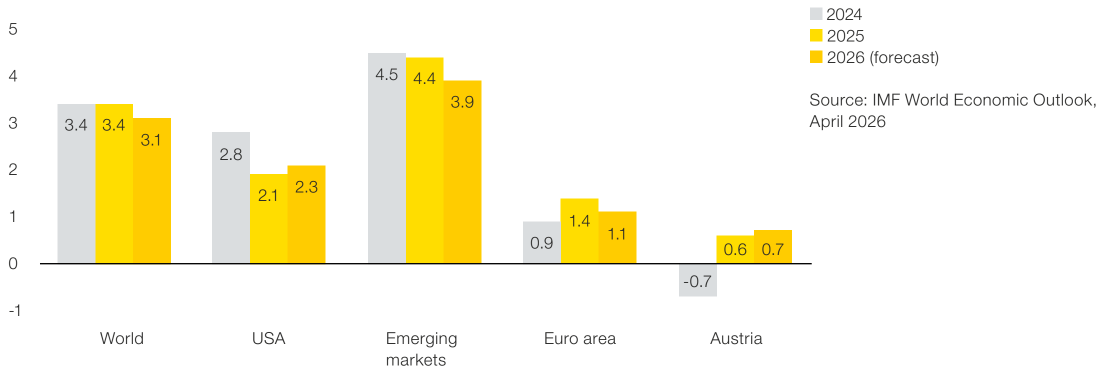
1.1.1 Economic environment.

- 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%.

GDP growth 2024–2026.
(in %)



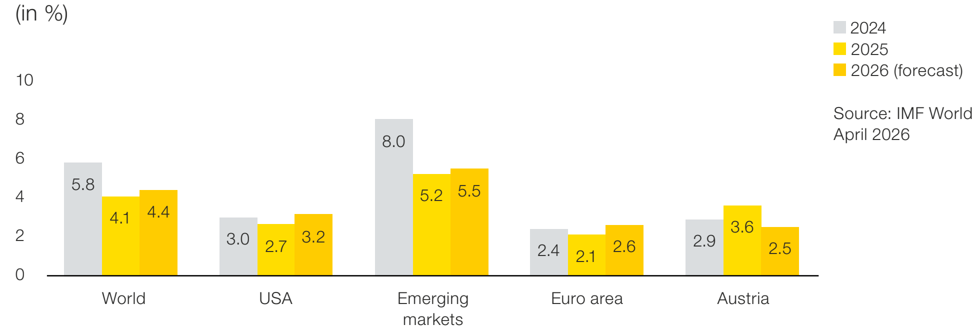
Source: IMF World Economic Outlook, April 2026

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.

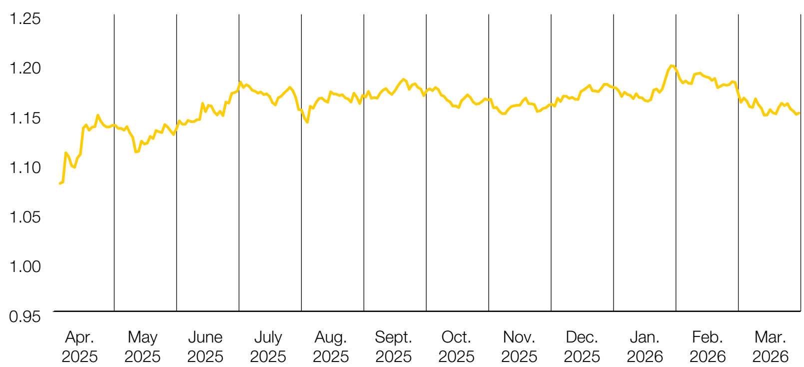
Inflation 2024–2026.
(in %)



Source: IMF World Economic Outlook, April 2026

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).

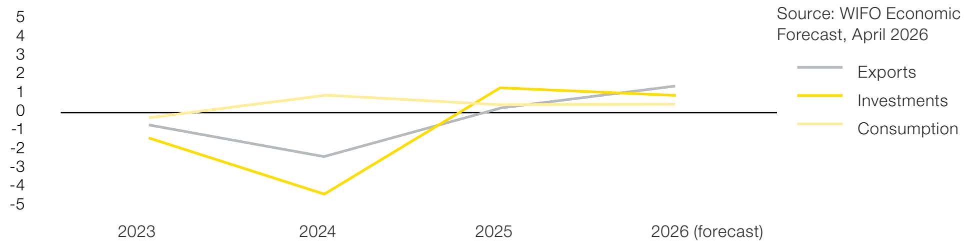
EUR-USD development.



Source: European Central Bank, April 2026

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 Austrian 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.

Export, investment & consumption growth in Austria 2023–2026.
(in %)



1.1.2 Market definition and solutions.

The following information complies with the requirements of ESRS 2 SBM-1 40 (a) (i)-(ii) 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 and mission.
Kapsch TrafficCom's mission is to develop innovative transportation solutions for sustainable mobility. Road users should be able to arrive at their destination conveniently, safely, efficiently, and on time with a minimal environmental impact.

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

Within the ITS market, Kapsch TrafficCom addresses the areas of tolling and traffic management. The core regions of its business activities are EMEA (Europe, Middle East, Africa), Americas (North, Central, and South America), and APAC (Asia-Pacific). The other market segments of the ITS market are not currently addressed.

Focus on niches in the intelligent transportation systems market.

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

Environmental protection. The Paris Agreement is an important global climate protection agreement and was adopted in December 2015 at the Paris Climate Change Conference. The European Commission (as part of the "European Green Deal") and the USA are pursuing a reduction in greenhouse gas emissions. Road traffic plays a significant role here, as it is responsible for a substantial portion of the greenhouse gas emissions. Both traffic management and tolling solutions are recognized tools for influencing traffic and means of transportation.

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

Urbanization. The percentage of people living in cities is increasing. Whereas in the year 1800 only 2% of the world's population was urban, in 2007 for the first time more than half of the world's population lived in cities. Based on a current figure of around 56%, the United Nations forecasts that the urban population will account for more than 60% of the population in 2030 and 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.

Solutions.
Kapsch TrafficCom's portfolio is divided into the following product groups, which are assigned to the segments of tolling and traffic management:

Product group	Short description
Tolling solutions.	
Free Flow* – in vehicle	**915 MHz On-Board Unit:** On-board unit for road tolling systems in North America.
	5.8 GHz CEN DSRC On-Board Unit: On-board unit for road tolling and ITS services worldwide in accordance with European CEN standards.
	GNSS & 5.8 GHz CEN DSRC On-Board Unit: On-Board Unit for road tolling systems based on geolocation data from a global satellite navigation system (GNSS) to accurately track vehicle positioning data.
	Mobile App: The mobile app leverages the mobile device's GNSS receiver to accurately track vehicle positioning data. It can substitute GNSS On-Board Units.
Free Flow* – roadside	**915 MHz Roadside Unit:** Infrastructure components for road tolling systems in North America.
	5.8 GHz CEN DSRC Roadside Unit: Solution for electronic toll collection and enforcement for multiple lanes without interrupting traffic flow (multi-lane free flow, MLFF). This roadside infrastructure integrates a radio frequency subsystem to detect, identify, and classify vehicles in order to collect tolls or enforce a specific regime.
	Video Roadside Unit (DLVP Tolling): Solution for electronic toll collection and enforcement for multiple lanes without interrupting traffic flow (multi-lane free flow, MLFF). This roadside infrastructure integrates a video sub-system to detect, identify, and classify vehicles in order to collect tolls or enforce a specific regime. The Deep Learning Versatile Platform (DLVP) for tolling applications processes and analyzes video streams (live or offline) to translate visual inputs into information that improves tolling operations. This enables real-time analysis and event detection, such as automatic vehicle/object detection, tracking and classification, and detection of other defined events and situations.
Free Flow* – back office	**Operational Back Office (OBO):** A core element of the value chain in the tolling sector. It creates billable transactions from the data collected by the roadside infrastructure and sends them to the commercial back office.
	Commercial Back Office (CBO): An electronic central system for toll collection that processes and manages revenue from transactions from an operational back office. Customer relationships can be managed via customer service centers, call centers, or even retail stores.
	Enforcement Back Office (EBO): A core element for tolling and urban access solutions. With the EBO, toll or access violations are detected by a back office. Flexible, rule-based process logic enables measures to be taken to identify toll violators and to collect tolls or restrict access for vehicles that do not meet the defined criteria.
	Geo Location Platform (GLP): Enables satellite-based toll collection, road usage charging, and location-based business applications for toll authorities, tolling service providers, and fleet service providers. GLP generates toll revenue from location data.
Plaza Tolling	**SmartToll:** A toll collection system that simultaneously improves functionality across the five toll levels (lane, station, operations management, customer management, and interoperability).
Traffic management solutions.	
Urban – roadside	**EcoTrafiX™ (ETX) Controller:** Is a traffic light control device that has the lowest energy consumption compared to conventional traffic light control devices.
Urban – back office	**EcoTrafiX™ (ETX) Platform:** An advanced traffic management and mobility solution that enables traffic management operations and optimization. It includes automatic incident detection, future traffic condition predictions, and decision support tools enable a proactive mobility strategy.
Interurban – back office	**DYNamic Advanced Control (DYNAC):** Is an advanced traffic management system to manage and monitor bridge and tunnel operations. Real-time data and decision support tools help improve traffic flow and safety for bridges, tunnels and highways.

Product group	Short description
C-ITS solutions.	
In vehicle	**5.9 GHz Connected Vehicle (C-ITS) On-Board Unit:** The On-Board V2X Communication Box (ComBox) enables ETSI ITS G5 and IEEE WAVE standard-compliant wireless communication for applications in the cooperative ITS (C-ITS) environment and other ITS applications.
Roadside	**5.9 GHz Connected Vehicle (C-ITS) Roadside Unit:** The C-ITS roadside infrastructure enables ETSI ITS G5 and 3GPP LTE-V2X standard compliant wireless communication for the above applications.
Back office	**Connected Vehicle (C-ITS) Platform:** The connected vehicle central platform integrated to EcoTrafiXTM provides a holistic solution for connected vehicle services that encompasses automatic C-ITS message generation as well as interfaces towards data analytics modules. It uses maps to record situations and improve traffic management. Automatic incident detection, future traffic condition predictions, and decision support tools enable a proactive mobility strategy and enable the expansion of connected driving management as used in smart cities.

* Free Flow: Multi-Lane Free Flow (MLFF) / All Electronic Tolling

1.1.3 Business performance 2025/26.

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 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. In addition, in light of the challenging economic situation, the Company worked with its major financial creditors to reach an agreement on a new restructuring plan. On the project front, Kapsch TrafficCom was able to look ahead and further strengthen its market position.

Project developments. Operation projects continued to perform well. In financial year 2025/26, additional implementation projects were brought to operational status. For example, the Swiss truck tolling system was launched, 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). Systems with components from and for connected vehicles (CV) are increasingly being deployed. The first phase of Europe's largest C-ITS project on Germany's highways was completed. In the U.S., a comprehensive CV project was launched in Georgia.

Another milestone was the initiative to introduce the first CV tolling system in North Carolina, USA. This marks the first time that a tolling system extension incorporating data from connected vehicles has been deployed in a real-world operational environment.

Notable new orders in the tolling sector included the contract for the kilometer- and emissions-based nationwide truck tolling system in Denmark, the renewal of the contract for the maintenance and operation of the system in Bulgaria, and the contract for a satellite tolling system in Lithuania, in which tolls for the distance traveled will be collected via a smartphone app. This is a technological innovation that was subject to a public tender for the first time worldwide. In addition, Kapsch TrafficCom was able to present further technological innovations in its portfolio and conclude significant partnerships during the reporting period.

Sustainability and Kapsch TrafficCom's structured ESG management continue to prove to be a key success factor given the changing macroeconomic priorities, including in tendering processes.

1.2 Financial performance indicators.

1.2.1 Results of operations.

Revenues. Kapsch TrafficCom's revenues decreased by 18.8% compared to the previous year, from EUR 530.3 million to EUR 430.6 million. This mainly reflects the loss of the two major operation projects in South Africa and Belarus, which reduced revenues by around EUR 80 million as expected. This affected the operation of the toll system in South Africa's Gauteng province, which ended in March 2025, and the operation of the nationwide toll system in Belarus; in January 2025, Kapsch TrafficCom handed over the majority of voting rights and control of the local operating company Kapsch Telematic Services IOOO.

In addition, project delays caused by customers and a weakness in the global toll market caused revenue losses that could not be recovered. The decline is mainly seen in the EMEA region, though the Americas and APAC regions also fell below previous year's figures. It is also particularly noticeable in the operations and components business.

Revenues by region.
Geographically, the Group's revenue was distributed as follows:

- EMEA region (Europe, Middle East, Africa): 41.8 % (previous year: 48.5 %)
- Americas region (North, Central, and South America): 52.7 % (previous year: 47.0 %)
- APAC region (Asia-Pacific): 5.5 % (previous year: 4.5 %)

The EMEA region saw a significant revenue drop of 30.0%, from EUR 257.4 million to EUR 180.0 million, reflecting the loss of the two operation projects. Revenues from implementation projects remained almost stable. In the Americas region, revenues fell by 8.8% from EUR 249.0 million to EUR 227.1 million, mainly due to weak component sales and a weak US dollar. The APAC region was relatively stable, with revenues decreasing by 2.2% from EUR 24.0 million to EUR 23.5 million, mainly related to operation projects in Australia and New Zealand.

Revenues by business type.

in EUR million	2024/25	2025/26	+/-
EMEA	**257.4**	**180.0**	**-30.0%**
Implementation	68.6	68.6	0.0%
Operations	153.8	86.0	-44.1%
Components	35.0	25.4	-27.3%
Americas	**249.0**	**227.1**	**-8.8%**
Implementation	84.6	80.8	-4.5%
Operations	121.8	114.4	-6.1%
Components	42.6	31.9	-25.0%
APAC	**24.0**	**23.5**	**-2.2%**
Implementation	8.3	8.9	7.0%
Operations	9.3	7.2	-22.7%
Components	6.4	7.4	15.6%
Total	**530.3**	**430.6**	**-18.8%**

The development by business type shows a slight revenue decrease in implementation of 2.0% compared to last year, although the APAC region was able to achieve growth. The operations business saw the biggest revenue drop of 27.1% due to project cancellations. The components business also lagged behind last year by 22.9%. Here too, the declines in the EMEA and Americas regions were offset by positive momentum in the APAC region.

In the 2025/26 financial year, 6.88 million on-board units were sold, which is 13.0% less than the previous year (7.91 million units). This development is mainly due to the relocation of the production site to Canada and the resulting production interruption, but also due to a slight decline in orders compared to the previous year.

During the 2025/26 financial year, it was found that a group posting of EUR 5,182 thousand should have been removed in the 2024/25 financial year. A subsequent correction was made in the 2024/25 financial year. The adjusted figures are listed under other operating income and other operating expenses.

Other operating income increased by 81.7% year-on-year (EUR 24.2 million) to EUR 53.9 million (previous year adjusted). This was mainly due to a one-off effect from Germany. At the end of June 2025, a settlement was reached in arbitration proceedings against the Federal Republic of Germany, resulting in an earnings effect of EUR 23.4 million. This was related to the termination of the contract for the automatic monitoring of the infrastructure charge (car toll) back in 2019. In addition, income from the purchase price adjustment of a company sold in the previous year amounting to EUR 6.4 million is included.

The expense items show that Kapsch TrafficCom is indeed efficient, but it was set up for the originally expected higher level of revenue.

The **expenses for materials and other purchased production services** decreased by 17.4% (EUR 34.6 million) to EUR 164.1 million, in line with the lower sales.

Personnel expenses decreased by EUR 19.8 million compared to the previous year, down to EUR 230.8 million, which corresponds to a 7.9% drop. The organizational adjustments over the course of the year already led to a reduction in personnel costs. As of March 31, 2026, Kapsch TrafficCom employed a total of 2,717 people (previous year: 3,041 people).

Other operating expenses dropped by EUR 7.7 million, or 8.2%, to EUR 86.3 million (previous year adjusted). While there were no expenses from the deconsolidation of companies during the reporting period (previous year: EUR 12.1 million adjusted), operational foreign exchange losses, mainly due to fluctuations in the US dollar, increased by EUR 6.5 million to EUR 15.1 million.

The **share of the result from associated companies and joint ventures** amounting to EUR 17.2 million came, as in the previous year (EUR 5.6 million), mainly from Kapsch Telematic Services IOOO and Parat Ltd., although last year this was only included in this position for one quarter.

EBITDA (earnings from operating activities before depreciation and impairment) came in at EUR 20.6 million, below last year's adjusted figure of EUR 23.8 million. The EBITDA margin increased to 4.8% (previous year adjusted: 4.5%).

Expenses for amortization and depreciation in the 2025/26 financial year amounted to EUR 13.0 million, which was lower than the previous year (EUR 16.5 million). In addition, impairments of EUR 2.1 million were recorded in the 2025/26 financial year (previous year: EUR 0 million).

Thus, **EBIT** (earnings from operating activities) was EUR 5.6 million, below last year's figure of EUR 7.3 million (adjusted). The EBIT margin was 1.3% (previous year adjusted: 1.4%).

The **financial result** improved from EUR -16.9 million last year to EUR -11.4 million in the 2025/26 financial year. This was helped by the decrease in interest expenses from EUR 10.1 million to EUR 7.9 million, as well as the drop in hyperinflation adjustment costs from EUR 4.8 million to EUR 2.0 million.

The **expense for income taxes** amounted to EUR 11.2 million in the reporting period (previous year: income of EUR 1.2 million). Compared to the previous year, the current income tax expense decreased from EUR 7.0 million to EUR 5.1 million, but on the other hand, the result from deferred taxes went down from an income of EUR 8.2 million to an expense of EUR -6.1 million.

The **result for the period** was negative at EUR -17.0 million (previous year adjusted: EUR -8.4 million). The shareholders of the Company were attributed a result of EUR -18.7 million (previous year adjusted: EUR -12.1 million). This corresponds to earnings per share of EUR -1.31 (previous year adjusted: EUR -0.85).

Other comprehensive income. This item mainly includes currency translation differences and revaluations of obligations from post-employment benefits. The other comprehensive income amounted to EUR -1.0 million (previous year adjusted: EUR 3.9 million).

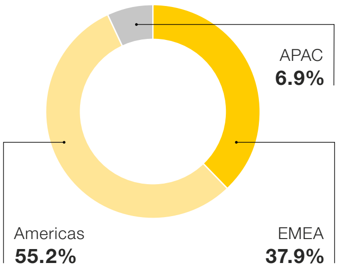
Total comprehensive income. The sum of the period result and other result was thus EUR -18.0 million (previous year adjusted: EUR -4.4 million).

1.2.2 Results of operations by segment.

Tolling.

Revenues. In the tolling segment, revenues in the 2025/26 financial year fell by 24.9% from EUR 393.0 million to EUR 295.1 million. The segment thus contributed 68.5% (previous year: 74.1%) to total revenues.

Tolling revenues by region.



The EMEA region saw a significant drop in revenues of 41.9% to EUR 111.8 million (previous year: EUR 192.6 million). This development is mainly due to the loss of two operation projects – the termination of the project in the South African province of Gauteng and giving up control of Kapsch Telematic Services IOOO in Belarus. Implementation projects saw declines in Sweden, Denmark, and Austria, as well as increases in Poland and Bulgaria. The component business was particularly down in France and South Africa.

After the growth in the previous year in the service business (tolltickets), there was a noticeably lower demand for truck toll boxes during the reporting period.

The Americas region recorded tolling revenues of EUR 162.9 million (previous year: EUR 180.4 million). Despite this 9.7% decline, the Americas became the region with the highest revenues in the tolling segment. About 80% of the revenues in the region was generated in the USA, followed by Chile, Mexico, Brazil, Canada, and Costa Rica. Compared to the previous year, revenues from operations and components were down. In the components business, this was mainly due to the relocation of the production site and the associated production interruption, as well as a slight drop in orders. Revenues in the implementation business remained at the previous year's level.

The APAC region, on the other hand, saw a slight sales increase of 1.4% to EUR 20.3 million (previous year: EUR 20.0 million). While the operations business experienced sales declines in Australia and New Zealand, these were more than offset by higher sales of components in Australia.

Tolling segment by business type.
Looking at the tolling segment by business type, the biggest drop in revenue was seen in the operations business, mainly due to developments in South Africa and Belarus. The components business also saw a decline in the Americas and EMEA regions. Implementation revenues were just slightly below last year's level.

in EUR million	2024/25	2025/26	+/-
Revenues	**393.0**	**295.1**	**-24.9%**
Implementation	104.6	103.7	-0.9%
Operations	205.6	127.2	-38.1%
Components	82.8	64.3	-22.4%
EBIT	**12.0**	**8.4**	**-29.7%**

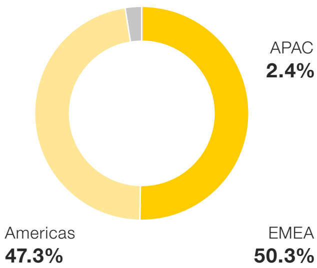
EBIT. In the 2025/26 financial year, the tolling segment recorded a significantly negative overall performance. This reflects that the cost structure was geared toward the expected much higher revenue volume. On the earnings side, other operating income rose sharply by EUR 28.1 million (+121.3%) due to the settlement in Germany. Nevertheless, even the savings in personnel expenses (-10.7%) were not enough to sufficiently offset the steep drop in revenues.

Overall, the development led to a decrease in EBIT in the tolling segment from EUR 12.0 million last year to EUR 8.4 million in the reporting period.

Traffic management.

Revenues. In the traffic management segment, revenues for the 2025/26 financial year decreased by 1.3% from EUR 137.3 million to EUR 135.5 million compared to the previous year. The segment's contribution to total revenues increased to 31.5% (previous year: 25.9%).

Traffic management revenues by region.



In the EMEA region, revenue rose by 5.3% year-on-year to EUR 68.2 million (previous year: EUR 64.8 million). This positive development made the EMEA region the highest-grossing area in the traffic management segment. Implementation projects in the United Arab Emirates and Spain helped more than offset declines in the UK, the Netherlands, and Ireland. In Spain, Germany, and Ireland, operations projects contributed to the growth, while lower revenues were recorded in the UK.

In the Americas region, sales fell by 6.4% to EUR 64.1 million (previous year: EUR 68.5 million). With a segment sales share of 47.3%, the region remains a key revenue driver. Lower implementation sales in Brazil, the USA, and Chile were offset by growth mainly in Guatemala.

The APAC region saw – from a low level – a significant revenue drop of 20.2% to EUR 3.2 million (previous year: EUR 4.0 million). The cause was declines across all areas, especially in Australia.

Traffic management segment by business type.
Looking at the traffic management segment by business type, there was a sharp drop in component sales of 57.3%, although the impact on the segment's total revenue remained limited due to the overall low volume. Revenues in the implementation business fell by 4.0%, while operations saw a moderate increase in sales. This development meant that operations revenues accounted for by far the largest share of revenues in the traffic management segment during the reporting period.

in EUR million	2024/25 adjusted*	2025/26	+/-
Revenues	**137.3**	**135.5**	**-1.3%**
Implementation	56.8	54.6	-4.0%
Operations	79.3	80.4	1.4%
Components	1.2	0.5	-57.3%
EBIT*	**-4.7**	**-2.9**	**-39.3%**

*) See note 30 regarding the retrospective adjustment resulting from an error in accordance with IAS 8

EBIT. Although revenues were slightly down compared to the previous year, the loss in the traffic management segment could be significantly reduced in the 2025/26 financial year. Other operating income fell sharply by 58.9% compared to the previous year (adjusted), but at the same time, significant cost savings were achieved. Lower expenses for materials and purchased services (-1.4%), stable personnel expenses (+0.7%), and declining other operating expenses (-34.0%, previous year adjusted) led to an improvement in EBIT from EUR -4.7 million in the previous year (adjusted) to EUR -2.9 million in the 2025/26 financial year.

1.2.3 Net assets position.

Kapsch TrafficCom's total assets as of March 31, 2026, amounted to EUR 383.6 million (March 31, 2025, adjusted: EUR 449.2 million).

Assets.
Fixed assets decreased from EUR 43.1 million as of March 31, 2025, to EUR 37.2 million as of March 31, 2026. Although there were additions during the financial year, regular depreciation and disposals outweighed the additions. Intangible assets fell by EUR 0.3 million to EUR 26.8 million. In the 2025/26 financial year, impairments of EUR 2.1 million were also recorded: EUR 0.8 million for intangible assets and EUR 1.3 million for fixed assets.

Shares in associated companies and joint ventures increased from EUR 18.7 million as of March 31, 2025, to EUR 23.0 million as of March 31, 2026. The increase is mainly due to the associated company Kapsch Telematic Services IOOO, Belarus.

Other non-current financial assets and investments changed only slightly, from EUR 3.4 million as of March 31, 2025, to EUR 3.5 million as of March 31, 2026.

Deferred tax assets amounted to EUR 47.4 million as of March 31, 2026 (March 31, 2025: EUR 53.4 million). Most of this related to loss carryforwards in the USA, Brazil, and Spain. Deferred tax on loss carryforwards in Austria was no longer recognized in the 2025/26 financial year.

Inventories could be significantly reduced from EUR 49.0 million as of March 31, 2025, to EUR 39.9 million as of March 31, 2026.

Trade receivables and other current assets remained basically unchanged at EUR 115.7 million.

Cash and cash equivalents fell from EUR 47.8 million as of March 31, 2025, to EUR 23.2 million as of March 31, 2026. This is partly due to the inflow of cash from new financing last year and partly due to the reduction of financial and lease liabilities.

In totals, an amount of EUR 3.8 million (March 31, 2025: EUR 4.9 million) relating to tolltickets GmbH was classified as assets held for sale under IFRS 5. Besides property, plant, and equipment, this mainly involved trade receivables and cash.

Liabilities and equity.
Due to the economic developments in the 2025/26 financial year, the Group did not meet the covenants agreed upon during the last refinancing as of the balance sheet date of March 31, 2026. Since there was no waiver from the financing banks as of March 31, 2026, the financial liabilities of EUR 110.2 million had to be reported as current financial liabilities in the consolidated balance sheet (March 31, 2025: EUR 22.0 million current, EUR 96.4 million non-current).

As of March 31, 2026, non-current lease liabilities amounted to EUR 20.7 million (March 31, 2025: EUR 24.6 million), and short-term lease liabilities were EUR 7.1 million (March 31, 2025: EUR 7.7 million).

Non-current and current contract liabilities were EUR 10.3 million lower than last year, as ongoing projects were completed.

Trade payables decreased by EUR 3.5 million to EUR 55.3 million, with part of these payables relating to invoices not yet received for purchased services.

Current provisions fell by EUR 8.0 million compared to the previous year and amounted to EUR 12.4 million as of March 31, 2026 (March 31, 2025: EUR 20.4 million). The decrease is mainly due to the reversal of provisions for impending losses related to projects.

Equity dropped by EUR 18.0 million to EUR 67.8 million as of March 31, 2026 (previous year adjusted). The equity ratio fell from 19.1% in the previous year (adjusted) to 17.7% as of March 31, 2026.

In total, an amount of EUR 4.0 million (March 31, 2025: EUR 3.5 million) relating to tolltickets GmbH was classified as liabilities held for sale under IFRS 5. This mainly involved trade payables and other liabilities and accruals.

1.2.4 Financial position.

Cash flow.
The result from operating activities dropped to EUR 5.6 million (previous year adjusted: EUR 7.3 million). The lower result affected the cash flow from operating activities, which amounted to EUR -10.2 million for the financial year 2025/26 (previous year: EUR 27.7 million). The cash flow from earnings was EUR -7.8 million of that (previous year adjusted: EUR 20.1 million), and the change in net working capital came to EUR -2.4 million (previous year adjusted: EUR 7.6 million).

The negative change in net working capital was driven by the following effects: Accounts receivable, current contract assets, and other current assets decreased by a total of EUR 20.3 million (previous year adjusted: decrease of EUR 13.2 million). Inventory decreased by EUR 9.2 million (previous year: increase of EUR 1.6 million). Current contract liabilities and other current liabilities, net of the decrease in trade payables, decreased by EUR 23.9 million (previous year: decrease of EUR 2.0 million). Current provisions decreased by EUR 8.0 million (previous year: decrease of EUR 2.0 million).

The cash flow from investing activities in the 2025/26 financial year was EUR 11.9 million (previous year: EUR -6.5 million). Investments in fixed assets fell to EUR 3.5 million (previous year: EUR 6.2 million), while investments in intangible assets rose to EUR 2.2 million due to down payments made (previous year: EUR 1.6 million) . Payments for the purchase of securities, investments, and other non-current financial assets dropped to EUR -0.4 million (previous year: EUR -1.2 million). Proceeds from the sale of securities and other financial assets, including from finance leasing, remained unchanged at EUR 1.4 million during the reporting period (previous year: EUR 1.4 million). Dividends from companies consolidated at-equity rose to EUR 12.7 million (previous year: EUR 2.5 million), mainly due to higher dividends from Kapsch Telematic Services IOOO and Parat Ltd. All of these effects led to the higher cash flow from investing activities.

The sum of cash flow from operating activities and cash flow from investing activities gives the free cash flow. In the 2025/26 financial year, it amounted to EUR 1.7 million (previous year: EUR 21.2 million). The decrease is mainly due to the drop in revenues from EUR 530.3 million to EUR 430.6 million.

Free cash flow: EUR 1.7 million.

The cash flow from financing activities rose to EUR -25.4 million in the 2025/26 financial year (previous year: EUR -6.5 million). The change was mainly due to two factors: in the previous year, the total loan amount increased by EUR 21.1 million through the uptake of a new long-term financing, and in the 2025/26 financial year, repayments of the syndicated loan amounted to around EUR 14.0 million. Interest paid on financing and related costs fell to EUR 8.5 million (previous year: EUR 11.8 million). Cash and cash equivalents as of March 31, 2026, amounted to EUR 23.2 million (March 31, 2025: EUR 47.8 million).

Key figures.

Due to the unexpectedly sharp decline in revenues, the missing of budgets, and the cost savings from the restructuring measures not yet materializing sufficiently, the Group's earnings and liquidity situation worsened. The covenants agreed upon as part of the 2025 refinancing (equity ratio or net debt relative to EBITDA, which had to be adjusted according to the syndicated loan requirements for items such as the compensation payment from the Federal Republic of Germany) could not be met as of the balance sheet date of March 31, 2026.

Because the financing banks or the creditors of the promissory note loan did not grant a waiver before the balance sheet date of March 31, 2026, the financial liabilities, including the promissory note loan, had to be reported as current financial liabilities amounting to EUR 110.2 million (previous year: current EUR 22.0 million and non-current EUR 96.4 million).

Due to the decrease in equity by EUR 18.0 million, the debt ratio increased to 167.2% (March 31, 2025, adjusted: 118.2%).

As of March 31, 2026, net debt stood at EUR 113.4 million, which is EUR 11.9 million higher than in the previous year (EUR 101.5 million). While financial liabilities were reduced by EUR 8.2 million and lease liabilities by EUR 4.5 million, cash and cash equivalents also fell by EUR 24.6 million to EUR 23.2 million (March 31, 2025: EUR 47.8 million).

The net working capital amounted to EUR 64.1 million as of March 31, 2026 (March 31, 2025, adjusted: EUR 66.8 million).

1.3 Research and development.

In financial year 2025/26, Kapsch TrafficCom invested 7% of its revenues in generic development, development support, and product management. In line with a multi-year technology plan, progress was made across all product and solution areas.

In its core business of **Tolling**, Kapsch TrafficCom's vision is to significantly reduce the infrastructure needed compared to current Multi-Lane Free Flow (MLFF) solutions, whilst maintaining or improving the performance of the end-to-end systems. In this context, a set of innovations was presented: "HoTCap" (Holistic Toll Capture) allows infrastructure costs to be reduced, whilst video processing is significantly improved through the use of data and artificial intelligence. The first platform version supporting the next generation of MLFF solutions, Operian 4.0, will be launched in the current financial year. This will make customer solutions and project deliveries more effective, flexible and future-oriented. It will also strengthen Kapsch TrafficCom's leading market position in MLFF systems.

Another key focus during the reporting period was the leading development of the Connected Vehicles sector, which will remain in the 2026/27 financial year. With one of the first CV tolling applications in North America, an important early reference was established and a good relationship built with one of the major original equipment manufacturers in the automotive industry.

Based on the developments implemented during the reporting period, Kapsch TrafficCom will also launch the first location-based system on the market, whose core is a mobile tolling application (Kapsch TollAssist) that effectively virtualizes the traditional functionalities of customer relationship and account management.

In the **Traffic Management** sector, Kapsch TrafficCom completed the first implementations of the new EcoTrafix 4 traffic management platform. The platform's modular architecture enables urban transport authorities to flexibly deploy various solution configurations – from traffic light control systems to umbrella systems – whilst simultaneously utilizing all aspects of the connected vehicle, the strategic use of mobility data, the integration of artificial intelligence (AI) and the incorporation 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 the software and hardware development teams; this included, among other things, the automation of testing, security, environment creation and solution deployment.

Artificial intelligence is being integrated into many business processes and contributes to increased productivity across the various departments. AI is also being utilized in software and product development.

When introducing new technologies, the human capital, skills, and knowledge of Kapsch TrafficCom's engineers are always of central importance. A training program has therefore been established to ensure that employees remain continuously up to date on the development and usage of the best relevant technologies.

Skills and knowledge of Kapsch TrafficCom's engineers are of central importance.

Encouraging innovation is always an integral part of Kapsch TrafficCom's approach. In the 2025/26 financial year, two cycles of the internal innovation program "Dynamic Creators" were held, along with other initiatives such as hackathons focused on improving efficiency for Kapsch TrafficCom's customers and services.

The development expenses of Kapsch TrafficCom amounted to EUR 72.3 million in the financial year 2025/26 (previous year: EUR 70.2 million). This corresponds to 16.8% (previous year: 13.2%) of total Group revenues. They are divided as follows:

- Expenses for necessary customer-specific developments: EUR 42.3 million (previous year: EUR 44.8 million)
- Expenses for generic development: EUR 29.9 million (previous year: EUR 25.5 million)

2 Anticipated development and risks.

2.1 Outlook to financial year 2026/27.

Kapsch TrafficCom expects the market environment to remain challenging in the financial year 2026/27. Management is therefore refraining from providing a quantitative outlook for the time being, but expects revenue and EBIT to exceed the previous year's figures.

Revenues.
Part of the reported decline in revenues was due to delays in existing projects. Kapsch TrafficCom expects to make up for these delays in the current financial year.

Expectations for the financial year 2026/27: Revenue and EBIT above previous year's figures.

Order intake reached approximately EUR 496 million during the reporting period, and the order backlog remained very high at EUR 1.3 billion. On this basis, management considers revenue growth to be very likely. For the financial year 2026/27, the proportion of already contracted orders was significantly higher than in previous years.

EBIT (operating result).
Cost adjustments to the current lower revenue level were well underway during the reporting period and will take effect in financial year 2026/27. In addition, processes were further standardized to improve project efficiency. The costs associated with these measures have been partially taken into account in the results.

To ensure the necessary resources for future growth, a key aspect is maintaining sufficient capacity and expertise to support additional business.

In early July 2026, Kapsch TrafficCom sold the majority of its shares in its subsidiary tolltickets. A one-time positive impact on EBIT is expected upon closing.

Liquidity.
The decline in revenue due to project delays resulted in a negative financial performance during the past financial year, which in turn led to a tight liquidity situation. As of March 31, 2026, the covenants could not be met, so the financial liabilities had to be reported as current. This was followed by intensive discussions on how best to resolve the situation. Ultimately, on July 1, 2026, a standstill agreement was reached with the lending banks and creditors of the promissory note loan to stabilize the Group's situation. Under this agreement, all due and future receivables under the financing agreements (principal repayments, but not interest payments, costs, and fees) were deferred until July 26, 2026. This affected outstanding financial liabilities as of March 31, 2026, totaling EUR 99.2 million (of which EUR 8.7 million was from promissory note loans incl. interest).

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 work performed by the restructuring advisor. The Standstill Agreement was in effect until July 26, 2026. On July 26, 2026, a binding term sheet was agreed upon regarding the extension of the Standstill Agreement and the refinancing of outstanding financial liabilities, including promissory note loans, whereby key terms and milestones from the Standstill Agreement were carried forward.

The Binding Term Sheet remains effective until 31 March 2028, subject to the satisfaction of conditions precedent. Subsequently, a final restructuring plan and an Independent Business Review ("Restruct-IBR") are to be submitted; compliance with financial covenants is also required, among other things. The final restructuring agreement is expected to be concluded by mid-September 2026.

Adherence to the restructuring plan is a key factor for the company's future development. Kapsch TrafficCom is also working with external advisors during the refinancing agreement phase. In this context, reference is also made to the details in the >> *Consolidated Financial Statements, Note 1.4 "Information on the going concern assumption", Note 24 "Current and non-current financial liabilities", Note 34 "Capital management," and Note 37 "Events after the reporting period".*

Non-financial targets.
Sustainability is also proving to be an integral part of the business model from an economic perspective. Kapsch TrafficCom's non-financial targets are listed in >> *Chapter 4 "Consolidated Non-Financial Statement"* of this Management Report.

Strategy.
In pursuing its claim to technological leadership, Kapsch TrafficCom remains committed to innovation and has numerous technological innovations in its portfolio. Development in the area of connected vehicles is also progressing, albeit at a significantly slower pace than Kapsch TrafficCom had anticipated.

As part of its latest restructuring efforts, Kapsch TrafficCom will implement comprehensive cost-saving and efficiency-enhancing measures. In addition, the Company plans to divest certain assets from its business portfolio and is also exploring ways 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. Risk assessment is conducted taking into account the Group's strategic objectives as well as the respective economic environment. The ERM thus makes a significant contribution to the management and safeguarding of the Company.

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. In addition, internal audits are conducted to assess operational effectiveness.

Risk management entails the identification, assessment, and control of risks and opportunities.

Project-oriented risk management is integrated into all major customer and development projects, beginning with a systematic risk analysis as early as the proposal phase. This ensures that a basis for decision-making is established at an early stage and that appropriate control measures are 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.

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

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 research and development, 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 primarily 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 tolling 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 tolling 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.

Geographic diversification and expansion of the solution portfolio contribute to stabilizing revenues.

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 solid 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.

Technical challenges and tight schedules cause typical project risks.

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 the IPMA standard of the International Project Management Association) 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. Whilst the general supply bottlenecks of previous years have stabilized, risks remain due to geopolitical tensions, potential disruptions to critical intermediate products, and price volatility for strategic components and raw materials. Furthermore, increasing regulatory requirements regarding transparency, due diligence and resilience in supply chains may lead to increased monitoring efforts and operational adjustment costs.

To hedge these risks, Kapsch TrafficCom diversifies its supply chain for critical components, giving preference to suppliers with high delivery reliability and certified quality, and initiates project-related procurement measures at an early stage. Risks are monitored continuously and evaluated in close coordination with the project teams and the purchasing function 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 solutions 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 issues – particularly in the areas of environment, social and governance (ESG) – are becoming increasingly important for the business activities of the Kapsch TrafficCom Group. These issues also involve risks that could affect the Company's economic development, the operational implementation of projects and its reputation.

ESG-related risks and opportunities are explained in detail in the Non-Financial Statement.

In the environmental sector, risks arise from factors such as increasing regulatory pressure to reduce emissions, improve energy efficiency and optimize product life cycles. Climate change can also have medium to long-term impacts on infrastructure projects, supply chains and the use of certain technologies. Projects in climate-sensitive regions may face particular challenges in terms of resilience, reliability, and transportation logistics.

Social risks arise in particular in relation to occupational safety, fair working conditions along 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 violations become publicly known.

In the area of governance, risks primarily relate to regulatory requirements for the compliance organization, transparency obligations, data protection, and integrity in tender procedures.

These ESG-related risks form part of the Company-wide risk management process and are analyzed and assessed therein. In doing so, the principles of double materiality are taken into account. A detailed presentation is provided in >> *Chapter 4 "Consolidated Non-Financial Statement*" in accordance with the European Sustainability Reporting Standards (ESRS) and the material sustainability issues of the Kapsch TrafficCom Group.

2.2.7 Financial risks.

As an internationally active tech company, the 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 risks. 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 risks. 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.

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

Liquidity risks. The Group ensures sufficient liquidity, primarily by maintaining adequate financial reserves, through credit lines, bond issuances, advance payments from customers, and the ongoing coordination of the maturities of receivables, liabilities, and financial assets. To this end, cash flow forecasts are prepared regularly for the short term (for the next twelve weeks), quarterly for the medium term (the current financial year), and for the long term (in accordance with long-term payment obligations, particularly those arising from loans), and appropriate measures to ensure sufficient liquidity are derived from these forecasts.

Kapsch TrafficCom AG avoids becoming dependent on individual banks and always takes care to distribute its existing financing structure among several partner banks. Major repayment obligations arising from typically long-term contracts (such as corporate bonds or long-term loan repayments due at maturity) are continuously monitored, and appropriate measures (either reviewing operating cash flow or timely refinancing) are initiated at an early stage to ensure that agreed-upon payment obligations are met.

Failure to comply with the provisions of the Binding Term Sheet entered into with the financing banks and promissory note holders on 26 July 2026, or with the restructuring plan, would constitute a material risk to the safeguarding of liquidity. Kapsch TrafficCom is also working with external advisors during the refinancing process to ensure compliance with all obligations. In this context, reference is also made to the details provided in the >> *Consolidated Financial Statements, Note 1.4 "Information on the going concern assumption", Note 24 "Current and non-current financial liabilities", Note 34 "Capital management" and Note 37 "Events after the reporting period"*.

To improve the liquidity situation, arrangements are also being made with suppliers regarding outstanding accounts payable, which may include payment deferrals or installment payment agreements. Further information is provided in the >> *Consolidated Financial Statements, Note 34 "Capital Management"*.

Credit risks. 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 a negative impact on liquidity and earnings.

Credit checks are carried out prior to concluding contracts in order to reduce credit risk. In addition, hedging instruments such as state export guarantees (e.g., via OeKB) are used. Receivables are monitored on an ongoing basis and impaired if necessary.

In order to assess key financial risk factors, sensitivity analyses and scenario analyses may also be used.

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 goal of the measures implemented is to strengthen cyber resilience and ensure the continuous operational capability 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 requirements regarding data protection, information security, and technology-related regulations (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 tender 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 whistleblower systems that are 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 risks.

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 transportation telematics are of central importance.

Kapsch TrafficCom is taking attractive measures to counteract personnel risk.

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 options for working from home 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 systematically identifying and assessing risks, the Kapsch TrafficCom Group also considers opportunities arising from technological developments, market changes, or regulatory conditions as part of its enterprise risk management. The aim is to identify potential at an early stage, evaluate it strategically, and actively exploit it.

The early identification of opportunities opens up new potential.

A major opportunity arises from the global trend toward sustainable, connected, and digitally controlled mobility. The growing need to reduce emissions, relieve urban areas, and increase traffic flow efficiency is creating new demand for intelligent mobility solutions, environmental zone systems, dynamic traffic control, and tolling technology.

The shift in public investment towards digitization and transportation modernization – often supported by national or European subsidy programs – is also opening up additional market potential. Kapsch TrafficCom is able to respond to different customer requirements with a modular technology portfolio, both in the area of systems and services, particularly in the areas of electronic toll collection, urban traffic management, and data-driven mobility solutions.

At the project level, opportunities arise through so-called “change requests,” customer adaptations during project implementation, which can be commissioned and billed as separate services. Even when existing systems are in operation, enhancements, upgrades, or new regulatory requirements regularly give rise to additional business opportunities.

There is also an opportunity for further geographical diversification, particularly in high-growth regions with increasing demand for transportation infrastructure and mobility management.

Kapsch TrafficCom is responding to these opportunities with 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, the liquidity risk mentioned above, along with the detailed explanations provided (see Section 2.2.7 Financial Risks), deserves particular emphasis. In particular, mandatory adherence to the restructuring plan in accordance with the Restukt-IBR, compliance with the defined financial ratios, and the implementation of the defined measures are essential to minimize this risk (for details, see also >> *Consolidated Financial Statements, Note 1.4 “Information on the going concern assumption”, Note 24 “Current and non-current financial liabilities”, Note 34 “Capital management,” and Note 37 “Events after the reporting period”*).

The key operational risks identified are continuously monitored, systematically assessed, and addressed through appropriate control measures. The Company-wide risk management system, including the internal control system, is designed to identify and assess significant risks at an early stage and to support the appropriate management of these risks.

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

From the current perspective, the identified individual risks can be addressed through existing organizational, financial, and structural measures to limit any potential impact on Kapsch TrafficCom’s net assets, financial position, and earnings. In addition, throughout the term of the restructuring agreement, external advisors will continuously monitor whether the agreed-upon steps to minimize the 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 subsidiaries and accounting-related processes. Operational accounting is conducted within a heterogeneous ERP (Enterprise Resource Planning) system landscape: Since June 2025, the parent company Kapsch TrafficCom AG has been using Infor LN software, while the subsidiaries continue to primarily use local systems (in particular Navision). Cross-system data integrity is supported by standardized interfaces to the central consolidation tool OneStream as well as by uniform validation rules in Group Accounting. Manual and system-supported control mechanisms are additionally employed as part of Group-wide reporting.

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.

The ICS is implemented locally and monitored centrally.

The internal control system is designed with a risk-based approach. The focus is on the early identification of potential sources of error in the accounting process, particularly when recording complex business transactions, intercompany reconciliations, or balance sheet-relevant estimates. The identified risk areas 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 supported by structured reporting lines, regular monthly and forecast reports, and central coordination between the units and the Group Accounting department. 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, 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.

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

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

During the financial year 2025/26, Kapsch TrafficCom AG did not acquire or sell any treasury shares and did not hold any as of the balance sheet date. However, the Company's Annual General Meeting has authorized the Executive Board to acquire treasury shares, to sell or use treasury shares – including on a basis that excludes subscription rights – and to reduce the share capital by canceling treasury shares.

Conventional "change of control" clauses, which may lead to the termination of a contract, apply as of March 31, 2026, to financing agreements totaling approximately EUR 90.5 million and the promissory note bond ("Schuldscheindarlehen") in the amount of EUR 8.7 million incl. 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.

4 Consolidated Non-Financial Statement.

Kapsch TrafficCom applies Section 267a of the Austrian Commercial Code (UGB) as in force prior to the Sustainability Reporting Act (NaBeG, Federal Law Gazette I No. 6/2026) in accordance with Section 908 (2b) UGB as of March 31, 2026, and includes a Consolidated Non-Financial Statement in the Group Management Report for the reporting date of March 31, 2026.

This Consolidated Non-Financial Statement has been prepared in accordance with the Austrian Sustainability and Diversity Improvement Act (NaDiVeG) and Section 267a of the Austrian Commercial Code (UGB). It contains information on the key topics that are necessary for understanding the course of business, the results of operations, the position of the Group, and the impact of its activities. This includes information on the following topics:

Environmental concerns	see Section 2 “Environmental Information”
Social and employee concerns	see Section 3 “Social Information”
Respect for human rights	see Section 3 “Social Information”
Combating corruption and bribery	see Section 4 “Governance Information”

Kapsch TrafficCom based its report on the European Sustainability Reporting Standards (ESRS) issued in accordance with the European Union’s Corporate Sustainability Reporting Directive (CSRD) and the EU Taxonomy Regulation. By voluntarily compiling this report in accordance with the CSRD, Kapsch TrafficCom also fulfills its obligations under the Austrian Commercial Code (UGB).

This Sustainability Statement has been subject to a limited assurance review by an independent auditor.

Sustainability Statement.

1 General Disclosures (ESRS 2).

1.1 Basis for preparation.

General basis for preparation of sustainability statements (BP-1).

As stated before, Kapsch TrafficCom reports the relevant information – although not mandatory, since the revenue threshold of EUR 450 million defined in the NaBeG was not reached in the 2025/26 financial year – in accordance with the Corporate Sustainability Reporting Directive based on the European Sustainability Reporting Standards (ESRS) of the European Commission in this section of the Consolidated Management Report. The Sustainability Statement was prepared on a consolidated basis for the Kapsch TrafficCom Group. The scope of consolidation corresponds to that of the Consolidated Financial Statements, and all of the Group's business activities have been taken into account.

Environmental and social impacts arise not only from activities within the Company, but also from upstream and downstream activities in the value chain and indirectly, such as through the contribution of products and services to reducing emissions. Similarly, potential risks and opportunities can affect all parts of the value chain. The materiality analysis and the concepts of Kapsch TrafficCom therefore take into account the entire upstream and downstream value chain of Kapsch TrafficCom. No information relating to intellectual property, know-how or the results of innovations has been omitted. Kapsch TrafficCom has also not made use of the exemption under Article 19a (3) and Article 29a (3) of Directive 2013/34/EU to disclose upcoming developments or matters under negotiation.

Disclosures in relation to specific circumstances (BP-2).

Time horizons.
The following time horizons, which are consistent with those of the ESRS, were used in preparing the Sustainability Statement and, in particular, the materiality analysis:

- Short-term time horizon: up to one financial year
- Medium-term time horizon: one to five financial years
- Long-term time horizon: more than five financial years

Estimates.
The greenhouse gas emission figures reported in >> ***Section 2 "Environmental Information"*** include data determined using indirect sources under Scope 3 in Category 1, "Purchased Goods and Services", Category 2, "Capital Goods", and Category 11, "Use of Sold Products".

Emissions from purchased services were quantified using an expenditure-based approach in Category 1, from capital goods in Category 2, and from investments in Category 15. Further details on the calculation method are described in >> *Section 2 "Environmental Information".* In accordance with the expenditure-based method, appropriate emission factors were selected for the respective services and facilities. The key figures were calculated on this basis, although actual values may differ. Currently, no measures are planned to improve the accuracy of these key figures.

Estimates, assumptions, and extrapolations were used to calculate the key figures for Scope 1, 2, and 3 emissions whenever primary data was not available. In addition, where primary data was not available, estimates regarding weight, lifespan, and recycling rates were used to determine the circular economy metrics.

The remaining estimates for primary data that could not be collected were determined in consultation with internal experts.

Forward-looking statements reflect the views and expectations of the Company. Actual events may differ materially from those anticipated due to a number of factors.

Changes in preparation or presentation of sustainability information.
Kapsch TrafficCom's Sustainability Statement has been prepared in accordance with the European Sustainability Reporting Standards (ESRS) and the metrics specified therein since the 2024/25 financial year. This Statement therefore includes comparative data from the previous year for the first time. During the reporting year, the calculation methodologies for Scope 3.1 emissions and resource inputs were revised, and the methodology for Scope 3.11 was expanded; the figures were recalculated, with a higher proportion of primary data used in each case. Similarly, the gender pay gap (GPG) for the Company's workforce is reported using a refined calculation methodology. To this end, internal processes were revised accordingly, and the proportion of primary data was also significantly increased.

Reporting errors in prior periods.
The number of reported incidents of discrimination (including harassment) for the 2024/25 financial year has been retroactively adjusted. The original prior-year figure (0 cases) was based on incomplete data, as only cases that resulted in formal proceedings were reported. The more granular data collection and analysis show that a total of three cases should be included for the 2024/25 financial year. Further details are provided in >> *Section 3 "Social Information".*

References contained in this Sustainability Statement.
To avoid redundancy, the Sustainability Statement refers, where necessary, to other parts of the 2025/26 Consolidated Management Report ("Management Report"), the notes to the 2025/26 Consolidated Financial Statements ("Consolidated Financial Statements"), the 2025/26 Consolidated Corporate Governance Report ("CG Report") and the 2025/26 Remuneration Report ("Remuneration Report"). References within the Sustainability Statement are marked with the word "Section" in conjunction with the respective chapter heading. All references are written in *italics* and marked with arrows (>>).

The following disclosure requirements have been included by reference:

Disclosure requirement	Reference
The role of the management and supervisory bodies (ESRS 2, GOV-1 20c and 21c, as well as ESRS G1, 5(b))	Corporate Governance Report, Chapters 3 and 4
Integration of sustainability-related performance in incentive schemes (ESRS 2, GOV-3 29 (a)-(c))	Remuneration Report, Chapter 3.2.2
Strategy, business model and value chain (ESRS 2, SBM-1 40 (a) (i)-(ii))	Management Report, Chapter 1.1.2 "Definition of market and solutions"

Application of the provisions regarding phased-in disclosure requirements.
Kapsch TrafficCom applies the transitional provisions set forth in Annex C of the ESRS (EU Delegated Regulation 2025/1416 amending Regulation 2023/2772) regarding disclosure requirements to the following disclosures:

- E1-9: Anticipated financial effects from material physical and transition risks and potential climate-related opportunities
- E2-6: Anticipated financial effects from pollution-related impacts, risks, and opportunities
- E5-6: Anticipated financial effects from resource use and circular economy-related impacts, risks, and opportunities
- S1-11: Social protection
- S1-13: Training and skills development metrics
- S1-15: Work-life balance metrics

1.2 Governance.

The role of the management and supervisory bodies (GOV-1).

Composition of the Executive Board and Supervisory Board.
In the 2025/26 financial year, the Executive Board of Kapsch TrafficCom AG consisted of three (3) executive board members: Georg Kapsch, Chairman of the Executive Board, Alfredo Escribá Gallego, and Samuel Kapsch, members of the Executive Board. The Supervisory Board of Kapsch TrafficCom AG consisted of six (6) members, four (4) of whom were elected by the Annual General Meeting and two (2) of whom were appointed by the Works Council.

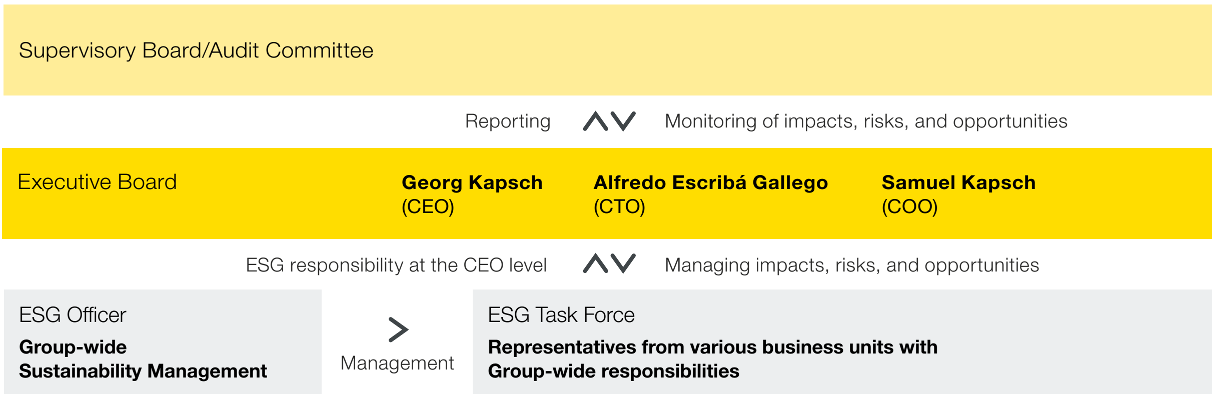
The experience and knowledge of the members of the Executive Board and Supervisory Board are listed in the >> *CG Report, Chapters 3 and 4.*

The sustainability agenda in the Executive Board is the responsibility of Georg Kapsch, who has many years of experience in intelligent transportation solutions, production, human resources and law, including legal developments in the field of sustainability and their implementation in the Kapsch TrafficCom Group. Sonja Wallner is the ESG expert on the Supervisory Board and also has many years of experience in management positions. This enables the executive bodies to examine and analyze the significant impacts, risks, and opportunities (IROs) from different perspectives. Where necessary, sustainability-related expertise is supplemented by internal or external consultants.

In the 2025/26 financial year, the Executive Board consisted of three (3) male members (100% male; 0% female). The Supervisory Board consisted of three (3) women and three (3) men (50% male; 50% female).

All members of the Supervisory Board are independent (100%).

Tasks and responsibilities relating to sustainability aspects.



Responsibility for ESG agendas, including monitoring, management and oversight of impacts, risks, and opportunities, lies in the Executive Board with the CEO Georg Kapsch. The Supervisory Board monitors the effects, risks, and opportunities in the Audit Committee, which at the end of the financial year consisted of Sonja Wallner, Monika Brodey and Christian Windisch, who in turn reported to the entire Supervisory Board.

Responsibilities for ESG matters are also reflected in the reporting structure reporting to the CEO: this includes, among others, Investor Relations & ESG, Environmental Sustainability, Human Resources, Legal & Compliance, and Finance. Through these responsibilities, he can steer many subject areas in terms of content, and strategies and guidelines are subject to his approval. In addition, the other members of the Executive Board also contribute to ESG agendas within their respective areas of responsibility and ensure that sustainability aspects are an integral part of operational and strategic decision-making processes.

In identifying, assessing, and managing material impacts, risks, and opportunities, the Executive Board is supported by the ESG Task Force, which – under the leadership of the ESG Officer – is composed of representatives from various business units with Group-wide responsibilities. The ESG Officer is thus responsible to the CEO for Group-wide sustainability management, the coordination of sustainability initiatives, reporting, and the ongoing development of these activities.

The Audit Committee is briefed quarterly on material impacts, risks, and opportunities so that it can monitor them and take further action as needed. The risk report is continuously updated as part of the existing enterprise-wide risk management (Enterprise Risk Management, ERM) framework, which is integrated into existing processes within the Finance Department. This includes quarterly coordination with the Executive Board and the Supervisory Board. The ESG Officer and the Compliance Officer also report to the Audit Committee on a quarterly basis.

In addition to quarterly reporting on the current status of material impacts, risks, and opportunities, the Executive Board may address the relevant departments as needed in the course of day-to-day business.

The management of significant impacts, risks, and opportunities is reviewed as necessary as part of an internal audit.

Just as with strategies and policies, the targets are also defined, approved, and monitored at the Executive Board level by Georg Kapsch in consultation with the division heads. At the Supervisory Board level, the targets are addressed by the Audit Committee as part of risk reporting, or by the Remuneration Committee when they involve ESG targets linked to Executive Board compensation components.

Skills and expertise in sustainability aspects.
Formal confirmation of the availability of suitable skills and expertise for monitoring sustainability aspects is only provided as part of the Supervisory Board's annual self-assessment. If any deficiencies are identified, measures can be decided upon in a timely manner. In line with the composition of the Executive Board and Supervisory Board described above and this self-assessment, the Supervisory Board has sufficient skills and expertise in sustainability-related matters. In addition, Sonja Wallner is a member of the Supervisory Board as an ESG expert, as mentioned above.

In connection with the significant impacts, risks, and opportunities of Kapsch TrafficCom, the following core topics are covered, among others:

- Existing and announced legal regulations, such as the Taxonomy Regulation, CSRD and Ecodesign Directive
- Environmental risks in the supply chain and their impact on the availability of materials
- Working conditions of the Company's workforce and the workforce in its value chain
- Combating corruption and bribery

The Executive Board is responsible for ensuring compliance with corporate governance principles, including corporate culture and business conduct. The Supervisory Board contributes to this compliance through its supervisory and advisory role.

The relevant expertise of the governing bodies stems from the professional experience and respective responsibilities of their members, as well as from targeted training. In his capacity as Chairman of the Executive Board, the Chairman ensures the continuous generation and integration of sustainability-related expertise by attending relevant meetings and engaging in direct dialogue with the relevant functional departments.

Information provided to and sustainability matters addressed by the undertaking's management and supervisory bodies (GOV-2).

During the reporting period, the Executive Board and the Audit Committee were briefed on sustainability impacts, risks, and opportunities during regular meetings with members of the cross-functional ESG Task Force. Sustainability issues were addressed in aggregate form during these meetings. In addition, financially material ESG-related risks and opportunities were reported to the Executive Board and the Audit Committee as part of the quarterly risk report. The ESG Officer also provided the Audit Committee with quarterly updates on relevant regulatory developments and internal progress in sustainability management. This ensures that the management and supervisory bodies receive systematic and comprehensive information.

No specific reporting on the implementation of due diligence in the area of sustainability or on the effectiveness of the adopted strategies, measures, parameters, and targets has yet been provided during the reporting period.

Similar to the information provided to the management and supervisory bodies, sustainability issues were addressed as part of general corporate governance; however, they have not yet been systematically and explicitly integrated by these bodies into the Company's strategy or major transactions.

The ERM is a central component of corporate governance and already systematically integrates sustainability aspects into risk assessment. However, there is currently no additional, independent, structured process in place to explicitly consider material sustainability impacts, risks, and opportunities in the decision-making processes of the governing bodies. The establishment of such a process is planned in principle, although no specific timeline has been set for this at this time.

During the reporting period, the updated materiality analysis was formally approved by the Executive Board member responsible for ESG matters, and the Audit Committee was informed of the adjustments made and the results. In addition to the resulting comprehensive overview of all material IROs, the Audit Committee's discussion focuses on those with a materiality score of eight or higher in order to direct attention specifically to the most relevant issues. During the reporting period, the Audit Committee's deliberations focused on the following financially material ESG-related opportunities within the framework of ERM reporting; no ESG-related risks above the defined materiality threshold were identified. Impacts were not the subject of this reporting:

- Climate Change Mitigation: Opportunities through a sustainable portfolio
- Pollution: Opportunities through eco-friendly products
- Circular Economy: Opportunities through improved approaches to resource efficiency and the circular economy
- Affected Communities: Opportunities through positive impacts on traffic flow and air quality
- Corporate Governance: Opportunities through a positive image

Integration of sustainability-related performance in incentive schemes (GOV-3).

In addition to fixed remuneration, the remuneration of the Executive Board includes variable remuneration components that include sustainability-related criteria, among other things. The remuneration of the Supervisory Board does not include any such incentive systems. In addition to profit-related remuneration, two variable non-financial remuneration components are provided for the Executive Board:

One relates to employee satisfaction within the Company, which is seen as an indicator of how well the interests of the Company's own employees are taken into account; for the other variable remuneration component, four non-financial targets are defined by the Remuneration Committee for each financial year, at least two of which are multi-year targets. In retrospect, an assessment is made as to whether the targets have been achieved and thus whether a performance claim has arisen. This basic composition of remuneration is defined in the remuneration policy for the members of the Executive Board.

The multi-year targets for the 2025/26 financial year included:

- reducing the corporate carbon footprint by 14% based on the 2023/24 financial year, and
- improving the CDP rating to A-.

The targets set for one year were:

- a 30% increase in the number of refurbished on-board units compared to the previous year,
- a share of women in leadership positions, including female experts[1)], of at least 30%.

The targets and their achievement are explained in detail in the >> *Remuneration Report, Chapter 3.2.2*. The relevant key performance indicators for the reporting period are in line with the key performance indicators relevant to Kapsch TrafficCom described in this Statement, with the sole exception that the CDP rating is not listed as a key performance indicator. All targets for the variable non-financial remuneration components are weighted equally.

In financial year 2025/26, the portion of total variable remuneration for the Executive Board amounted to 1.5% of total remuneration and was entirely linked to sustainability-related targets. All terms and conditions of these incentive schemes within the Executive Board's remuneration package are reviewed and approved by the Supervisory Board's Remuneration Committee.

1) The expert role is a complementary career path to the management track, with a focus on technical expertise, knowledge transfer, and support for complex tasks.

As described, climate-related considerations are an integral part of the Executive Board's variable remuneration. In financial year 2025/26, this pertained to the two multi-year targets for the Executive Board: reducing the corporate carbon footprint and improving the CDP rating by the end of financial year 2025/26. The share of climate-related variable remuneration for the Executive Board in financial year 2025/26 – as in the previous year – was 40% of variable remuneration. The targeted reduction in the corporate carbon footprint was achieved in financial year 2025/2026.

Statement on due diligence (GOV-4).

Kapsch TrafficCom fulfils its due diligence with regard to sustainability matters. The following overview shows in which sections of this Sustainability Statement the core elements of this continuous process can be found:

Core elements of due diligence	Sections in the Sustainability Statement
a) Embedding due diligence in governance, strategy, and business model	1 General Disclosures (ESRS 2): GOV-2, GOV-3, GOV-5, SBM-3
b) Engaging with affected stakeholders in all key steps of due diligence	1 General Disclosures (ESRS 2): GOV-2, SBM-2, IRO-1 and sections on policies related to the topic-specific disclosure requirements
c) Identification and assessment of negative impacts	1 General Disclosures (ESRS 2): SBM-3, IRO-1
d) Taking actions to address those negative impacts	1 General Disclosures (ESRS 2): SBM-3 and sections on managing impacts, risks, and opportunities
e) Tracking the effectiveness of these efforts and communicating	See Sections on management of impacts, risks, and opportunities, and key figures and targets

Risk management and internal controls over sustainability reporting (GOV-5).

The Company's existing ERM and internal control system (ICS) are utilized for sustainability reporting. Risks related to the completeness, accuracy, and integrity of the data used for sustainability reporting are identified and regularly assessed as part of the existing ERM process. This also takes into account risks that may arise from the use of estimates, assumptions, and methodological decisions in the context of sustainability reporting. The internal control system includes control activities for data collection, validation, and quality assurance in the context of sustainability reporting. These control activities serve in particular to ensure the traceability and quality of the reported information. They cover:

- the collection and forwarding of ESG-related data by the responsible departments,
- the plausibility check and approval of this data by central functions, in particular Environmental Sustainability, Accounting and Risk Management, whereby the plausibility check is based on supporting documentation, random detailed reviews, and – where relevant – reconciliations with financial and HR data to verify completeness and validate projections, and
- the final consolidation and approval of the information for sustainability reporting by the responsible central reporting team.

This helps ensure compliance with requirements regarding completeness, reliability, and regulatory deadlines. Controls are in place, and their effectiveness is reviewed by the respective responsible functions as part of existing governance processes and adjusted as needed.

As part of the existing ERM, the standardized 5x5 assessment matrix is used for sustainability reporting risks, taking into account the probability of occurrence, and potential impact on the quality of the report content.

Risks are assessed by the cross-functional ESG Task Force. This Task Force serves as a cross-functional coordinating body responsible for identifying and evaluating risks related to sustainability reporting. In particular, it assesses the availability, accuracy, and integrity of the underlying data, the complexity of data collection along the value chain, and the uncertainties associated with estimation methods.

Risks are prioritized based on a combined assessment of the likelihood of occurrence and the potential impact on reporting. High-priority risks are addressed within the ICS through specific control measures, the implementation of which is reviewed as part of the ongoing development of sustainability reporting processes. The risk register is updated regularly. Identified risks are communicated to relevant management functions as part of existing internal coordination processes and incorporated into existing management reports as part of enterprise risk reporting.

During the reporting period, the ERM was expanded to include sustainability reporting. The following key generic risks were identified that could potentially affect the quality and completeness of the reporting:

- Incomplete data collection, especially for complex data points along the upstream and downstream value chain (e.g., Scope 3 emissions, social data from the supply chain)
- Incorrect or inaccurate data deliveries from departments due to manual collection processes and a lack of automation
- Uncertainties in estimation methods for data points that are based on modeling due to a lack of available primary data
- Time risks due to delays in the provision of relevant data, compromising the timely completion of reporting
- Lack of traceability of data sources, especially for consolidated data from decentralized departments

To mitigate risks, the following measures have been taken and are being implemented gradually as part of the ongoing development of sustainability reporting processes:

- Embedding data collection and validation in existing internal control systems
- Use of standardized ERM assessment methodology to prioritize these risks
- Future internal training and awareness-raising among specialist departments regarding sustainability reporting requirements
- Establishment of central documentation for ESG data
- Planning for the gradual automation of data interfaces to minimize manual sources of error

A detailed risk analysis with prioritization will be prepared as part of the further systematization of the process and integrated into the existing risk management and control processes. Until full integration is achieved, these risks will be assessed as part of the existing risk management processes.

While risk identification and assessment in connection with sustainability reporting is already carried out systematically as part of existing ERM, the integration of the assessment results into internal functions and processes is currently still under development. At present, information on identified risks and potential process improvements is exchanged on a consultative basis between central functions such as Environmental Sustainability, Risk Management, Corporate Finance and IT. Formalized tracking and documentation of the measures derived from this is planned as soon as the processes for operational feedback and process optimization are fully established.

Key findings are incorporated into the enterprise risk reporting provided to management and supervisory bodies.

For the upcoming 2026/27 financial year, the plan is to further refine the reporting formats and content regarding specific risks and controls related to sustainability reporting within the framework of existing risk reporting to the Audit Committee. The development of these reporting formats and content will proceed in parallel with the ongoing systematization of risk analysis and internal control processes.

The aim is to ensure transparent and comprehensible reporting to the Executive Board and Supervisory Board by linking this to the established governance processes.

1.3 Strategy.

Strategy, business model, and value chain (SBM-1).

Business model.
Kapsch TrafficCom is a globally renowned provider of transportation solutions in the areas of tolling and traffic management. With its one-stop-shop solutions, the Company covers the entire customer value chain, from components and design to the implementation and operation of systems. Its two business segments are:

Tolling segment. Design, construction, operation, and maintenance of the hardware and software infrastructure for collecting tolls on roads, in cities and in road corridors.

Traffic management segment. Establishment of traffic management systems consisting of hardware and software components for controlling and optimizing traffic flow in cities, on motorways, in tunnels, on bridges and in road corridors, as well as solutions for connected vehicles/cooperative intelligent transport systems (C-ITS).

Kapsch TrafficCom addresses challenges in the field of transportation that go hand in hand with megatrends (>> *Management Report, Chapter 1.1.2 "Definition of market and solutions"*). The Company's products and solutions help to:

- maintain and further develop existing road infrastructure,
- make efficient use of existing transport routes,
- reduce the environmental impact (especially emissions in the form of greenhouse gases, particulate matter and noise) caused by traffic,
- direct the behavior of road users, as well as
- increase road safety.

Scientific studies[1)] from 2024 and 2015 estimate the impact as follows: In the European Union, road traffic accounts for 21% of all greenhouse gas emissions; in urban areas worldwide, road traffic is responsible for 25% of air pollution. Intelligent transportation systems are one of the key technologies for addressing this problem. As a major player in the transportation sector, Kapsch TrafficCom supports its customers in reducing traffic emissions as much as possible.

Kapsch TrafficCom's products and solutions for sustainable mobility include:

Tolling	**Solutions for the implementation and operation of tolling systems based on various technologies**
Multi-Lane Free Flow (MLFF)	Solutions for implementing multi/single-lane free flow tolling projects using a wide range of technologies (CEN 5.8 GHz, RFID 915 MHz, G5/Wave 5.9 GHz or video)
Location-Based Tolling	Solutions for implementing distance-based tolling solutions using GNSS (Global Navigation Satellite System) technology
Standalone Components	MLFF and GNSS components
Traffic Management	**Solutions for traffic management in urban areas, as well as in tunnels, on bridges and motorways**
Demand management	Combined solution comprising tolling and traffic management components to influence the behavior of road users
Tolling services	Tolling services for business customers (B2B) and end users (B2C)
Regional solutions	Region-specific solutions for tolling and traffic management

The addressable market for intelligent transportation systems for Kapsch TrafficCom is described in the >> *Management Report, Chapter 1.1.2 "Definition of market and solutions".* The largest customer segments remain government agencies and highway operators that manage tolling systems or solutions for intercity mobility, as well as cities and municipalities that commission traffic management solutions for urban mobility.

1) For more details, visit https://www.eea.europa.eu/en/analysis/publications/sustainability-of-europes-mobility-systems/climate; https://www.sciencedirect.com/science/article/pii/S1352231015303320

As of March 31, 2026, the Kapsch TrafficCom Group employed 2,717 people (headcount; March 31, 2025: 3,041):

- EMEA Region: 1,424 employees (March 31, 2025: 1,688)
- Americas Region: 1,215 employees (March 31, 2025: 1,271)
- APAC Region: 78 employees (March 31, 2025: 82)

All products and services offered by Kapsch TrafficCom are permitted in all markets served and for all customer groups. Furthermore, there are no actual or potentially material negative impacts of the Company in this regard.

Sustainability targets.
Kapsch TrafficCom aims to continuously reduce the consumption of resources and the release of climate-relevant emissions associated with its business operations. In this context, the Company has defined two targets that have been established as part of its sustainability vision and incorporated into its corporate strategy:

Sustainable Company.
Reduction of CO_2 footprint by 42%.

Kapsch TrafficCom has set itself the target of reducing its Company-wide CO_2 footprint[1] by 42% by 2030 compared to the 2019/20 financial year.

Sustainable portfolio.
Increase the proportion of taxonomy-aligned[2] products to 50%.

Kapsch TrafficCom has set itself the target of achieving taxonomy alignment for 50% of all products and services across its entire portfolio by 2030.

For the "Sustainable Company" target, the CO_2 footprint for the base year 2019/20 was calculated in financial year 2025/26 in order to formalize the previous ambition as a target in accordance with ESRS. Further details are provided in >> *Section 2.2 "Climate change (ESRS E1)".*

The "Sustainable Portfolio" target covers all product and service groups equally; no distinctions are made based on customer categories, geographic regions, or stakeholder categories.

Technical evaluation criteria (economic activity 4.1) for the tolling and traffic management portfolio have already been reviewed and alignment has now been demonstrated in this financial year. Further details are provided in >> *Section 2.1, "Disclosures pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)".*

Climate protection is not only a sustainability goal, but also a core element of the Company's corporate strategy, mission, and vision. Since 2021, Kapsch TrafficCom has been continuously developing its sustainability policy, which defines its contribution to an environmentally friendly and healthier world in terms of the aforementioned ecological goals. In relation to the portfolio it describes the path to:

- reduce its carbon footprint,
- cut traffic emissions with the Kapsch TrafficCom portfolio, and
- create sustainable innovations.

With regard to the Company, it lists:

- the sources of greenhouse gas emissions and
- the reduction of the Company's carbon footprint.

However, achieving these goals is subject to significant external factors. In particular, the implementation of tolling and traffic management solutions requires appropriate policy decisions to introduce such systems.

Kapsch TrafficCom has also developed and implemented a People Strategy that promotes a dynamic and growth-oriented corporate culture. This is explained in >> *Section 3.1 "Own workforce (ESRS S1)"* under "Policies".

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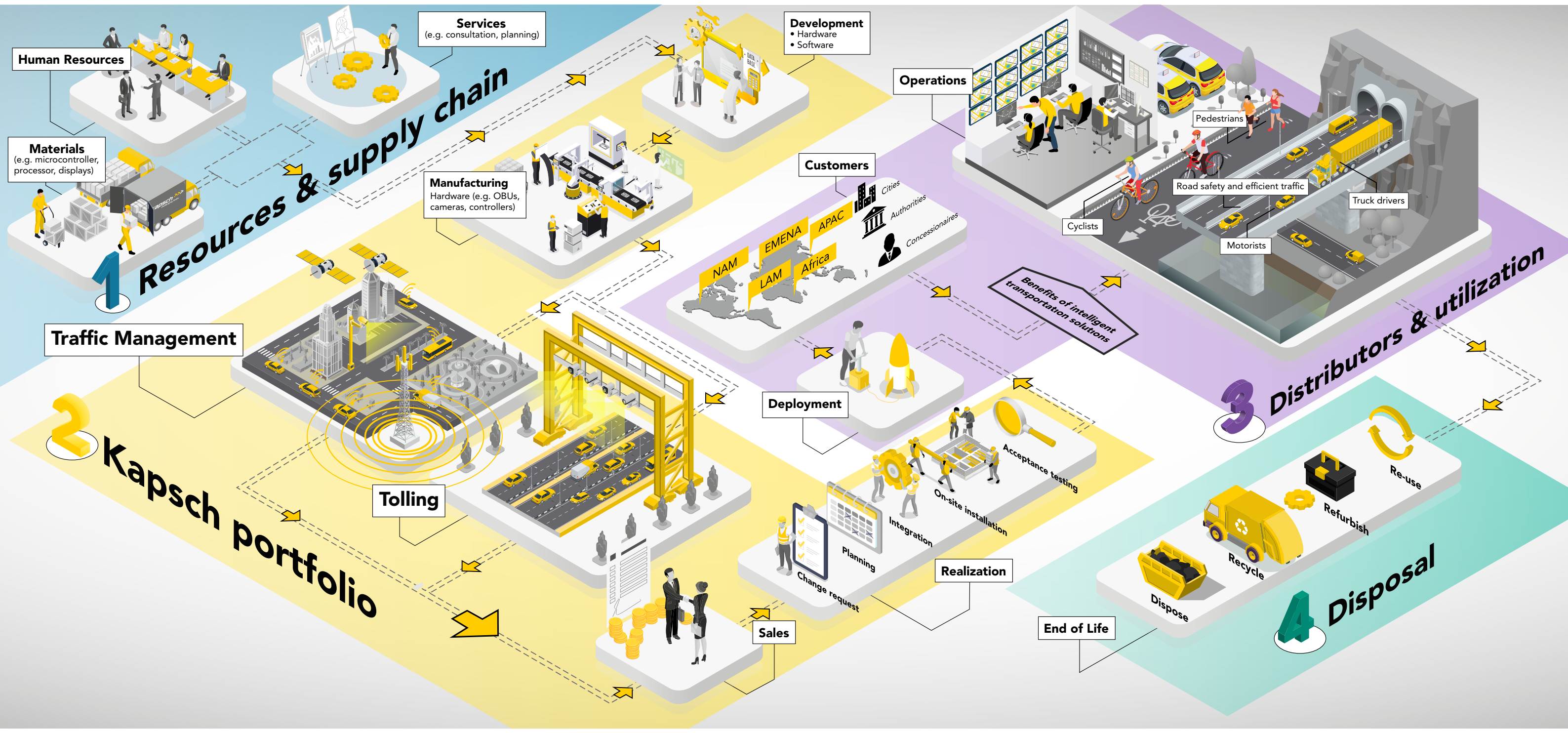
[1] In accordance with ISO 14064-1:2018, Greenhouse Gas Protocol and based on the 1.5-degree trajectory

[2] In accordance with the EU Taxonomy Regulation, see also >> *Section 2.1 "Disclosures pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)".* Kapsch TrafficCom is thus pursuing the objectives of "climate change mitigation" and "transition to a circular economy".

Kapsch TrafficCom is committed to the ten universal principles of the UN Global Compact, the ILO core labor standards and the OECD Guidelines for Multinational Enterprises.

Value chain.
In order to illustrate and analyze Kapsch TrafficCom's business model as described above, it is important to consider the entire value chain of the Kapsch TrafficCom Group. The impact on the environment and society is not only caused by the Company's activities, but also by those of its upstream and downstream value chain partners and, indirectly, by the contribution of its products and services to reducing emissions. Similarly, potential risks and opportunities affect all parts of the value chain. A holistic view is therefore relevant for Kapsch TrafficCom.



Value Chain Kapsch TrafficCom Group

Kapsch TrafficCom develops software and hardware, implements customer projects, and provides services for systems operation. The value chain can be broken down into:

1. Resources and supply chain,
2. Kapsch portfolio,
3. Distributors & utilization, and
4. Disposal.

1. Resources and supply chain.
Key input factors are materials, employees and services.

Materials and suppliers (upstream value chain). Kapsch TrafficCom requires various materials for the manufacture of its products, such as semi-finished products, electronic components, (electronic) assemblies, batteries, and housings for the manufacture of on-board units, transceivers, scanners, cameras, etc. Rare earths are only needed in small quantities for electronic components such as capacitors and circuit boards. Nevertheless, Kapsch TrafficCom sees a special responsibility with regard to environmental and social issues in the procurement of rare earths.

The Company therefore works with verified manufacturers and distributors and checks and audits them regularly. Further details on supplier management can be found in >> *Section 3.2 "Workers in the value chain (ESRS S2)".* In addition, to diversify and thereby safeguard the supply chain, care is taken to ensure that multiple suppliers and sufficient inventory are available, even in the event of a potential failure by a supplier of critical items.

The necessary materials also include all consumables and the necessary packaging materials. High quality, punctual delivery and compliance with standards and regulations are essential.

Employees. Kapsch TrafficCom needs qualified employees in various areas, such as development, system design, product management, but also production, marketing, sales, and customer support. Job vacancies are advertised both internally and externally, and primarily online.

Services. Kapsch TrafficCom also uses services from external suppliers to fulfill certain functions or work in projects. These include, for example, logistics, transport, IT infrastructure, consulting, maintenance, and other specialized services.

2. Kapsch portfolio: Tolling and traffic management.
Tolling and traffic management solutions primarily serve to finance and maintain road infrastructure and improve traffic flow. This benefits both customers and road users.

Hardware and software development. The development phase plays a decisive role in value creation at Kapsch TrafficCom. The portfolio is specified on the basis of numerous criteria, requirements and analyses and developed in accordance with customer requirements, internal requirements, and applicable internal processes (e.g., portfolio management, development, Secure Solution Development Standard, Sustainable Portfolio) in order to ensure sufficient quality, product safety, sustainability, and compliance with industry- and technology-specific standards and legislation. Internal service units such as software excellence transformation, the system design consulting team, the product safety team, the legal department, the standardization team, and the environmental sustainability team support product management and development teams in successfully implementing requirements.

A service team is responsible for providing the global development environment, which includes all applications necessary for the product life cycle, including development. The global development environment is continuously being enhanced to best meet all requirements. The standardization team and the EU affairs expert monitor the emergence of new standards and legislation applicable to Kapsch TrafficCom to ensure that all teams have the optimal time to prepare for compliance. These measures ensure that customers and end users receive state-of-the-art products and solutions that are legally compliant, high-quality, environmentally friendly, and safe.

During hardware development, detailed designs are created to define the functionality, appearance, and user-friendliness of the products. Prototypes are built and tested to ensure that they meet the requirements. On the software side, user interfaces are designed, data structures defined and codes developed to realize the desired functions and applications. Here too, prototypes are created and tested to ensure performance and functionality. Existing products and solutions are continuously improved and updated in order to remain competitive and meet changing requirements, as well as to eliminate errors and avoid them in the future.

Kapsch's in-house hardware development has the advantage of being able to respond quickly to changing standards, legal requirements, or changing customer preferences. Furthermore, in-house hardware development allows for optimal integration between Kapsch hardware and software and is an important prerequisite for maintainability over decades.

Once validation has been completed, the product can go into series production. Products are manufactured in whole or in part by Kapsch TrafficCom itself or completely by manufacturers. Hardware and software must fit together seamlessly in order to achieve the desired functions and performance. This requires close cooperation between the development and production teams.

Production of hardware. The production process begins with material procurement. Planning also includes warehousing systems to properly store materials and smoothly support the manufacturing process. Production plans increase efficiency, prevent bottlenecks, and ensure that delivery times are met. Production control monitors and coordinates the processes. Quality controls and tests include visual inspections, functional tests, cold/heat tests, and other tests, depending on the type of manufactured hardware. The products are then packaged and sent to customers or subsidiaries for further distribution. In some cases, internal logistics systems are used for this, but for the most part Kapsch TrafficCom works with freight forwarders and shipping companies. Both production facilities are located in stable, developed democracies with strict legal frameworks (Austria and Canada) and good transport links to the main markets. As a result, neither Kapsch TrafficCom nor its customers are expected to experience any significant negative environmental, social or governance impacts in the area of manufacturing, nor are any disruptions to transport routes anticipated.

3. Distributors & utilization.

Distributors. Kapsch TrafficCom's most important and largest customer segments are public authorities and motorway operators that operate tolling or traffic management systems, as well as cities and municipalities that commission traffic management solutions for urban mobility. The most important sales channels are therefore participation in public tenders and the sale of services under existing framework agreements.

The sales team plays a crucial role in identifying existing and new customer needs, while technical experts provide advice and present solutions that create value for customers. The goal is to achieve a mutually beneficial solution. Customer Relationship Management (CRM) helps build long-term relationships with customers, use their feedback to continuously improve products and services, and convince customers of the benefits of environmentally friendly solutions.

Kapsch TrafficCom also advises political decision-makers on new technologies or the creation of environmentally friendly solutions.

Realization. As part of the **project planning** process, Kapsch TrafficCom analyzes the customer's requirements and the terms of the request for proposals, allocates resources, creates schedules, and sets milestones. Project teams and, where applicable, sub-projects ensure the effective implementation of the project. Any **change requests** that arise during the course of the project are analyzed for their impact and then implemented.

Solutions consist of hardware, software, and service components that are integrated to achieve the desired functions and results. Therefore, the **integration** and testing phases are of great importance. Following development, **on-site installation** at the customer's location takes place, including hardware delivery, software configuration, integration into existing systems, and other implementation activities. Finally, as part of an **acceptance test** with the customer, it is checked whether the customer's requirements have been properly implemented and whether the solution meets the defined requirements.

To ensure consistent quality and meet customer requirements, Kapsch TrafficCom has established a global project management organization. Experts and specialists from other teams are brought in as needed to address specific issues.

The potential impacts, risks, and opportunities are described in the >> *Section "Material impacts, risks, and opportunities and their interaction with strategy and business model (SBM-3)"*.

The upstream value chain is described in accordance with the processes at the beginning of the section entitled "1. Resources and supply chain". Downstream are:

Use. This includes the implementation of the solution at the customer's site, its ongoing use, enhancement, and maintenance.

Operation. Depending on the agreement, once the project has been completed and implemented at the customer's site, Kapsch TrafficCom may also be responsible for system operations in accordance with the customer's requirements. This includes responsibility for system operations, including monitoring, maintenance, servicing, and any necessary improvements, and can typically be agreed upon for a period of three to 15 years, or in some cases even longer. Possible operational services also include the provision of help desk support, technical support, end-user training, system monitoring, and other support services.

The most important users of intelligent transportation systems include not only truck and car drivers, but also pedestrians and cyclists, who also benefit from improved traffic flow, increased road safety, and reduced air pollution. For Kapsch TrafficCom, however, they are not direct end users but are considered to be affected communities.

4. Disposal.

When a product has reached its **end of life**, it is important to minimize its environmental impact and use resources efficiently.

For products that can no longer be used, either the customer or Kapsch TrafficCom is responsible for proper **disposal** in accordance with local regulations and environmental standards. Depending on the product, this may include electronic waste, batteries, or display devices. In some cases, materials and components can be recovered and reused during the **recycling** process. Recyclable materials, such as metals, plastics, or glass, are collected separately and forwarded to specialized recycling companies when returned to Kapsch TrafficCom.

On-board units that can be reused are **refurbished** by Kapsch TrafficCom so that they can be brought back into service: The technical functionality is checked and any data from the previous user is deleted. Equipped with a new battery and a new housing, the devices are then delivered to a customer for **reuse**.

For all other hardware products, a repair service is available. In the event of a malfunction, the products can be sent to Kapsch TrafficCom. At the production site, the cause of the malfunction is identified and, if cost-effective, repaired. Tested, fully functional devices are returned to the customer, while devices that can no longer be repaired are disposed of properly.

Interests and views of stakeholders (SBM-2).

The following overview lists the relevant stakeholder groups of Kapsch TrafficCom with whom the Company maintains ongoing communication. It also outlines the main interests of these internal and external stakeholders, as well as the primary channels through which Kapsch TrafficCom communicates with them. "Direct contact" includes in-person meetings, emails, phone calls, and digital communication platforms such as Microsoft Teams.

Stakeholders	Their interests	Communication channels
Own workforce	▪ Remuneration ▪ Job security ▪ Health and safety at work ▪ Diversity and inclusion ▪ Training and development ▪ Career opportunities ▪ Workplace flexibility ▪ Sustainable business practices ▪ Innovation ▪ Strategy	▪ Direct contact ▪ Mailings ▪ Regular and situational events with opportunities to ask questions and receive answers via communication platforms ▪ Intranet ▪ Performance review conversation ▪ Employee survey ▪ Works council
Customers	▪ Quality ▪ Price ▪ Reliability ▪ Innovation ▪ Sustainable business practices	▪ Direct contact ▪ Trade fairs and conferences ▪ Customer survey ▪ Annual consultation ▪ Traditional and social media ▪ Company website
Suppliers	▪ Timely payment ▪ Predictable acceptance ▪ Sustainable business practices	▪ Direct contact ▪ Supplier platform
Business partners	▪ Reliability ▪ Business opportunities ▪ Compliance ▪ Innovation ▪ Strategy ▪ Sustainable business practices	▪ Direct contact ▪ Company website ▪ Traditional and social media
Associations and standardization agencies	▪ Regulatory and legal issues ▪ Intelligent transportation systems ▪ Sustainable business practices ▪ Technical standards	▪ Participation of experts from Kapsch TrafficCom in working groups and committees ▪ Membership in associations and participation in initiatives
Authorities and regulators	▪ Compliance with laws, standards, and regulations ▪ Information about intelligent transportation systems as well as challenges for companies ▪ Sustainable business practices	▪ Direct contact ▪ Associations/organizations/platforms ▪ Public affairs experts

Stakeholders	Their interests	Communication channels
Shareholders	■ Share price development ■ Dividend and dividend policy ■ Strategy ■ Transparency ■ Financial and non-financial development ■ Sustainable business practices ■ Corporate governance ■ Remuneration ■ Outlook	■ Direct contact ■ Shareholder hotline ■ Company website ■ Investor conferences and roadshows ■ Releases and mailings ■ Annual General Meeting ■ Traditional and social media
Lenders	■ Fulfillment of financial obligations ■ Compliance with covenants ■ Strategy ■ Transparency ■ Financial and non-financial development ■ Sustainable business practices ■ Outlook	■ Direct contact ■ Company website ■ Releases and mailings ■ Traditional and social media
Financial analysts	■ Strategy ■ Dividend and dividend policy ■ Financial and non-financial development ■ Sustainable business practices ■ Transparency ■ Outlook	■ Direct contact ■ Analyst calls ■ Company website ■ Investor conferences ■ Releases and mailings ■ Traditional and social media
Local communities	■ Local business activities of Kapsch TrafficCom ■ Kapsch TrafficCom as an employer ■ Sustainable business practices	■ Direct contact ■ Events ■ Press releases ■ Traditional and social media
NGOs (Non-Governmental Organizations)	■ Sustainable business practices ■ Transparency ■ Compliance ■ Information security and data protection	■ Direct contact ■ Events ■ Press releases ■ Traditional and social media
Industry analysts	■ Research and development ■ Market data ■ Market developments ■ Innovation ■ Strategy	■ Direct contact ■ Conferences ■ Cooperation ■ Releases and mailings ■ Traditional and social media

Communication through the aforementioned channels is handled by the relevant departments. In the context of sustainability management, stakeholder interests are addressed by members of the ESG Task Force drawn from various business units. For example, customer interests are represented by the Environmental Sustainability and HSSEQ (Health, Safety, Security, Environment & Quality) departments, which contribute to ESG-related matters in proposals and customer projects; those of associations are represented by the expert on EU affairs; and those of shareholders, lenders, and analysts are represented by Investor Relations.

Regular contact and exchange with stakeholder groups is an essential component for Kapsch TrafficCom in order to understand and take into account their interests and points of view, thereby ensuring long-term success. Ongoing communication is perceived as a two-dimensional process, whereby Kapsch TrafficCom passes on information on the one hand and, on the other hand, listens to the interests and points of view of stakeholders and takes them into account where appropriate.

In addition to the ongoing engagement described above, stakeholders were closely involved in the materiality analysis for 2023/24. To this end, they were surveyed on the relevance of sustainability aspects at Kapsch TrafficCom. The results of the stakeholder survey – Kapsch TrafficCom received 327 responses – were also taken into account in the analysis of material impacts, risks, and opportunities by comparing the assessment of the importance of the topics with the materiality analysis. In addition, the ESG Task Force analyzed the textual responses with regard to the IROs. Details on this are described in >> *Section 1.4 “Impact, risk, and opportunity management”.*

Kapsch TrafficCom derives measures from the key sustainability aspects and implements or continues these measures in order to address the impacts, risks, and opportunities. Through this exchange – and as confirmed by the survey – the interests of stakeholders are transparent to Kapsch TrafficCom. Their engagement also ensures that these interests are taken into account in the fulfillment of due diligence and materiality analysis. As a result, there was no need for any significant changes to the strategy or business model in financial year 2025/26.

The Executive Board and Supervisory Board are kept informed of relevant interests as part of the standard reporting processes and are informed separately by the ESG Officer, who heads the ESG Task Force, of the detailed results of the materiality analysis.

Engagement of important groups of affected stakeholders.
Own workforce. Kapsch TrafficCom's success depends on the loyalty, motivation, and performance of its employees, as well as on its ability to recruit sufficiently qualified staff from the external labor market when needed. Kapsch TrafficCom combines an international outlook with the roots of a modern family-owned business. Entrepreneurship, a commitment to innovation and growth, and a clear focus on employees are just as central to the corporate culture as mutual respect and a strong sense of unity. The People Strategy aims to create an attractive employer brand and directly involves employees in its development. Employees' interests, perspectives, and rights are incorporated through initiatives such as employee surveys and performance reviews.

Workers in the value chain. Workers in the upstream and downstream value chain are also an essential part of Kapsch TrafficCom's commitment to sustainability. Kapsch TrafficCom supports fair working conditions, diversity, and integration – because committed and motivated employees outside the Company are also crucial to Kapsch TrafficCom achieving its sustainability goals and ensuring long-term success. The interests, views, and rights of workers in the value chain are taken into account through business partner screening, audits, and review meetings.

Affected communities. Tolling and traffic management systems are instruments for implementing transport policy objectives. They are designed to help change user behavior and generate revenue to finance sustainable mobility. They are purchased and operated by public authorities or companies acting on their behalf. Their operation has the specific objective of influencing communities. The systems offer the potential to reduce greenhouse gases, air pollution, and noise. However, the extent to which these opportunities are exploited is up to the customer as the decision-maker on transport policy.

Material impacts, risks, and opportunities and their interaction with strategy and business model (SBM-3).

As part of a comprehensive analysis in financial year 2023/24, Kapsch TrafficCom analyzed the impacts, risks, and opportunities (IROs) in the environmental, social, and governance areas in conjunction with its strategy and business model in terms of their materiality for the Company. In accordance with the double materiality concept, the topics were identified and evaluated from two perspectives:

- Positive or negative impacts on people and the environment ("inside-out").
- Risks and opportunities with financial effects from the Company's perspective ("outside-in").

In financial year 2025/26, the IROs were updated to reflect current conditions as part of the annual review. A total of 68 (2024/25: 66) environmental and social impacts (inside-out) and 116 (2024/25: 120) financial risks and opportunities (outside-in) were identified, of which 29 (2024/25: 25) and 34 (2024/25: 39), respectively, were classified as material.

The following table provides an overview of the material impacts, risks, and opportunities, along with a description of each and the actions taken by Kapsch TrafficCom.

Position in the value chain:
<<< upstream value chain
KTC within the Company
>>> downstream value chain

Material impacts, risks, and opportunities	Position in the value chain	Description	Actions
Climate change (ESRS E1)			
Climate change adaptation			
Risk: Extreme weather conditions and environmental disasters can interrupt operations at relevant suppliers, causing disruption to the supply chain and resulting in lost revenue. (medium to long term)	<<<	**Outside-in:** Access to production-relevant materials could be disrupted if the procurement strategy is based on a small number of suppliers or regions. This could lead to a restriction or halt in the Company's own business activities and prevent it from fulfilling its obligations to customers. (physical)	▪ Diversification of the supply chain ▪ Building up material reserves ▪ Inventory management
Climate change mitigation			
Risk: Transition risk from the implementation of new climate change mitigation and adaptation regulations. (short to long term)	<<< ***KTC*** >>>	**Outside-in:** Implementation requires personnel, operational, and/or financial resources; late or inadequate action may result in penalties or even exclusion from the market. (transitory)	▪ Monitoring of the evolving legal framework ▪ Early implementation of the necessary preparatory measures to ensure compliance ▪ Regular compliance checks on the existing legal framework ▪ Engagement with industry associations and in the EU ▪ Supplier evaluation ▪ Supplier audits

Material impacts, risks, and opportunities	Position in the value chain	Description	Actions
Positive impact/ opportunity: Intelligent transportation systems, such as those from Kapsch TrafficCom, have the potential to significantly reduce traffic-related greenhouse gas emissions. (short to long term)	***KTC*** >>>	**Inside-out:** Improving traffic flow and reducing congestion can cut traffic emissions, especially greenhouse gas emissions, by up to 20%. Tolling systems can also improve road quality, which reduces rolling resistance. This leads to significant savings in fuel consumption. Tolling can also encourage people to buy newer, lower-emission vehicles. (actual) **Outside-in:** Focus on low-emission and emission-reducing products offers business prospects for Kapsch TrafficCom, which is particularly relevant for public-sector customers; a sustainable portfolio can positively influence reputation and thus sales opportunities and financing options. (actual)	■ Tolling solutions ■ Traffic management ■ Demand management ■ Infrastructure-reduced solutions ■ Sustainability communication
Negative impact/risk: Causing high emissions through own processes as well as upstream and downstream activities in the value chain – purchased goods and services in particular pose a significant risk. (short to long term)	<<< ***KTC*** >>>	**Inside-out:** Insufficient measures to reduce greenhouse gas emissions in the value chain promote climate change. (actual) **Outside-in:** Increased transparency requirements demand the publication of emissions caused. High emissions can result in increased operating costs for materials, energy, and transportation, as well as significant reputational damage due to failure to meet reduction targets, which can subsequently lead to the loss of customers or investors. (transitory)	■ Supplier evaluation ■ Supplier audits ■ Cloud solutions ■ Refurbishment and repair service ■ Infrastructure-reduced solutions ■ Durable products ■ Sustainable product design ■ Remote maintenance and remote testing ■ Regulation for working from home ■ Reduction of business travel
Positive impact/ opportunity: Significant reduction in emissions through own products and processes, as well as upstream and downstream activities in the value chain. (short to long term)	<<< ***KTC*** >>>	**Inside-out:** Effective and comprehensive measures to reduce greenhouse gas emissions throughout the value chain help mitigate climate change. (actual) **Outside-in:** Improvement of reputation through initiatives to reduce greenhouse gas emissions.	■ Supplier evaluation ■ Supplier audits ■ Cloud solutions ■ Refurbishment and repair service ■ Infrastructure-reduced solutions ■ Durable products ■ Sustainable product design ■ Remote maintenance and remote testing ■ Regulation for working from home ■ Reduction of business travel

Material impacts, risks, and opportunities	Position in the value chain	Description	Actions
Pollution (ESRS E2)			
Pollution of air			
Positive impact/ opportunity: Intelligent transportation systems, such as those from Kapsch TrafficCom, have the potential to significantly reduce traffic-related air emissions (e.g., NO_x, PM10, PM2.5). (short to long term)	>>>	**Inside-out:** Intelligent steering of traffic demand and the resulting improvement in traffic flow can significantly reduce the emission of air pollutants. Tolling systems can improve road quality, which reduces fuel consumption and combustion-related air pollutants. Tolling can also provide an incentive for newer, lower-emission vehicles. (actual) **Outside-in:** Focus on environmentally friendly products offers business prospects for Kapsch TrafficCom; a sustainable portfolio can positively influence reputation and thus sales opportunities and financing options.	■ Investment in the portfolio ■ Sustainability communication
Circular economy (ESRS E5)			
Resources inflows, including resource use			
Risk: Disruption of the supply chain due to resource shortages. (short to long term)	<<<	**Outside-in:** Global resource scarcity can lead to increased costs for the procurement of components for production, delivery failures, or operational disruptions.	■ Supply chain diversification ■ Infrastructure-reduced solutions ■ Green Gantry ■ Refurbishment and repair service ■ Reuse of plastic waste in production ■ Long-lasting products ■ 2-in-1 camera (VDX2i)
Opportunity: Supporting customers in saving resources through environmentally friendly solutions. (short to long term)	>>>	**Outside-in:** Improved traffic flow and the resulting reduction in fuel consumption, as well as resource-saving solutions, enable cost savings for customers and road users. This leads to more tenders for environmentally friendly transportation solutions and thus increased sales and an improvement in Kapsch TrafficCom's reputation.	■ Demand management ■ Traffic management ■ Tolling solutions ■ Infrastructure-reduced solutions ■ Green Gantry ■ Refurbishment and repair service ■ Environmentally friendly packaging ■ Long-lasting products ■ 2-in-1 camera (VDX2i)
Resource outflows related to products and services			
Positive impact/ opportunity: Resource savings through the introduction of circular economy principles in portfolio management and innovation processes. (short to long term)	<<< ***KTC*** >>>	**Inside-out:** Greater resource efficiency, e.g., through recycling, alternative energy sources, longer product life, etc., conserves resources. (actual) **Outside-in:** Resource efficiency can reduce costs and improve the Company's reputation. Recycled or upcycled products enable revenue growth and increase market share.	■ Infrastructure-reduced solutions ■ Green Gantry ■ Refurbishment and repair service ■ Reuse of plastic waste in production ■ Environmentally friendly packaging ■ Sustainable product design (Sustainable Portfolio Guideline) ■ Long-lasting products ■ 2-in-1 camera (VDX2i)

Material impacts, risks, and opportunities	Position in the value chain	Description	Actions
Own workforce (ESRS S1)			
Working conditions > Secure employment			
Positive impact: Secure employment due to the Company's long-standing stability. (short to long term)	***KTC***	**Inside-out:** Kapsch TrafficCom is a long-established family business with global reach that is involved in international projects. The stable and continuous flow of projects ensures secure employment. (actual)	■ Ongoing project profits ■ Long-term employment of employees
Negative impact: Temporary employment contracts due to project-related business. (short to long term)	***KTC***	**Inside-out:** Although Kapsch TrafficCom generally aims to offer permanent employment, the project-based nature of its business model means that employees may only be hired for the duration of a project. (actual)	■ Rehiring employees for new projects ■ Support with job placement
Opportunity: Improving employee qualifications through training in new, emerging technologies. (medium to long term)	***KTC*** >>>	**Outside-in:** Long-term growth and gains in productivity, innovation and competitiveness.	■ Continuous identification of training needs ■ Cooperation with educational institutions and partners
Working conditions > Working time			
Negative impact: Workload overload at project milestones. (short to long term)	***KTC***	**Inside-out:** High workloads and pressure to meet specific project milestones can lead to employee overload due to long working hours. (potential)	■ Targeted resource planning ■ Additional personnel
Working conditions > Social dialogue			
Opportunity: Participatory decisions through social dialogue between the employer and employees. (short to long term)	***KTC***	**Outside-in:** Positive impact on productivity and corporate culture, greater attraction and retention of talented people, lower recruitment costs.	■ Initiatives for social dialogue ■ People Strategy
Working conditions > Work-life balance			
Positive impact: Healthy work-life balance. (short to long term)	***KTC***	**Inside-out:** High employee satisfaction thanks to work-life balance initiatives. (actual)	■ Flexible working models ■ Working from home ■ Vacation offers
Working conditions > Health and safety			
Negative impact: Work-related accidents of employees. (short to long term)	***KTC***	**Inside-out:** Negative impact on employee health and safety resulting from workplace accidents. (potential)	■ Internal and external health promotion and prevention programs ■ Structured management system for occupational health and safety based on the ISO 45001:2018 standard
Equal treatment and opportunities for all > Gender equality and equal pay for work of equal value			
Negative impact: Employees may be paid unfairly. (short to long term)	***KTC***	**Inside-out:** Unfair payment may have an impact on the financial situation and mental health of employees. (potential)	■ Salary band model

Material impacts, risks, and opportunities	Position in the value chain	Description	Actions
Equal treatment and opportunities for all > Training and skills development			
Positive impact: Developing and strengthening employee skills. (short to long term)	***KTC***	**Inside-out:** Individual training opportunities enable employees to develop their skills, fill any gaps in their qualifications or knowledge that could put them at a disadvantage (e.g., language barriers), and thus achieve a higher status in the market. (potential)	▪ Continuous identification of training needs ▪ Cooperation with educational institutions and partners
Equal treatment and opportunities for all > Employment and inclusion of persons with disabilities			
Positive impact: Equal opportunities and diversity. (short to long term)	***KTC***	**Inside-out:** Employees experience diversity within the Company and equal opportunities through the inclusion of people with disabilities. (actual)	▪ People Strategy ▪ Responsible annotation team
Equal treatment and opportunities for all > Diversity			
Positive impact/ opportunity: Diversity through diversity initiatives and employment of employees with different cultures, orientations, and backgrounds. (short to long term)	***KTC***	**Inside-out:** Employees experience equal opportunities, diversity, and inclusion, which contribute to the corporate culture. (actual) **Outside-in:** Greater attraction and retention of diverse talents, positive impact on corporate culture and innovation.	▪ People Strategy
Other work-related rights > Privacy			
Negative impact: Employees experience violations of their privacy due to data protection violations. (short to long term)	***KTC***	**Inside-out:** Violation of privacy due to incorrect processing of personal data or inadequate security measures. (potential)	▪ Strict data protection guidelines ▪ Continuous monitoring and training

Workers in the value chain (ESRS S2)

Material impacts, risks, and opportunities	Position in the value chain	Description	Actions
Working conditions > Health and safety			
Negative impact: Work-related accidents involving workers in the value chain. (short to long term)	<<<	**Inside-out:** Negative impact on the health and safety of workers in the value chain resulting from workplace accidents. (potential)	▪ Supplier relationship management ▪ Supplier audits and review meetings ▪ Strict regulations for suppliers in developing countries (see Code of Conduct for Suppliers)
Risk: Disruption of the supply chain due to workplace issues at the supplier. (medium to long term)	<<< ***KTC***	**Outside-in:** Delays in production, increased procurement costs, potential loss of revenue.	▪ Regular monitoring of suppliers ▪ Ethical procurement practices ▪ Diversification of the supply chain
Other work-related rights > Child labor and forced labor			
Negative impact: Hidden child labor and/or forced labor. (short to long term)		**Inside-out:** Risk of child labor and/or forced labor in suppliers' operations in developing countries. (potential)	▪ Supplier relationship management ▪ Supplier audits and review meetings ▪ Strict regulations for suppliers in developing countries

Material impacts, risks, and opportunities	Position in the value chain	Description	Actions
Affected communities (ESRS S3)[1)]			
Communities' economic, social and cultural rights > Adequate housing			
Positive impact/ opportunity: Reduction of environmental pollution, particulate matter and noise through tolling and traffic management systems. (short to long term)	*KTC* >>>	**Inside-out:** Improved air quality with positive effects on the health of people in the immediate vicinity. (actual) **Outside-in:** Increased demand for tolling and traffic management systems with positive effects on air quality for local communities by sustainably shaping traffic flows through traffic control or dynamic tolling systems.	■ Continuous development and innovation of products and services for reducing emissions
Opportunity: Access to local markets and talents through community integration. (short to long term)	<<< *KTC*	**Outside-in:** Greater local market presence with a positive image, integration of local expertise, cost advantages through globally distributed specialist staff.	■ Building cultural understanding of local communities ■ Local staff recruitment and material procurement
Opportunity: Traffic management, intelligent tolling options, and tolling services for cell phones enable improved efficiency and traffic flow as well as accessibility to residential areas and local businesses. (short to long term)	*KTC* >>>	**Outside-in:** Increased customer satisfaction, system acceptance, and demand for Kapsch TrafficCom products and services.	■ Continuous improvement and adaptation of products and services to the needs of local communities and users ■ Increased customer service ■ Cooperation with local authorities
Positive impact: Traffic control increases road safety. (short to long term)	>>>	**Inside-out:** Traffic control increases road safety. (actual)	■ Identification of vulnerable road users
Positive impact: Tolling enables the financing of road infrastructure maintenance. (short to long term)	>>>	**Inside-out:** Tolls generate revenue that enables road infrastructure to be maintained, which in turn improves safety for road users. (actual)	■ Solutions for authorities ■ Demonstrations and training
Negative impact: Risks to personal safety due to inadequate product safety. (short to long term)	>>>	**Inside-out:** Risk to the personal safety of the public if safety criteria are not met. (potential)	■ Ensuring compliance with applicable legal and regulatory safety requirements ■ Taking applicable safety standards into account during product development and approval

1) The IROs in relation to affected communities are linked to Kapsch TrafficCom's business model in the interests of its customers. The same applies to the measures mentioned here.

Material impacts, risks, and opportunities	Position in the value chain	Description	Actions
Business conduct (G1)			
Corporate culture			
Negative impact/risk: Stressful, misaligned, or poorly communicated corporate culture. (short to long term)	<<< *KTC* >>>	**Inside-out:** Loss of public trust in the Company. (potential) **Outside-in:** High employee fluctuation and, as a result, high recruitment and training costs, loss of productivity, internal conflicts, project delays, potential damage to the Company's reputation.	■ Clear communication of corporate values ■ Training for managers ■ Regular employee feedback
Positive impact/ opportunity: Improvement of employee satisfaction and corporate image through ethical corporate culture and business practices. (short to long term)	<<< *KTC* >>>	**Inside-out:** Corporate culture and business practices form a solid basis for successful, trusting, and long-term relationships with employees, customers, and business partners. (actual) **Outside-in:** Improved productivity, attracting and retaining top talents, innovation through collaboration and diversity, positive corporate image.	■ People Strategy with a strong focus on Servant Leadership ■ Ethics, diversity, and cooperation ■ Clear communication of corporate values
Negative impact/risk: Loss of customer trust or compromise of privacy due to a data breach. (short to long term)	*KTC* >>>	**Inside-out:** Risks to the privacy of road users in the event of inadequate compliance with data protection regulations. (potential) **Outside-in:** Loss of customers, legal sanctions, costs for data recovery and PR management.	■ Implementation of robust cyber-security measures ■ Regular audits ■ Communication with customers
Risk: Legal challenges and fines due to non-compliance with data protection laws. (medium to long term)	*KTC* >>>	**Outside-in:** Legal costs, fines, potential damage to the Company's image, business interruptions.	■ Regular compliance checks ■ Legal advice ■ Compliance with data protection laws and best practices
Opportunity: Positive effects through the responsible use of AI and data analytics for traffic control. (short to long term)	*KTC* >>>	**Outside-in:** Improved public perception, differentiation in the market, increased customer satisfaction.	■ Development of ethical guidelines for AI use ■ Clear data usage guidelines ■ Continuous monitoring of practices

Material impacts, risks, and opportunities	Position in the value chain	Description	Actions
Political engagement and lobbying activities			
Positive impact/ opportunity: Political commitment and lobbying lead to interoperable technologies and industry standards. (medium to long term)	***KTC*** >>>	**Inside-out:** Standardization, backwards compatibility, and frequency management enable the integration of new technologies into existing infrastructure, leading to greater choice, competitive prices, and resource efficiency for customers, as products can be used longer before they need to be replaced due to outdated and unsupported technology. (actual) **Outside-in:** Long-term value of investments in assets and expertise of employees by establishing and enforcing a sustainable legal framework for interoperable frequency regulation and standardization. The aim is to modernize technologies in a sustainable manner while avoiding premature obsolescence of existing solutions due to incompatibility with new technologies.	▪ Experts in standardization activities and EU affairs ▪ Membership in various interest groups
Management of relationships with suppliers including payment practices			
Positive impact/ opportunity: Strengthening relationships with customers and business partners. (short to long term)	<<< ***KTC***	**Inside-out:** The Company's trusting and long-term relationships enable business continuity for local business partners and communities and improve trust and efficiency in the market as a whole. (actual) **Outside-in:** Transparent cooperation with customers and business partners promotes long-term contracts and innovative joint projects.	▪ Promotion of transparency ▪ Business partner screening ▪ Long-term cooperation ▪ Maintenance of ethical standards
Corruption and bribery > Prevention and detection including training			
Opportunity: Industry-wide correct conduct in relation to corruption and bribery. (short to long term)	<<< ***KTC***	**Outside-in:** Positive image of the Company and, as a result, attracting ethical business partners and building and retaining a loyal customer base.	▪ Anti-corruption ▪ Anti-corruption training ▪ Transparent practices ▪ Business partner screening ▪ Public code of conduct for ethical business practices
Corruption and bribery > Incidents			
Negative impact/risk: Exclusion from participation in public tenders due to corruption or bribery convictions. (short to long term)	<<< ***KTC*** >>>	**Inside-out:** Loss of citizens' trust in public authorities; impairment of competition. (potential) **Outside-in:** Loss of revenue sources, long-term impairment of business prospects.	▪ Commitment to compliance with legal provisions ▪ Anti-corruption training ▪ Immediate corrective measures in the event of violations ▪ Restoration of trust in public authorities

The material impacts, risks, and opportunities identified did not result in any adjustments to the business model, nor are any such adjustments expected.

Kapsch TrafficCom's most important business relationships that have a significant impact are those with suppliers on the one hand and customers on the other. Impacts resulting from business relationships with suppliers are listed in the table above as "upstream". They mainly relate to emissions from purchased goods and working conditions and business practices in the value chain. Impacts resulting from business relationships with customers are marked as "downstream". These are significantly influenced by the system requirements defined by customers in tenders for intelligent transportation systems and the extent to which these allow for further improvement measures. The impacts resulting from Kapsch TrafficCom's own activities are indicated as "KTC" in the table above.

During the reporting period, no material non-financial risks or opportunities were identified that could have a significant short-term financial impact on the Company's financial position, financial performance, or cash flows. Similarly, there are no significant non-financial risks that could necessitate a material adjustment to the carrying amounts of assets or liabilities in the consolidated financial statements in the next reporting period. The breach of financial covenants that occurred during the reporting period does not constitute a non-financial risk within the meaning of this report. However, since the resulting financing and liquidity risks are of significant relevance to the stakeholder group of lenders, reference is made to the information provided in the >> *Consolidated Financial Statements, Chapters 1.4 "Information on the going concern assumption", 24 "Current and non-current financial liabilities", 33.3 "Liquidity risk", 34 "Capital management" and 37 "Events after the reporting period".*

The resilience of Kapsch TrafficCom's strategy and business model is crucial for managing material impacts and risks while capitalizing on opportunities. Kapsch TrafficCom's strategic framework, with its focus on innovation and sustainability, is designed to be adaptable, enabling the Company to thrive in a dynamic market. Resilience is strengthened in particular by the focus on sustainable mobility solutions and by addressing key sustainability aspects throughout the value chain. Kapsch TrafficCom's solutions address key challenges in the field of traffic and road infrastructure – particularly efficiency, environmental impact, and safety – and are complemented by responsible supply chains as well as a strong focus on employees and governance structures. Driven by megatrends such as urbanization, rising traffic volumes, climate policy requirements, digitalization, and the growing need for infrastructure investment, this creates long-term growth opportunities that simultaneously strengthen the resilience of the business model.

Details regarding the resilience of the business model and locations with respect to the impacts, risks, and opportunities resulting from climate change can be found in the information provided in >> *Section 2 "Environmental Information", "Climate change (ESRS E1)",* under "Resilience analysis". Employee satisfaction is assessed through employee surveys conducted every six to nine months to also monitor the social resilience of business operations. Further details on the employee survey, as well as the derivation and implementation of measures, can be found in >> *Section 3 "Social Information", "Own workforce (ESRS S1)"*. Furthermore, Kapsch TrafficCom has also established a continuity management concept in the area of information security to assess business-critical functions and ensure their maintenance even during challenging times.

The review of the materiality analysis conducted during the reporting year, as described in the >> *Section "Description of the processes to identify and assess material impacts, risks, and opportunities (IRO-1)",* resulted in the following changes at the IRO level:

- IROs newly classified as material (based on more granular underlying analyses):
  - Climate change (ESRS E1)/Climate action: Positive impact "Effective and comprehensive measures to reduce greenhouse gas emissions along the value chain contribute to mitigating climate change".
  - Own workforce (ESRS S1)/Working conditions > Health and safety: Negative impact "Work-related accidents involving employees".
  - Affected communities (ESRS S3)/Economic, social, and cultural rights of communities > Adequate housing: Negative impact "Risks to personal safety due to inadequate product safety".
  - Business conduct (ESRS G1)/Corporate culture: Negative impact "Risks to the privacy of road users due to insufficient data protection compliance".
- Clarified and classified as material IROs:
  - Workers in the value chain (ESRS S2)/Working conditions > Health and safety: The negative impact "Work-related accidents involving workers in the value chain" has been clarified and is now formulated as a negative rather than a positive impact.

- IROs no longer classified as material and deleted in the reporting year:
  - Resource use and circular economy (ESRS E5)/Resource inflows, including resource use: Risk “Supply chain disruption due to the introduction of new regulations on resource consumption” (immaterial due to changes in the regulatory framework).
  - Own workforce (ESRS S1)/Working conditions > Social dialogue: Positive impact “Higher satisfaction through adapting working conditions to employees’ needs” (due to more granular underlying analyses).

For the most part, the impacts, risks, and opportunities are covered by the ESRS disclosure requirements; to provide a clearer picture, the reporting is supplemented by company-specific metrics such as the structure-weighted gender pay gap and the “Employee Net Promoter Score” (eNPS).

1.4 Impact, risk, and opportunity management.

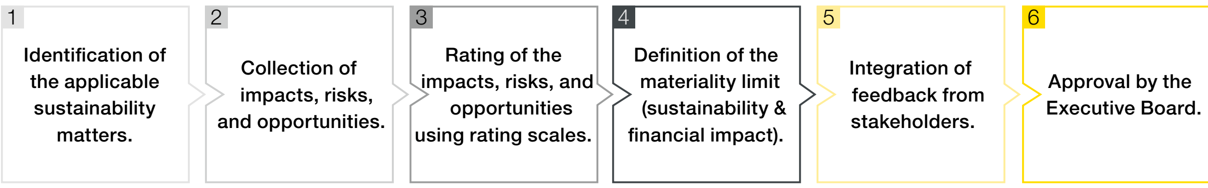
Description of the processes to identify and assess material impacts, risks, and opportunities (IRO-1).

General.
The material impacts, risks, and opportunities described are based on a comprehensive materiality analysis conducted in financial year 2023/24, which was reviewed in both financial years 2024/25 and 2025/26. The review was based on the following scenario:

- Kapsch TrafficCom continues to exist in its current form as a provider of tolling and traffic management systems.
- No current business areas will be discontinued, nor will any new ones be added.
- The Company’s global presence (business activities and locations) and the number of employees will remain largely stable.

The analysis applied the principle of double materiality, taking into account both the **impacts** of Kapsch TrafficCom’s activities on people and the environment (“inside-out”; sustainability impact) and the **risks and opportunities** of financial effects from the Company’s perspective (“outside-in”; financial impact).

The materiality analysis and the reviews were conducted by the Kapsch TrafficCom ESG Task Force, which is composed of representatives from various business units with Group-wide responsibility and is led by the ESG Officer. This ensured that specific and locally relevant perspectives were taken into account both within the Company and in the value chain. In some cases, experts from other business units were also consulted.



Step 1: Identification of applicable sustainability matters.
Based on the topic-related sustainability matters of the ESRS, a list of topics and sub-topics was compiled that corresponds to the entire value chain of Kapsch TrafficCom. The list of topics, sub-topics, and sub-sub-topics specified in ESRS 1, paragraph AR 16, was used as a basis for this.

Step 2: Collection of impacts, risks, and opportunities.
The next step was to collect ecological and social impacts as well as financial risks and opportunities. These were compiled in full, regardless of whether they were initially assessed as material or immaterial. The lists were drawn up by the relevant experts, who considered the value chain for each applicable sustainability matter in order to identify points of connection. Additional internal experts were consulted as needed. The lists were then discussed and reviewed by the cross-functional ESG Task Force in several plenary workshops to ensure that all impacts, risks, and opportunities were taken into account.

Step 3: Rating of the impacts, risks, and opportunities using rating scales.
The rating was based on several criteria, for which existing scales were used or new ones defined as required:

- Time horizon (short, medium, and long term)
- Likelihood of occurrence (five-point scale: very likely – very unlikely)
- Severity
  - Sustainability Impact: based on the scale, scope, and – in the case of negative impacts – irremediability (five-point scales in each case)
  - Financial Impact: in accordance with the existing enterprise risk management scale

In the area of climate change and environmental pollution, external studies were also used to quantify the IROs (see >> *Section 1.3 "Strategy"* under "Business model") and were taken into account in the assessment of the severity of the impacts.

The reasons and assumptions used to assess materiality were documented in each case. The value used for the materiality of **impacts** for reporting purposes is calculated from the probability of occurrence added to the average of the severity, scope, and irremediability. This calculation was refined and adjusted during the review conducted in the reporting period (see "Review of the materiality analysis in the 2025/26 financial year" below).

As part of the process of identifying, assessing, prioritizing, and monitoring **risks and opportunities** that have or may have a financial impact, the interrelationships and dependencies with the impacts were also reviewed and documented by means of a reference to the impact(s). To ensure completeness, both analyses (impact and financial analysis) were checked alternately for completeness by mapping all identified impacts to the associated risks and opportunities and vice versa.

The causes, triggering events, and financial effects of all risks and opportunities were also documented. Not only the probability of occurrence but also the financial impact was assessed on a five-point scale, with the latter being defined in relation to EBIT. Financial materiality is calculated as the sum of the two assessments and ranges from less than 1% to more than 10% of EBIT. Once the materiality threshold is reached (score ≥ 6), there is typically at least a significant financial impact (≥ 3% of EBIT), depending on the combination of rating levels.

Kapsch TrafficCom uses the existing assessment approaches of the Group-wide enterprise risk management system for its materiality analysis. A standardized 5x5 risk matrix is used to systematically record the probability of occurrence and the potential consequences of risks and opportunities. This matrix is used for all types of risk, including financial, operational, regulatory, and sustainability risks.

Risks and opportunities are assessed based on their potential financial and operational relevance to the Company. All types of risk, including sustainability risks, are assessed uniformly according to these criteria, without specific additional weighting.

The qualitative assessment is carried out by experts from the relevant departments (including Environmental Sustainability, Risk Management, and Legal & Compliance). In particular, uncertainties relating to data availability and estimation assumptions are taken into account.

Prioritization is currently carried out uniformly across all risk types, with no separate weighting for sustainability risks. A review of the methodology with regard to specific adjustments for sustainability issues is planned as part of the further development of the system.

Step 4: Definition of the materiality limit (sustainability & financial impact).
The materiality limit for a matter was determined to be 6 out of 10, whereby even a single impact, risk or opportunity with a value of 6 or more led to the sustainability matter being classified as material. For verification purposes, the matters with a value of 5 were checked and confirmed as not material in all cases.

The results of the inside-out and outside-in materiality analysis were consistent in that all material sustainability matters are material for both environmental and social impacts and for financial risks and opportunities.

Step 5: Integration of feedback from stakeholders.
Parallel to these steps, a stakeholder survey was conducted in the fall of 2023. A questionnaire was created in three languages – German, English, and Spanish – and the relevance of the matters for Kapsch TrafficCom was assessed. The questionnaire comprised closed questions with a response scale from 0 to 5, as well as open questions that allowed for individual feedback, criticism, and suggestions for improvement. It was sent to all key stakeholders: employees, customers and authorities, suppliers, associations and affected communities, shareholders, lenders and financial analysts, the media, and the Company's own management. The evaluation was carried out for each group, with no prioritization of stakeholder groups.

The results of the survey on the importance of the matters were compared with the materiality analysis and confirmed it. The topics defined as immaterial were also rated lower in importance by the stakeholders. The answers to the open questions contained suggestions and ideas that were analyzed by the ESG Task Force's team of experts and compared with the list of impacts, risks, and opportunities.

Step 6: Approval by the Executive Board.
The process and results of the materiality analysis were discussed with Georg Kapsch, the member of the Executive Board responsible for ESG issues, and ultimately approved by him.
The following diagram provides an overview of the materiality analysis and the material topics:

Category		Sustainability topic	Sustainability materiality	Financial materiality
✓	Environmental	Climate change	Yes	Yes
✓	Environmental	Pollution	Yes	Yes
	Environmental	Water and marine resources	No	No
	Environmental	Biodiversity and ecosystems	No	No
✓	Environmental	Resource use and circular economy	Yes	Yes
✓	Social	Own workforce	Yes	Yes
✓	Social	Workers in the value chain	Yes	Yes
✓	Social	Affected communities	Yes	Yes
	Social	Consumers and end users	No	No
✓	Governance	Business conduct	Yes	Yes

✓ Material   Environmental   Social   Governance

Decisions on material sustainability impacts, risks, and opportunities are generally made as part of the Group-wide risk management process. This includes assessment by a cross-functional team of experts and application of the standardized 5x5 risk matrix.

Internal control procedures include quarterly assessments and coordination with the relevant departments, in particular Environmental Sustainability, Risk Management, Finance, and IT, to ensure a consistent and sound basis for decision-making. In addition, quarterly reporting requirements to the Executive Board ensure transparency and traceability of results.

Sustainability risks are thus fully integrated into the Company-wide risk management system. They are assessed using the same methods and processes as other risks and are included in the overall assessment of the risk profile. Management monitors these risks as part of regular risk reports, which are used for strategic decision-making and to adjust risk management practices.

Opportunities in the area of sustainability are assessed and taken into account as part of the general management process. They are incorporated into strategic decisions, investment planning, and innovation processes if they have a relevant business or financial impact.

The assessment of sustainability impacts and risks is based on internal and external data sources, including regulatory requirements, industry benchmarks, and Company-specific analyses and expert assessments from specialist departments.

To ensure a consistent and reliable basis for decision-making, the data collected is validated against defined criteria. These criteria include in particular:

- Data is up-to-date to reflect changes in the regulatory and business environment
- Data is complete, particularly when consolidated from different business areas
- Data sources are traceable through documentation of the sources used
- Plausibility checks are performed, particularly for estimates and model-based assumptions

Applying these criteria ensures the quality of the basis for decision-making in the materiality analysis.

Review of the materiality analysis in the 2025/26 financial year.

As part of the annual update of the materiality analysis, the following steps were completed:

1. Further development of the rating methodology.
The calculation formula for assessing impacts has been further developed and refined. The adjustments take into account, in particular, differentiated weightings of the likelihood of occurrence, scale and scope of possible impacts, and, where relevant, irremediability. The formula is now based on the average of all characteristics; for impacts related to human rights aspects, scale, scope, and, where applicable, irremediability are weighted twice. The goal of the revision was to achieve a more consistent and meaningful assessment across all subject areas. The existing scale from 1 to 10 remained unchanged and continues to be fully aligned with the financial materiality framework. Likewise, the threshold for classification as material remained unchanged.

2. Review of existing content.
All identified actual and potential impacts, risks, and opportunities were reviewed for their timeliness and relevance and, where necessary, updated.

3. Addition of new aspects.
Potentially new relevant impacts, risks, and opportunities were discussed and, where necessary, incorporated into the analysis.

Results of the review. The number of impacts, risks, and opportunities classified as material has changed only slightly. This reflects the fact that Kapsch TrafficCom's underlying business model did not undergo any fundamental changes during the reporting period and that the key operating conditions remained largely stable. At the topic level, the review revealed that within the social information section, the sub-sub-topic "Health and safety of the Company's own workforce" is now to be classified as material. Beyond that, there were no further changes at the topic level. Only individual impacts, risks, and opportunities, were clarified, supplemented, or removed as part of the update.

The materiality analysis is conducted on a three-year cycle and is therefore scheduled to take place again for the 2026/27 financial year. If significant changes for the following year become apparent as early as the third year – for example, due to revised ESRS guidelines – the update will be postponed to the fourth year to ensure consistent and efficient implementation.

Sustainability topics.

Climate change.
Impact on climate change. The process of identifying and assessing climate-related impacts was initiated by mapping Kapsch TrafficCom's activities and plans along the value chain in accordance with the materiality analysis.

Like every company, Kapsch TrafficCom causes greenhouse gas emissions through its own operations, its upstream supply chain, and the downstream operation of its solutions. In addition, Kapsch TrafficCom and its value chain require electricity. However, Kapsch TrafficCom and its value chain are neither energy-intensive nor greenhouse gas-intensive. As Kapsch TrafficCom does not intend to change or expand its business model, no additional GHG (greenhouse gas) emission sources are expected in the future.

Kapsch TrafficCom has identified all climate-related impacts within its own operations and along the value chain, including actual and potential impacts on climate change, by assessing all scopes and categories in accordance with the GHG Protocol. Scope 1 and Scope 2 are associated with the Company's own operations, which consist primarily of office activities. The assessment of emissions from production sites to date has shown that both sites each generate fewer emissions than some of the larger office locations. For Scope 3, a materiality assessment was conducted in accordance with ISO 14064-1:2018. The result was that the main factors are the procurement of materials and services, as well as the use of sold products. This is expected to remain the same in the future.

Climate-related physical risks. The process for identifying and assessing physical climate-related risks and opportunities was also initiated by mapping Kapsch TrafficCom's activities and plans along the value chain in accordance with the materiality analysis.

Taking into account climate-related hazards (as per the table in ESRS E1-1, paragraph AR 11), vulnerabilities related to physical risks within the Company's own operations and along the value chain were assessed. It was found that there could be potential impacts of climate-related hazards on Kapsch TrafficCom's supply chain, its facilities, and its operational solutions due to extreme weather conditions, which are accounted for in the IPCC (Intergovernmental Panel on Climate Change) worst-case scenario SSP (Shared Socioeconomic Pathways) 5-8.5, which anticipates a rise in global temperatures of 4.3°C by 2100.

As part of the materiality analysis, physical climate risks were classified according to the time horizons defined in the analysis.

Kapsch TrafficCom analyzed all of its assets and business activities along the value chain. This included in particular:

- Upstream supply chain
- Office locations
- Production sites
- Technical tolling and traffic management solutions in operation

The time horizons used are consistent with the strategic financial planning horizons and extend to 2050. The definition was provided at the beginning of this section.

Kapsch TrafficCom considers supply chain disruptions to be a significant physical climate-related risk, as some key materials can only be sourced from specific geographical regions and transport routes are long and subject to various unforeseeable risks (e.g., infrastructure in many ports could be affected, poor weather conditions, etc.). Kapsch TrafficCom's supply chain management has therefore implemented the following diversification strategy:

The supply chain is diversified using a risk-based approach. All items purchased that are critical to the Company's solutions are analyzed to determine whether a second manufacturer is available. In addition, each item is assigned to a product category that corresponds to its criticality for the Company and the associated risk (combination of impact and probability of occurrence). Items that are manufactured to a specific design by a single manufacturer are also categorized and their risk is assessed. If the risk of a single-source item is low enough, it is accepted. Mitigation plans are developed for critical items. These take into account how long it would take to onboard an alternative supplier and when the alternative item would be available. For this period, the typical or planned demand for this item is stocked if possible.

Due to the specialized equipment and machinery involved, production and hardware development facilities cannot simply be relocated to other sites in the event of climate-related hazards. To assess the associated risk, Kapsch TrafficCom conducted an internal analysis of how well its production sites in Vienna and Mississauga are prepared in terms of climate protection and current and potential future risk levels. The result was that, due to their geographic location, neither site faces high climate-related physical risks, and furthermore, sufficient measures have been implemented to mitigate all significant physical climate risks.

As regards office space, all locations are leased, which means that physical climate risks do not pose any potential financial climate risks for Kapsch TrafficCom. The activities carried out in the offices can easily be relocated to other sites.

As far as solutions in operation are concerned, road infrastructure is distributed worldwide. Therefore, the probability that a significant portion will be affected is relatively low. As a rule, the technical infrastructure on the roadside is designed for extreme weather conditions, so the risk of damage is limited. If necessary, the system is adapted to local requirements. This led to the conclusion that physical climate risks are not significant for downstream operations.

In the customer contracts that have been concluded, climate events are in most cases considered force majeure and therefore do not generally result in penalties or claims for damages in relation to destroyed technical solutions in the areas of tolling and traffic management.
The scenario analysis takes into account the predicted impacts of the IPCC scenario SSP 5-8.5. In addition, physical climate risks in the downstream value chain were analyzed in accordance with the classification of climate hazards set forth in Annex A of Delegated Regulation 2021/2139.

The above results, taking into account the IPCC scenario SSP 5-8.5 and the climate risk classification mentioned, were summarized into two physical climate risks. The risk of potential supply chain disruption was assessed as significant, while the risk of physical damage to infrastructure and technical tolling and traffic management solutions was assessed as insignificant.

The above results, based on the IPCC's SSP 1-1.9 scenario, were summarized into seven transitional climate risks. Five of these risks were assessed as material and relate to stricter regulatory requirements and increasing customer expectations. Two risks were assessed as immaterial and also relate to cost increases resulting from regulatory changes.

Climate-related transition risks and opportunities. The process of identifying and assessing climate-related transition risks and opportunities began with mapping Kapsch TrafficCom's activities and plans along the value chain in accordance with the materiality analysis. As part of the materiality analysis, transitional climate risks were classified according to the time horizons defined therein, and all business activities and assets were reviewed along the value chain with regard to expected transitory events.

Kapsch TrafficCom's business activities and assets have been extensively reviewed for potential transitory events: The product portfolio is aimed at promoting the reduction of traffic emissions, therefore no restrictions or bans due to transitory events are expected. The assets do not include any potential stranded assets, as no transitory events are expected that would trigger this.

The identified transitory events that could occur in the short, medium, or long term consist exclusively of increasingly stringent regulations and changing customer requirements. Regulations that have already been implemented or are foreseeable have been taken into account in specifically defined risks. At present, no further stricter regulations are foreseeable.

The above results, taking into account the most conservative scenario for transitory events (IPCC scenarios SSP 1-1.9), were summarized in seven transitional climate risks.

There are no business activities or assets in the short, medium, or long term that would be incompatible with a climate-neutral economy. Furthermore, there are no business activities or assets that would require significant effort to adapt.

The time horizons used are consistent with the strategic financial planning horizons. The definition was already outlined at the beginning. No additional climate-related assumptions were made in the financial reporting that would contradict the climate scenarios described above.

Climate-related hazards were analyzed in accordance with the guidelines set forth in ESRS E1-1, paragraph AR 11, and assessed based on the IPCC scenario SSP 5-8.5.

In order to analyze the exposure of the facilities and business activities to physical risks, the entire value chain was considered as described above. The Environmental Sustainability team conducted the analysis in consultation with internal experts from the relevant departments (e.g., Legal & Compliance, Finance, Production, and Supply Chain Management), incorporated it into the materiality analysis, and coordinated it with the ESG Task Force.

As with physical risks, the exposure of assets and business activities to transitory events was considered along the entire value chain. The Environmental Sustainability team also conducted this analysis in consultation with internal experts from the relevant departments (e.g., Legal & Compliance, Finance, Production, and Supply Chain Management), incorporated it into the materiality analysis, and coordinated it with the ESG Task Force.

Pollution.
The locations and business activities, as well as the entire value chain of Kapsch TrafficCom, were analyzed according to their environmental pollution potential, with a particular focus on the production sites. The machines used in the production process only consume electricity; no fine dust is produced by combustion processes. Furthermore, there are no uncontrolled discharges into the environment, thus preventing soil contamination.
Furthermore, Kapsch TrafficCom only has office locations whose environmental pollution potential is equivalent to that of households.

The operational solutions also require only electricity, which means there is no potential for environmental pollution. On the contrary, tolling and traffic management solutions have been proven to contribute to improving air quality.

As part of the stakeholder survey, respondents were asked to rate the importance and level of their satisfaction, as well as to provide suggestions for improvement. The affected communities were involved exclusively through their legal representatives, such as government agencies or municipal administrations.

The topic of sustainability was ultimately identified as a material topic due to the positive impacts and opportunities resulting from improved air quality.

Water and marine resources.
Kapsch TrafficCom's locations were also analyzed in relation to water and marine resources. Here, too, particular attention was paid to the production sites. The machines used in the production process only consume electricity. There are no water-based processes, which means that there is no polluted wastewater or uncontrolled discharge into the environment. Water is only used in domestic quantities at production sites and office locations. The solutions used in operations also do not require water.

As part of the stakeholder survey, respondents were asked to rate the importance and level of their satisfaction, as well as to provide suggestions for improvement. The affected communities were involved exclusively through their legal representatives, such as government agencies or municipal administrations.

Biodiversity and ecosystems.
Kapsch TrafficCom's locations were also analyzed in relation to the sustainability aspect of biological diversity and ecosystems. As part of the materiality analysis, all individual parts of the value chain were analyzed for potential impacts, risks, and opportunities. Based on an internal analysis of the relevant sites and value-added steps, no significant dependencies, risks, or impacts related to biodiversity and ecosystems were identified.

Kapsch TrafficCom purchases only relatively small quantities of electronic components, which means that the impact on biodiversity from the extraction of raw materials is low. The business model only uses land for office and production sites. These sites are located in urban areas and, as hardware production plays a minor role, their size is negligible. Water is not required for the production or operation of the solutions. Therefore, no material impacts, risks, or opportunities have been identified. This analysis was conducted along the entire value chain in accordance with the requirements of ISO 14001 for environmental impact assessments, this includes the systematic assessment of environmental aspects based on defined criteria such as magnitude (severity of the environmental impact), likelihood of occurrence, the company's ability to control and influence the impact, and relevance under normal, abnormal, and emergency conditions.

Negative impacts and risks associated with electronic components were identified, but these were assessed as immaterial. Furthermore, no material systemic risks were identified along the value chain, nor were any further dependencies on biodiversity and ecosystems and their services identified. These risks were identified and assessed through scenario and resilience analysis, on the one hand, and in accordance with the requirements of ISO 14001 for environmental impact assessments, on the other. In addition, potential negative impacts associated with the construction and operation of roads – which are prerequisites for tolling and traffic management systems – were taken into account; however, since road construction is not directly caused by Kapsch TrafficCom's business activities, these impacts were deemed immaterial with respect to the Company.

As part of the stakeholder survey, respondents were asked to rate the importance and level of their satisfaction, as well as to provide suggestions for improvement. The affected communities were involved exclusively through their legal representatives, such as government agencies or municipal administrations.

The office and production sites are located in urban areas and therefore not in areas with biodiversity in need of protection; Kapsch TrafficCom has concluded that no remedial measures are necessary.

Resource use and circular economy.
The components of the value chain, material flows, and business activities of Kapsch TrafficCom were analyzed in connection with the sustainability aspect of resource use and circular economy to identify potential impacts, risks, and opportunities. The materiality analysis assessment method was used for this purpose.

In the upstream value chain, risks were identified in the supply chain due to the introduction of new regulations and resource shortages, each of which could lead to increased costs. In addition, the Company can turn positive impacts into opportunities through resource-saving solutions.

As part of the stakeholder survey, respondents were asked to rate the importance and level of their satisfaction, as well as to provide suggestions for improvement. The affected communities were involved exclusively through their legal representatives, such as government agencies or municipal administrations.

Business conduct.
In terms of sustainability in business conduct, the impacts, risks, and opportunities were also identified for each (sub-)sub-topic. By participating in government or government-related tenders, particular attention was paid to conduct in relation to corruption, bribery, and lobbying. Due to the technical nature of the Company, data handling and artificial intelligence were also taken into account.

Disclosure requirements in ESRS covered by Kapsch TrafficCom’s Sustainability Statement (IRO-2).

List of data points in cross-cutting and topical standards that derive from other EU legislation.

Disclosure requirement and related data point	SFDR reference[1]	Pillar 3 reference[2]	Benchmark regulation reference[3]	EU Climate Law reference[4]	Materiality
ESRS 2 GOV-1 Board's gender diversity, paragraph 21 (d)	X		X		material
ESRS 2 GOV-1 Percentage of board members who are independent, paragraph 21 (e)			X		material
ESRS 2 GOV-4 Statement on due diligence, paragraph 30	X				material
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities, paragraph 40 (d) i	X	X	X		not material
ESRS 2 SBM-1 Involvement in activities related to chemical production, paragraph 40 (d) ii	X		X		not material
ESRS 2 SBM-1 Involvement in activities related to controversial weapons, paragraph 40 (d) iii	X		X		not material
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco, paragraph 40 (d) iv			X		not material
ESRS E1-1 Transition plan to reach climate neutrality by 2050, paragraph 14				X	material
ESRS E1-1 Undertakings excluded from Paris-aligned benchmarks, paragraph 16 (g)		X	X		material
ESRS E1-4 GHG emission reduction targets, paragraph 34	X	X	X		material
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors), paragraph 38	X				material
ESRS E1-5 Energy consumption and mix, paragraph 37	X				material
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors, paragraphs 40 to 43	X				material
ESRS E1-6 Gross Scope 1, 2, 3 and total GHG emissions, paragraph 44	X	X	X		material
ESRS E1-6 Gross GHG emissions intensity, paragraphs 53 to 55	X	X	X		material
ESRS E1-7 GHG removals and carbon credits, paragraph 56				X	not material
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks, paragraph 66			X		not relevant – transitional provision
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk, paragraph 66 (a) **ESRS E1-9** Location of significant assets at material physical risk, paragraph 66 (c)		X			not relevant – transitional provision
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes, paragraph 67 (c)		X			not relevant – transitional provision
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities, paragraph 69			X		not relevant – transitional provision
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	X				not material
ESRS E3-1 Water and marine resources, paragraph 9	X				not material
ESRS E3-1 Dedicated policy, paragraph 13	X				not material
ESRS E3-1 Sustainable oceans and seas, paragraph 14	X				not material
ESRS E3-4 Total water recycled and reused, paragraph 28 (c)	X				not material

Disclosure requirement and related data point	SFDR reference[1)]	Pillar 3 reference[2)]	Benchmark regulation reference[3)]	EU Climate Law reference[4)]	Materiality
ESRS E3-4 Total water consumption in m^3 per net revenue on own operations, paragraph 29	X				not material
ESRS 2 – SBM-3 – E4, paragraph 16 (a) i	X				not material
ESRS 2 – SBM-3 – E4, paragraph 16 (b)	X				not material
ESRS 2 – SBM-3 – E4, paragraph 16 (c)	X				not material
ESRS E4-2 Sustainable land/agriculture practices or policies, paragraph 24 (b)	X				not material
ESRS E4-2 Sustainable oceans/seas practices or policies paragraph 24 (c)	X				not material
ESRS E4-2 Policies to address deforestation, paragraph 24 (d)	X				not material
ESRS E5-5 Non-recycled waste, paragraph 37 (d)	X				not material
ESRS E5-5 Hazardous waste and radioactive waste, paragraph 39	X				not material
ESRS 2 SBM3 – S1 Risk of incidents of forced labor, paragraph 14 (f)	X				material
ESRS 2 SBM3 – S1 Risk of incidents of child labor, paragraph 14 (g)	X				material
ESRS S1-1 Human rights policy commitments, paragraph 20	X				material
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8, paragraph 21			X		material
ESRS S1-1 Processes and measures for preventing trafficking in human beings, paragraph 22	X				material
ESRS S1-1 Workplace accident prevention policy or management system, paragraph 23	X				material
ESRS S1-3 Grievance/complaints handling mechanisms, paragraph 32 (c)	X				material
ESRS S1-14 Number of fatalities and number and rate of work-related accidents, paragraph 88 (b) and (c)	X		X		material
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	X				material
ESRS S1-16 Unadjusted gender pay gap, paragraph 97 (a)	X		X		material
ESRS S1-16 Excessive CEO pay ratio, paragraph 97 (b)	X				material
ESRS S1-17 Incidents of discrimination, paragraph 103 (a)	X				material
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD, paragraph 104 (a)	X		X		material
ESRS 2 SBM3 – S2 Significant risk of child labor or forced labor in the value chain, paragraph 11 (b)	X				material
ESRS S2-1 Human rights policy commitments, paragraph 17	X				material
ESRS S2-1 Policies related to value chain workers, paragraph 18	X				material
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines, paragraph 19	X		X		material
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8, paragraph 19			X		material
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain, paragraph 36	X				material
ESRS S3-1 Human rights policy commitments, paragraph 16	X				not material

Disclosure requirement and related data point	SFDR reference[1)]	Pillar 3 reference[2)]	Benchmark regulation reference[3)]	EU Climate Law reference[4)]	Materiality
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles, or OECD guidelines, paragraph 17	X		X		not material
ESRS S3-4 Human rights issues and incidents, paragraph 36	X				material
ESRS S4-1 Policies related to consumers and end users, paragraph 16	X				not material
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines, paragraph 17	X		X		not material
ESRS S4-4 Human rights issues and incidents, paragraph 35	X				not material
ESRS G1-1 United Nations Convention against Corruption, paragraph 10 (b)	X				material
ESRS G1-1 Protection of whistleblowers, paragraph 10 (d)	X				material
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws, paragraph 24 (a)	X		X		material
ESRS G1-4 Standards of anti-corruption and anti-bribery, paragraph 24 (b)	X				material

1) Regulation (EU) 2019/2088 of the European Parliament and of the Council of November 27, 2019 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosures Regulation) (OJ L 317, 9.12.2019, p. 1)

2) Regulation (EU) No 575/2013 of the European Parliament and of the Council of June 26, 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation “CRR”) (OJ L 176, 27.6.2013, p. 1)

3) Regulation (EU) 2016/1011 of the European Parliament and of the Council of June 8, 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1)

4) Regulation (EU) 2021/1119 of the European Parliament and of the Council of June 30, 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 (“European Climate Law”) (OJ L 243, 9.7.2021, p. 1)

The material information to be reported was determined based on the identified material impacts, risks, and opportunities. These were assigned to the sub-sub-topics of the sustainability topics and then reconciled with the ESRS disclosures assigned to the same topics. If no material impacts, risks, or opportunities were identified for a sub-sub-topic, the disclosures were therefore determined to be non-material. In addition, an assessment was made as to whether the disclosures were applicable to the Company’s business model and strategy.

2 *Environmental Information.*

2.1 Disclosures pursuant to Article 8 of Regulation 2020/852 (Taxonomy Regulation).

Ecologically sustainable activities in accordance with EU Taxonomy Regulation.

The Taxonomy Regulation 2020/852 is intended as a framework to enable a uniform EU-wide definition of environmentally sustainable economic activities. The aim is to steer capital flows towards sustainable investments in line with the EU sustainability goals.

Accordingly, Kapsch TrafficCom has to include in its Non-Financial Statement "how and to what extent the undertaking's activities are associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of this Regulation". The following environmental objectives are stated:

- climate change mitigation,
- climate change adaptation,
- the sustainable use and protection of water and marine resources,
- the transition to a circular economy,
- pollution prevention and control, and
- the protection and restoration of biodiversity and ecosystems.

An economic activity shall be considered sustainable if it

a) contributes significantly to at least one of the six environmental objectives listed,
b) does not significantly harm the other environmental objectives listed, and
c) is carried out in compliance with minimum social and governance criteria.

The technical screening criteria are published in Delegated Regulations of the European Commission:

- the criteria for climate change mitigation and climate change adaptation in Delegated Regulations 2021/2139 and 2023/2485;
- the criteria for sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems in Delegated Regulation 2023/2486.

In addition, the European Commission published documents containing answers to questions regarding the interpretation and application of certain provisions of the regulations (C/2023/267 with regard to question 101), which were also used for the present disclosure. Simplifications provided for in Delegated Regulation 2026/73 were applied. However, the 10% materiality threshold set forth in Delegated Regulation 2026/73 was not applied.

Kapsch TrafficCom is obliged to disclose the share of revenues, capital expenditures (CapEx) and operating expenses (OpEx) that is taxonomy-eligible or taxonomy-aligned:

The taxonomy-eligible share includes all potentially environmentally sustainable economic activities covered by the taxonomy.

The taxonomy-aligned share includes only those economic activities that also meet the technical screening criteria and thus qualify as an indeed environmentally sustainable share in accordance with the EU Taxonomy Regulation.

Goals of the taxonomy and Kapsch TrafficCom.

Kapsch TrafficCom develops and operates transportation solutions for sustainable mobility. Its innovative solutions in the areas of tolling and traffic management help create a healthier world free of congestion.

Accordingly, Kapsch TrafficCom is convinced that its tolling and traffic management business segments serve the objectives of the Taxonomy Regulation, in particular climate protection through the promotion of clean or climate-neutral mobility, as well as the prevention and reduction of environmental pollution by lowering air pollutant emissions from road traffic, and the transition to a circular economy through the extension of the service life of road infrastructure.

Tolling and traffic management are essential tools for addressing a particularly large and complex source of greenhouse gas emissions and environmental pollution: transportation and the road infrastructure that supports it.

Kapsch TrafficCom participates directly and through industry associations in the political dialogue with the aim that the technical screening criteria in the area of road transport are more clearly specified.

Identification of taxonomy-eligible economic activities.

Taxonomy-eligible revenues.

To be considered taxonomy-eligible, an economic activity must meet at least one of the environmental objectives listed and correspond to one of the activities specified and described in the relevant regulation. Accordingly, Kapsch TrafficCom considers tolling and traffic management to be taxonomy-eligible, contributing to the following environmental objectives:

- Climate change mitigation
  - 3.6 Manufacture of other low-carbon technologies
  - 6.15 Infrastructure enabling low-carbon road transport and public transport
  - 8.2 Data-driven solutions for GHG emissions reductions

  The classification under 3.6 and 6.15 is based on the published announcement by the European Commission (C/2023/267), which explicitly assigns tolling and traffic management to these two economic activities.

- Transition to a circular economy
  - 1.2 Manufacture of electrical and electronic equipment
  - 4.1 Provision of IT/OT data-driven solutions

Despite the importance of tolling in transport policy, no relevant economic activity has been defined for the objective of preventing and reducing pollution, so this area is not taxonomy-eligible.

During the reporting year, the Environmental Sustainability, Legal & Compliance, and EU Affairs departments conducted a detailed analysis of business activities with regard to taxonomy-eligibility, using the Group-wide market segments to which all Kapsch TrafficCom services and products are assigned. In the 2025/26 financial year, the classification method was further refined: It is based on sales-related sub-segments, as the financial data is available in these categories.

The following explanations provide an overview of the business activities, services, and products, as well as their classification based on this analysis:

Kapsch TrafficCom services.
In classifying a service, Kapsch TrafficCom follows the definition in ISO 9000: "Output of an organization with at least one activity necessarily performed between the organization and the customer; the dominant elements of a service are generally intangible". Kapsch TrafficCom's services include implementation and operation of tolling systems, tolling services, traffic management, and demand management.

According to European Commission Notice C/2023/267, Kapsch TrafficCom's services pursue the environmental objective of climate change mitigation and are taxonomy-eligible under economic activity 6.15 "Infrastructure for low-carbon road transport and public transport". Since tolling and traffic management solutions are data-based solutions and demonstrably reduce greenhouse gas emissions, they are also taxonomy-eligible under economic activity 8.2 "Data-driven solutions for GHG emissions reductions". Furthermore, the solutions also pursue the environmental objective of circular economy and are taxonomy-eligible under economic activity 4.1 "Provision of data-driven IT/OT solutions". These solutions integrate or utilize products from Kapsch TrafficCom.

Tolling includes the development of tolling systems of all types, including software and hardware products listed under products, and may include urban access systems, various types of highway tolling systems, or parts thereof.

Tolling services include activities related to the collection of passenger car tolls, truck tolls, and a toll service for vacationers.

Traffic management includes the development of traffic management systems for various environments, from roads and highways to urban areas or individual infrastructure facilities such as bridges and tunnels, and may include Orchestrated Connected Corridors (OCC) and traffic data analysis.

Demand management optimizes both traffic volume and traffic flow. It includes traffic management-related and tolling-related demand management.

Taxonomy-eligible region-specific solutions include:

- Consulting Services; consulting services in the area of tolling and traffic management
- Operation of traffic management centers; provision of personnel for road monitoring and incident management
- Traffic Maintenance Services; maintenance of traffic management systems

Environmental objectives	Taxonomy-eligible under					Taxonomy-aligned under	
	Climate change mitigation			Circular economy		Climate change mitigation	Circular economy
Economic activities	3.6	6.15	8.2	1.2	4.1	3.6	4.1
Services (based on market segments):							
RF/All Electronic Tolling		X	X		X		X
Urban Access/Congestion Mgt/CAZ		X	X		X		X
Standalone OBO/IPS		X	X		X		X
Standalone CBO		X	X		X		X
GNSS-based Tolling		X	X		X		X
Road User Charging (RUC)/ Vehicles Miles Travelled (VMT)		X	X		X		X
Plaza Tolling		X	X		X		X
MLFF Components	X	X	X	X	X	X[1]	X
GNSS Components	X	X	X	X	X	X[1]	X
Urban		X	X		X		X
Highway ATMS		X	X		X		X
Bridges/Tunnels		X	X		X		X
C-ITS/Orchestrated Corridor		X	X		X		X
Data Hub/Traffic Insights		X	X		X		X
Traffic-related Demand Management		X	X		X		X
Tolling-related Demand Management		X	X		X		X
Tolling Services Europe		X	X		X		X
Tolling Services North America		X	X		X		X
Non-Traffic SCADA							
TMC Operations		X	X		X		X
Consulting Services		X[2]	X[2]		X[2]		
Commercial Vehicle Enforcement							
Traffic Maintenance Services		X	X		X		X

1) Partially taxonomy-aligned under Climate change mitigation 3.6.
2) Partially taxonomy-eligible under Climate change mitigation 6.15 and 8.2, as well as circular economy 4.1.

Kapsch TrafficCom products.
In classifying a product, Kapsch TrafficCom follows the definition in ISO 9000: “Output of an organization that can be produced without any transaction taking place between the organization and the customer”. One of the key criteria of products is that they are tangible. Kapsch TrafficCom’s products are hardware, e.g., on-board units or transceivers. Software is considered an intangible product.

According to European Commission Notice C/2023/267, Kapsch TrafficCom hardware contributes to the environmental objective of climate change mitigation and is taxonomy-eligible under economic activity 3.6 “Manufacture of other low-carbon technologies”, as well as 6.15 “Infrastructure enabling low-carbon road transport and public transport”. In addition, the hardware is also taxonomy-eligible under 8.2 “Data-driven solutions for GHG emissions reductions”. Furthermore, the products also pursue the environmental objective of a circular economy and are taxonomy-eligible under economic activities 1.2 “Manufacture of electrical and electronic equipment” and 4.1 “Provision of IT/OT data-driven solutions”. For the sake of clarity, only product groups are listed in the table below; those products that are also taxonomy-aligned under economic activity 3.6 are highlighted within these groups.

	Taxonomy-eligible under					Taxonomy-aligned under	
Environmental objectives	**Climate change mitigation**			**Circular economy**		**Climate change mitigation**	**Circular economy**
Economic activities	3.6	6.15	8.2	1.2	4.1	3.6	4.1
Product group:							
Tolling products							
915 MHz On-Board Unit	X	X	X	X	X		X
5.8 GHz CEN DSRC On-Board Unit	X	X	X	X	X	TRP-4010	X
GNSS & 5.8 GHz CEN DSRC On-Board Unit	X	X	X	X	X	OBU-5310	X
Mobile App		X	X		X		X
915 MHz Roadside Unit	X	X	X	X	X		X
5.8 GHz CEN DSRC Roadside Unit	X	X	X	X	X		X
Video Roadside Unit (DLVP Tolling)	X	X	X	X	X		X
Operational Backoffice (OBO)		X	X		X		X
Commercial Backoffice (CBO)		X	X		X		X
Enforcement Backoffice (EBO)		X	X		X		X
Geo Location Platform (GLP)		X	X		X		X
SmartToll		X	X		X		X
Traffic management products							
EcoTrafiX™ (ETX) Controller	X	X	X	X	X		X
EcoTrafiX™ (ETX) Platform		X	X		X		X
DYNamic Advanced Control (DYNAC)		X	X		X		X
C-ITS products							
5.9 GHz Connected Vehicle (C-ITS) On-Board Unit	X	X	X	X	X		X
5.9 GHz Connected Vehicle (C-ITS) Roadside Unit	X	X	X	X	X		X
Connected Vehicle (C-ITS) Platform		X	X		X		X

Taxonomy-non-eligible services and products.
Kapsch TrafficCom’s economic activities include solutions for traffic safety monitoring and commercial vehicle enforcement. Since road traffic safety is not yet covered by the Delegated Regulations on the EU taxonomy, these economic activities are not taxonomy-eligible.

Furthermore, the ancillary business activities in the Non-Traffic SCADA[1] sub-segment are not taxonomy-eligible. Since the scope of services provided by Kapsch TrafficCom does not meet the requirements necessary for taxonomy compliance, compliance cannot be achieved. In addition, certain consulting services offered by Kapsch TrafficCom that do not fall under either tolling or traffic management are not taxonomy-eligible.

[1] SCADA: Supervisory Control and Data Acquisition. It is used to monitor and control technical processes.

Taxonomy-eligible capital and operating expenditures.

Nearly all taxonomy-eligible capital and operating expenses are allocated to the respective revenue-related economic activities. These include the Company's own production facilities and research and development related to the further development of tolling and traffic management solutions.

Kapsch TrafficCom's vehicle fleet and leased buildings are reported separately under economic activities 6.5 "Transport by motorbikes, passenger cars and light commercial vehicles" and 7.7 "Acquisition and ownership of buildings". The vehicle fleet consists of Company-owned and leased vehicles.

Identification of taxonomy-aligned economic activities.

Climate change mitigation, economic activity 3.6.
Kapsch TrafficCom analyzed its components business for compliance with the technical evaluation criteria specified under economic activity 3.6 "Manufacture of other low-carbon technologies". To meet the screening criteria, the product was required to demonstrate significant life cycle GHG savings compared to its best performing alternative on the market. In addition, physical climate risks, compliance with the REACH Regulation 1907/2006, RoHS Directive 2011/65/EU and screening for other hazardous substances, as well as environmental impact assessments were analyzed to verify any potential impact on other environmental objectives, details of which can be found in >> *Section 2.3 "Pollution (ESRS E2)".*

The analysis and preparation were carried out in close collaboration between Product Management, Supply Chain Management, the HSSEQ (Health, Safety, Security, Environment & Quality) and Environmental Sustainability departments, and the expert on EU affairs. In particular, to review the minimum protection requirements, the Human Resources Department, the Procurement Department, the Group Compliance Officer, and the Head of Taxes and Transfer Pricing were also involved. Furthermore, external experts were consulted during the initial analysis to review the reasoning and analysis.

As in the previous year, the required information was provided for two components: the TRP-4010 and OBU-5310 on-board units, for both of which carbon footprints and detailed financial data were available and which are used in markets clearly defined by the EU.

The TRP-4010 on-board unit is used for toll collection for passenger vehicles and on some road networks for heavy goods vehicles, it uses Dedicated Short-Range Communication (DSRC) – radio communication via "microwave" (in accordance with CEN DSRC, 5.8GHz). The OBU-5310 on-board unit uses Global Navigation Satellite Systems (GNSS) to locate vehicles via satellites.

The carbon footprint of both on-board units was determined in accordance with ISO 14067:2018 (Carbon footprint of products – requirements and guidelines for quantification). They are manufactured in Kapsch TrafficCom's production facility in Austria and by an external producer in Sweden, which are certified in accordance with ISO 14001. At the facility in Austria, the carbon footprint is also analyzed and reduced annually in accordance with the OekoWin program. According to the analysis – and confirmed by the independent TÜV Austria – both are the most efficient on-board units for their respective markets in terms of greenhouse gas emissions savings over their entire life cycle since the 2022/23 financial year. As there were no market launches of comparable products in the markets for the two on-board units during the reporting period, the original analysis confirmed by TÜV remains valid. The two on-board units thus make a significant contribution to climate change mitigation and do not compromise any of the other environmental objectives specified in the Taxonomy Regulation, including compliance with the REACH Regulation 1907/2006 and the RoHS Directive 2011/65/EU.

Regarding the minimum protection in terms of social and governance criteria, Kapsch TrafficCom, as described in detail in this Report, complies with the required OECD guidelines and basic principles through compliance with local legislation as well as through its own initiatives.

The business with the two on-board units TRP-4010 and OBU-5310 therefore continues to meet the criteria for the environmental objective of climate change mitigation set out in >> *Section 3.6 "Manufacture of other low-carbon technologies"* and is taxonomy-aligned.

Climate change mitigation, economic activity 6.15.
According to European Commission Notice C/2023/267, activities in the field of “intelligent transportation systems” are taxonomy-eligible engineering activities and technical consulting in accordance with Annex I, Section 6.15, provided that they involve systems that promote connected and automated multimodal passenger mobility, traffic flow optimization, congestion avoidance, or improved energy efficiency in road transport, and/or if they involve electronic toll collection systems.

Kapsch TrafficCom therefore analyzed its services and solutions for compliance with the technical evaluation criteria for a significant contribution to climate change mitigation specified under economic activity 6.15 “Infrastructure enabling low-carbon road transport and public transport”.

These include evidence that road infrastructure is necessary for the operation of vehicles with zero CO_2 emissions. Delegated Regulation 2021/2139 lists the following infrastructure: electric vehicle charging stations, grid connection upgrades, hydrogen refueling stations, and electric road systems. Tolling and traffic management solutions can be included under activity CCM 6.15 in accordance with FAQ 101 of Notice C/2023/6756, as both contribute to reducing emissions in the road transport sector.

Currently, the technical evaluation criteria for CCM 6.15 do not explicitly mention tolling and traffic management systems.

In addition, physical climate risks and potential impacts on water and marine resources were analyzed to assess possible adverse effects on other environmental objectives. The environmental impact assessment was carried out in accordance with the German Environmental Impact Assessment Act (EIA Act) and the Environmental Impact Assessment Directive (EIA Directive). Details can be found in >> *Section 2.3 “Pollution (ESRS E2)”*. Furthermore, performance in the area of transition to a circular economy was assessed and the threshold of at least 70% recyclability was demonstrated. Details can be found in >> *Section 2.4 “Resource use and circular economy (ESRS E5)”.* The establishment or operation of tolling or traffic management solutions does not cause any noise pollution, so no additional protective measures are required. The requirement relating to the protection and restoration of biodiversity and ecosystems is also not applicable to tolling and traffic management solutions, as these are implemented and operated exclusively on road infrastructure that has already been approved and constructed.

Finally, compliance with the minimum requirements set out in Article 18 of the Taxonomy Regulation 2020/852 was verified, taking into account the “Final Report on Minimum Safeguards” of the Platform on Sustainable Finance.

The analysis and preparation were carried out in close cooperation between Product Management, Supply Chain Management, the HSSEQ and Environmental Sustainability departments, and the Corporate Expert for EU Affairs. The Human Resources Department, the Procurement Department, the Group Compliance Officer, and the Head of Taxes and Transfer Pricing were also involved, in particular to review the minimum protection. External experts were further consulted to review the reasoning and analysis.

Regarding the minimum protection in terms of social and governance criteria, Kapsch TrafficCom, as described in detail in this Report, complies with the required OECD guidelines and basic principles through compliance with local legislation as well as through its own initiatives.

From Kapsch TrafficCom’s perspective, the tolling and traffic management solutions business meets the criteria for the environmental objective of climate change mitigation set out in >> *Section 6.15 “Infrastructure enabling low-carbon road transport and public transport”* and would therefore be taxonomy-aligned. However, as the legal text does not specifically refer to tolling and traffic management in the technical evaluation criteria, Kapsch TrafficCom does not currently report tolling and traffic management solutions as taxonomy-aligned under economic activity 6.15.

Climate change mitigation, economic activity 8.2.
Tolling and traffic management solutions are designed to collect, transmit, store, and analyze transportation and mobility data, making them data-driven information and communication technologies. Digital technologies such as on-board units, roadside sensors, satellite systems (GNSS), as well as data analysis methods and artificial intelligence are used to collect and evaluate transportation data in real time.

The solutions and data analyses provided make it possible to avoid congestion and stop-and-go traffic, enable more efficient traffic management to ensure more even utilization of the transportation network, and facilitate targeted road maintenance measures. A white paper published by Kapsch TrafficCom quantified and demonstrated the resulting reduction in fuel consumption and traffic-related greenhouse gas emissions.

In addition to the technical evaluation criteria, taxonomy compliance requires evidence of significant emission reductions compared to alternative solutions available on the market, with the calculations verified by an independent third party. Kapsch TrafficCom observes that tenders for new projects are increasingly applying evaluation criteria that systematically incorporate the carbon footprint of the proposed solution into the award decision.

The analysis of economic activity was conducted in close collaboration between the Environmental Sustainability Department, the Legal Department, and Product Management. To assess the minimum level of protection, the Human Resources Department, the Procurement Department, the Group Compliance Officer, and the Head of Taxes and Transfer Pricing were also involved.

To assess potential impacts on other environmental objectives, the physical climate risks, compliance with the RoHS Directive 2011/65/EU, testing for other hazardous substances, and environmental impact assessments related to production were analyzed; details can be found in >> *Section 2.3 "Pollution (ESRS E2)".* Furthermore, the hardware components are designed for repairability, disassembly, and reuse and contain no liquids. Should products be returned by customers, corresponding repair and refurbishment processes are in place, as well as contracts with recycling service providers that ensure proper handling at the end of the product's life cycle. Finally, a waste management plan must be reviewed on a project basis depending on the scope of the order.

Subject to the project-specific waste management plan, the analysis did not reveal any significant adverse effects on other environmental objectives.

In financial year 2025/26, no customer projects were commissioned for which the lowest project emissions could be verified by independent third parties. Consequently, Kapsch TrafficCom does not report any revenues from tolling and traffic management solutions as taxonomy-aligned under economic activity 8.2 for this financial year.

Circular economy, economic activity 1.2.
Kapsch TrafficCom's economic activities do not meet the criteria for a significant contribution to the circular economy as specified in 1.2 "Manufacture of electrical and electronic equipment". They are therefore not considered taxonomy-aligned under this economic activity.

Circular economy, economic activity 4.1.
Kapsch TrafficCom also analyzed its tolling and traffic management solutions for compliance with the technical evaluation criteria listed under economic activity 4.1 "Provision of data-driven IT/OT solutions".

Evaluation criterion 1: The solutions are developed, installed, deployed, maintained, and repaired by Kapsch TrafficCom. They include roadside sensors such as cameras and wireless sensors for detecting vehicle movements and transmit this data via communication interfaces to a data platform for further processing in the data center using the installed software.

Evaluation criterion 2a: The data collected makes it possible to assess traffic loads on specific sections of the road infrastructure, thereby enabling the early identification of wear and tear and the planning of proactive maintenance measures. In addition, roadside devices continuously report on their current condition, allowing for timely maintenance before the traffic system's performance is significantly impaired.

Evaluation criterion 2b: Based on traffic volume, recommendations can also be derived for traffic management and for optimizing maintenance measures on congested sections in order to extend the road's service life. Road operators can use their knowledge of the expected wear and tear on a road caused by specific vehicle classes to optimize road maintenance by leveraging traffic volume data from tolling and traffic management solutions to proactively plan the best possible repair measures, timing, and intervals for optimal resource allocation.

Evaluation criterion 2c: Using this very data, it is also possible to predict when the integrity of the road infrastructure will be at risk or when a significant disruption to the entire road network is imminent. In addition, the solutions provide recommended measures, including dynamic traffic management to reduce traffic on vulnerable sections, the triggering of early, targeted maintenance recommendations, and regulatory effects through tolling mechanisms.

Evaluation criterion 8a-c: The systems' hardware components are designed for long service life, repairability, ease of disassembly, and reusability. In the event that customers return products, appropriate repair and refurbishment processes are in place, as well as contracts with recycling service providers that ensure proper end-of-life disposal.

The analysis and preparation were carried out in close collaboration between the Environmental Sustainability Department, the Legal Department, and Product Management. To verify the minimum level of protection, the Human Resources Department, the Purchasing Department, the Group Compliance Officer, and the Head of Taxes and Transfer Pricing were also involved. To assess potential impacts on other environmental objectives, physical climate risks, compliance with the RoHS Directive 2011/65/EU, screening for other hazardous substances, and environmental impact assessments were analyzed in conjunction with production; details can be found in >> *Section 2.3 "Pollution (ESRS E2)".* The analysis revealed no significant adverse impacts on other environmental objectives in accordance with the criteria for economic activity 4.1.

In the previous year's analysis, the business activities were classified under the category "Tracking and location software" (activity description b). For this category, proof is required, among other things, that the data provided is necessary for life cycle assessment or material declaration (evaluation criterion 3a). This proof could not be provided either in the previous year or in the reporting year.

During the reporting year, business activities were classified under the category "Technologies for remote monitoring and predictive maintenance" (activity description a). For this category, the applicable evaluation criteria 2a–c, as described above, were met.

As a result, Kapsch TrafficCom's tolling and traffic management solutions make a significant contribution to high resource efficiency, waste reduction, and the circular use of critical infrastructure, and are taxonomy-aligned.

The two on-board units, TRP-4010 and OBU-5310, are therefore taxonomy-aligned under both Climate Change Mitigation (economic activity 3.6) and Circular Economy (economic activity 4.1). In cases where double counting must be avoided, they are classified under economic activity 4.1, Circular Economy.

Taxonomy-aligned investment and operating expenses.
The investment and operating expenses that can be allocated to revenue-related economic activity 3.6 are in accordance with the taxonomy. They include Company-owned production facilities, and research and development related to product development.

Key figures.

Revenues.

The revenues in the denominator correspond to total revenues in accordance with IFRS as reported in the >> *Consolidated Financial Statements, "Consolidated statement of comprehensive income"* and described in the >> *Management Report, Chapter 1.2 "Financial performance indicators".*

The portion of taxonomy-eligible revenues includes all revenues that can be attributed to taxonomy-eligible economic activities. Where revenue is taxonomy-eligible for multiple economic activities, economic activity 4.1 – which covers the entire tolling and traffic management portfolio – was selected for Disclosure Template 1; in Disclosure Templates 2–4, these revenues are reported separately. Consequently, only revenues from the non-traffic SCADA sub-segment, commercial vehicle inspections, and certain consulting services are excluded.

During the reporting year, the analysis of taxonomy-eligibility across market sub-segments was refined. The ancillary business activities in the non-traffic SCADA sub-segments were classified as non-taxonomy-eligible, as the full application of the technical evaluation criteria is not possible due to the scope of services provided by Kapsch TrafficCom. The Road Safety Enforcement sub-segment, which was not taxonomy-eligible in the prior year, was discontinued due to the sale of the South African company TMT. The Traffic Maintenance Service and Consulting Services sub-segments are analyzed annually at the project level and classified according to taxonomy-eligibility.

The taxonomy-aligned revenue in the numerator includes all taxonomy-eligible revenue under economic activity 4.1 "Provision of data-driven IT/OT solutions", as compliance was demonstrated during this financial year. In Disclosure Template 1, the taxonomy-aligned revenue from economic activity 3.6 is also allocated to economic activity 4.1 to avoid double counting; in Disclosure Templates 2–4, it is reported separately.

The revenues classified under economic activities 6.15, 8.2, and 3.6 are taxonomy-eligible and pursue the environmental objective of climate change mitigation, while economic activities 1.2 and 4.1 pursue the environmental objective of transitioning to a circular economy.

CapEx (capital expenditure).

The capital expenditures in the denominator include additions to property, plant, and equipment and intangible assets during the financial year under review, before depreciation and revaluations, including those resulting from revaluations and impairments for the financial year in question and excluding changes in fair value. Additions to property, plant, and equipment and intangible assets resulting from business combinations must also be included in the denominator. No CapEx plan has been defined.

The taxonomy-eligible portion of capital expenditures includes all capital expenditures that can be allocated to the tolling and traffic management business segments under economic activity 4.1. This corresponds to total CapEx expenditures, as all other economic activities do not result in additional capital expenditures. Only capital expenditures for the vehicle fleet and buildings were excluded and reported separately under activity 6.5 and activity 7.7, respectively.

Unlike in the previous year, the taxonomy-aligned portion of the investment data (numerator) includes all capital expenditures for tolling and traffic management allocated to economic activity 4.1. Similar to taxonomy-eligible CapEx expenditures, this also corresponds to total CapEx expenditures excluding fleet expenditures. For Disclosure Template 3, the costs for production facilities as well as the proportionate building expenses of the production site where the taxonomy-aligned products (on-board units TRP-4010 and OBU-5310) listed under economic activity 3.6 are manufactured were also reported. Their share is determined using a cost allocation formula defined as the total project costs of the production facility compared to the project cost share of the two products.

As in the previous year, taxonomy-eligible and taxonomy-aligned capital expenditures are allocated to revenue-related economic activities.

In financial year 2025/26, a significant addition to property, plant, and equipment with a value exceeding EUR 1,000,000 was recorded. These additions relate to the relocation of the facility in Mississauga, Canada.

OpEx (operating expenses).

Operating expenses in the denominator include direct, non-capitalized costs related to research and development, building renovation measures, short-term leases, maintenance and repairs, as well as all other direct expenses related to the day-to-day maintenance of property, plant, and equipment by the Company or third parties to whom activities are outsourced that are necessary to ensure the continuous and effective operation of these assets.

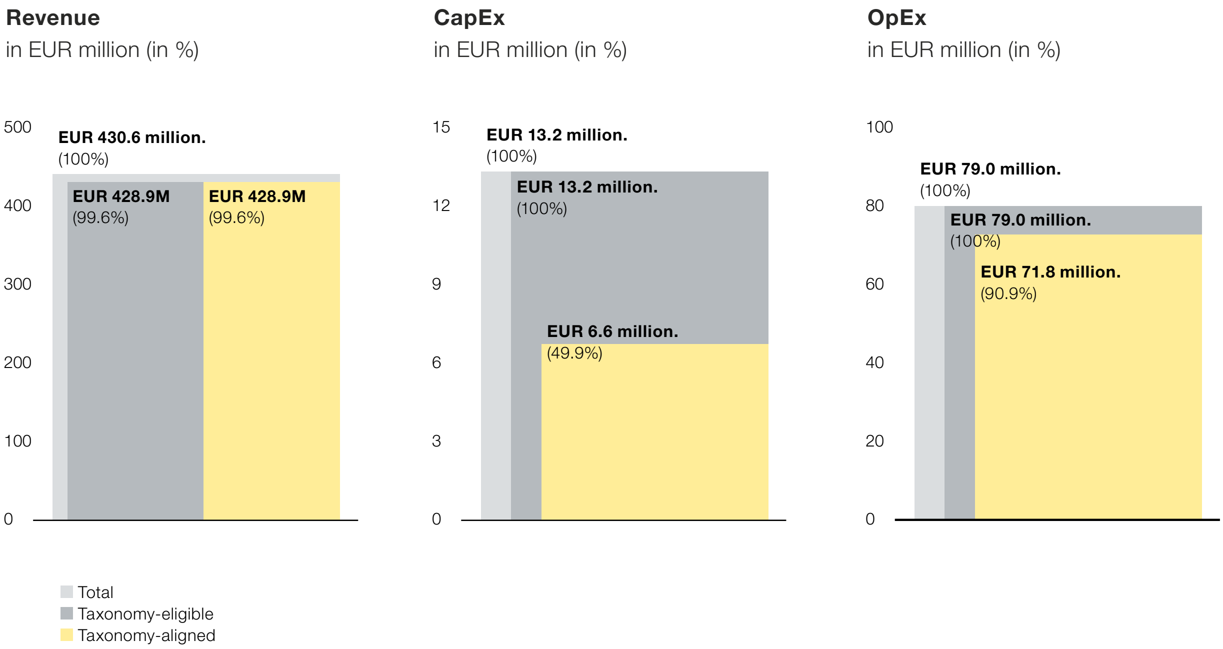
The taxonomy-eligible portion of operating expenses includes all operating expenses attributable to research and development, buildings, and production facilities for the taxonomy-eligible economic activities listed under 3.6, 6.15, 8.2, as well as 1.2 and 4.1. In Disclosure Template 1, multiple classifications are reported under economic activity 4.1. In addition, operating expenses for the vehicle fleet were reported under activity 6.5, and expenses for leased properties were reported under activity 7.7.

The taxonomy-aligned portion of operating expenses (numerator) comprises the operating expenses attributable to taxonomy-aligned solutions in the tolling and traffic management segments. These include operating expenses for research and development, production facilities, and production equipment, and are reported under economic activity 4.1. For Disclosure Template 4, the costs attributable to taxonomy-aligned on-board units under economic activity 3.6 were also calculated on a pro-rata basis using a cost allocation formula and reported separately.

As with capital expenditures, operating expenses were also reclassified to reflect revenue-related economic activities.

Expenses related to the day-to-day maintenance of property, plant, and equipment include non-capitalized short-term or low-value lease costs for rent and the vehicle fleet, as well as significant maintenance costs for buildings in Austria, Canada, and the United States.

The following breakdown results from the calculations (based on the values of the Kapsch TrafficCom Consolidated Financial Statements in accordance with IFRS):



Disclosure Template 1.

Financial year 2025/26				
KPI	**Total**	**Proportion of Taxonomy eligible activities**	**Taxonomy aligned activities**	**Proportion of Taxonomy aligned activities**
(1)	**(2)**	**(3)**	**(4)**	**(5)**
	in EUR million	%	in EUR million	%
Revenue	430.6	99.6%	428.9	99.6%
CapEx	13.2	100.0%	6.6	49.9%
OpEx	79.0	100.0%	71.8	90.9%

Disclosure Template 2 – Revenue.

Financial year 2025/26				
Economic Activities	**Code**	**Taxonomy eligible KPI (Proportion of Taxonomy eligible Revenue)**	**Taxonomy aligned KPI (monetary value of Revenue)**	**Taxonomy aligned KPI (Proportion of Taxonomy aligned Revenue)**
(1)	**(2)**	**(3)**	**(4)**	**(5)**
		%	in EUR million	%
4.1 Provision of IT/OT data-driven solutions	CE 4.1	99.6%	428.9	99.6%
3.6 Manufacture of other low-carbon technologies	CCM 3.6	0.0%	0.0	0.0%
6.15 Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	0.0%	0.0	0.0%
8.2 Data-driven solutions for GHG emissions reductions	CCM 8.2	0.0%	0.0	0.0%
1.2 Manufacture of electrical and electronic equipment	CE 1.2	0.0%	0.0	0.0%
Sum of alignment per objective				
Total Revenue		**99.6%**	**428.9**	**99.6%**

1) E = Enabling Activity
2) T = Transitional Activity
3) To avoid double counting, the revenue from economic activity CCM 3.6 is reported under economic activity CE 4.1. This amounts to 15.0% of taxonomy-eligible revenue and EUR 31.8 million (7.4%) of taxonomy-aligned revenue.
4) To avoid double counting, the taxonomy-eligible revenue from economic activities CCM 6.15, CCM 8.2, and CE 1.2 is reported under economic activity CE 4.1.

Breakdown by environmental objectives of Taxonomy aligned activities										
Climate Change Mitiga-tion	**Climate Change Adaptation**	**Water**	**Circular Economy**	**Pollution**	**Biodiversity**	**Proportion of enabling activities**	**Proportion of transitional activities**	**Non-assessed non-material activities**	**Taxonomy aligned activities in previous financial year 2024/25**	**Proportion of Taxonomy aligned activities in previous financial year 2024/25**
(6)	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**	**(12)**	**(13)**	**(14)**	**(15)**	**(16)**
%	%	%	%	%	%	%	%	%	in EUR million	%
7.4%	0.0%	0.0%	92.2%	0.0%	0.0%	99.6%	0.0%	0.0%	24.9	4.7%
0.1%	0.0%	0.0%	49.8%	0.0%	0.0%	49.9%	0.0%	0.0%	0.1	0.4%
1.3%	0.0%	0.0%	89.6%	0.0%	0.0%	90.9%	0.0%	0.0%	0.6	0.8%

Environmental objective of Taxonomy aligned activities								
Climate Change Mitigation	**Climate Change Adaptation**	**Water**	**Circular Economy**	**Pollution**	**Biodiversity**	**Enabling activity**	**Transitional activity**	**Proportion of Taxonomy aligned in Taxonomy eligible**
(6)	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**	**(12)**	**(13)**	**(14)**
%	%	%	%	%	%	E[1]	T[2]	%
-	-	-	99.6%	-	-	E[1]	-	100.0%
7.4%	-	-	-	-	-	E[1]		49.1%
0.0%	-	-	-	-	-	-	-	0.0%
0.0%	-	-	-	-	-	-	-	0.0%
-	-	-	0.0%	-	-	-	-	0.0%
7.4%	**0.0%**	**0.0%**	**99.6%**	**0.0%**	**0.0%**			
7.4%	**0.0%**	**0.0%**	**92.2%**	**0.0%**	**0.0%**	**99.6%**	**0.0%**	**100.0%**

Disclosure Template 3 – CapEx.

Financial year 2025/26 Economic Activities (1)	Code (2)	Taxonomy eligible KPI (Proportion of Taxonomy eligible CapEx) (3)	Taxonomy aligned KPI (monetary value of CapEx) (4)	Taxonomy aligned KPI (Proportion of Taxonomy aligned CapEx) (5)
		%	in EUR million	%
4.1 Provision of IT/OT data-driven solutions[3)]	CE 4.1	49.9%	6.6	49.9%
3.6 Manufacture of other low-carbon technologies	CCM 3.6	0.0%	0.0	0.0%
6.15 Infrastructure enabling low-carbon road transport and public transport[4)]	CCM 6.15	0.0%	0.0	0.0%
8.2 Data-driven solutions for GHG emissions reductions[4)]	CCM 8.2	0.0%	0.0	0.0%
1.2 Manufacture of electrical and electronic equipment[4)]	CE 1.2	0.0%	0.0	0.0%
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	9.7%	0.0	0.0%
7.7 Acquisition and ownership of buildings	CCM 7.7	40.4%	0.0	0.0%
Sum of alignment per objective				
Total CapEx		**100.0%**	**6.6**	**49.9%**

1) E = Enabling Activity
2) T = Transitional Activity
3) To avoid double counting, the capital expenditures for economic activity CCM 3.6 are reported under economic activity CE 4.1. These amount to 1.0% of taxonomy-eligible capital expenditures and EUR 0.01 million (0.1%) of taxonomy-aligned capital expenditures.
4) To avoid double counting, the taxonomy-eligible investment expenditures for economic activities CCM 6.15, CCM 8.2, and CE 1.2 are reported under economic activity CE 4.1.

Disclosure Template 4 – OpEx.

Financial year 2025/26 Economic Activities (1)	Code (2)	Taxonomy eligible KPI (Proportion of Taxonomy eligible OpEx) (3)	Taxonomy aligned KPI (monetary value of OpEx) (4)	Taxonomy aligned KPI (Proportion of Taxonomy aligned OpEx) (5)
		%	in EUR million	%
4.1 Provision of IT/OT data-driven solutions	CE 4.1	90.9%	71.8	90.9%
3.6 Manufacture of other low-carbon technologies[3)]	CCM 3.6	0.0%	0.0	0.0%
6.15 Infrastructure enabling low-carbon road transport and public transport[4)]	CCM 6.15	0.0%	0.0	0.0%
8.2 Data-driven solutions for GHG emissions reductions[4)]	CCM 8.2	0.0%	0.0	0.0%
1.2 Manufacture of electrical and electronic equipment[4)]	CE 1.2	0.0%	0.0	0.0%
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	4.5%	0.0	0.0%
7.7 Acquisition and ownership of buildings	CCM 7.7	5.0%	0.0	0.0%
Sum of alignment per objective				
Total OpEx		**100.0%**	**71.8**	**90.9%**

1) E = Enabling Activity
2) T = Transitional Activity
3) To avoid double counting, the operating expenses for economic activity CCM 3.6 are reported under economic activity CE 4.1. These account for 16.9% of taxonomy-eligible operating expenses and EUR 1.0 million (1.3%) of taxonomy-aligned operating expenses.
4) To avoid double counting, the taxonomy-eligible operating expenses for economic activities CCM 6.15, CCM 8.2, and CE 1.2 are reported under economic activity CE 4.1.

	Environmental objective of Taxonomy aligned activities								
	Climate Change Mitigation	**Climate Change Adaptation**	**Water**	**Circular Economy**	**Pollution**	**Biodiversity**	**Enabling activity**	**Transitional activity**	**Proportion of Taxonomy aligned in Taxonomy eligible**
	(6)	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**	**(12)**	**(13)**	**(14)**
	%	%	%	%	%	%	E[1)]	T[2)]	%
	-	-	-	49.9%	-	-	E[1)]	-	100.0%
	0.1%	-	-	-	-	-	E[1)]		9.3%
	0.0%	-	-	-	-	-	-	-	0.0%
	0.0%	-	-	-	-	-	-	-	0.0%
	-	-	-	0.0%	-	-	-	-	0.0%
	0.0%	-	-		-	-	-	-	0.0%
	0.0%	-	-		-	-	-	-	0.0%
	0.1%	**0.0%**	**0.0%**	**49.9%**	**0.0%**	**0.0%**			
	0.1%	**0.0%**	**0.0%**	**49.8%**	**0.0%**	**0.0%**	**49.9%**	**0.0%**	**49.9%**

	Environmental objective of Taxonomy aligned activities								
	Climate Change Mitigation	**Climate Change Adaptation**	**Water**	**Circular Economy**	**Pollution**	**Biodiversity**	**Enabling activity**	**Transitional activity**	**Proportion of Taxonomy aligned in Taxonomy eligible**
	(6)	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**	**(12)**	**(13)**	**(14)**
	%	%	%	%	%	%	E[1)]	T[2)]	%
	-	-	-	90.9%	-	-	E[1)]	-	100.0%
	1.3%	-	-	-	-	-	E[1)]		7.7%
	0.0%	-	-	-	-	-	-	-	0.0%
	0.0%	-	-	-	-	-	-	-	0.0%
	-	-	-	0.0%	-	-	-	-	0.0%
	0.0%	-	-		-	-	-	-	0.0%
	0.0%	-	-		-	-	-	-	0.0%
	1.3%	**0.0%**	**0.0%**	**90.9%**	**0.0%**	**0.0%**			
	1.3%	**0.0%**	**0.0%**	**89.6%**	**0.0%**	**0.0%**	**90.9%**	**0.0%**	**90.9%**

2.2 Climate change (ESRS E1).

Material impacts, risks, and opportunities	Position in the value chain	Description	Actions
Climate change adaptation			
Risk: Extreme weather conditions and environmental disasters can interrupt operations at relevant suppliers, causing disruption to the supply chain and resulting in lost revenue. (medium to long term)	<<<	**Outside-in:** Access to production-relevant materials could be disrupted if the procurement strategy is based on a small number of suppliers or regions. This could lead to a restriction or halt in the Company's own business activities and prevent it from fulfilling its obligations to customers. (physical)	▪ Diversification of the supply chain ▪ Building up material reserves ▪ Inventory management
Climate change mitigation			
Risk: Transition risk from the implementation of new climate change mitigation and adaptation regulations. (short to long term)	<<< ***KTC*** >>>	**Outside-in:** Implementation requires personnel, operational, and/or financial resources; late or inadequate action may result in penalties or even exclusion from the market. (transitory)	▪ Monitoring of the evolving legal framework ▪ Early implementation of the necessary preparatory measures to ensure compliance ▪ Regular compliance checks on the existing legal framework ▪ Engagement with industry associations and in the EU ▪ Supplier evaluation ▪ Supplier audits
Positive impact/ opportunity: Intelligent transportation systems, such as those from Kapsch TrafficCom, have the potential to significantly reduce traffic-related greenhouse gas emissions. (short to long term)	***KTC*** >>>	**Inside-out:** Improving traffic flow and reducing congestion can cut traffic emissions, especially greenhouse gas emissions, by up to 20%. Tolling systems can also improve road quality, which reduces rolling resistance. This leads to significant savings in fuel consumption. Tolling can also encourage people to buy newer, lower-emission vehicles. (actual) **Outside-in:** Focus on low-emission and emission-reducing products offers business prospects for Kapsch TrafficCom, which is particularly relevant for public-sector customers; a sustainable portfolio can positively influence reputation and thus sales opportunities and financing options. (actual)	▪ Tolling solutions ▪ Traffic management ▪ Demand management ▪ Infrastructure-reduced solutions ▪ Sustainability communication
Negative impact/risk: Causing high emissions through own processes as well as upstream and downstream activities in the value chain – purchased goods and services in particular pose a significant risk. (short to long term)	<<< ***KTC*** >>>	**Inside-out:** Insufficient measures to reduce greenhouse gas emissions in the value chain promote climate change. (actual) **Outside-in:** Increased transparency requirements demand the publication of emissions caused. High emissions can result in increased operating costs for materials, energy, and transportation, as well as significant reputational damage due to failure to meet reduction targets, which can subsequently lead to the loss of customers or investors. (transitory)	▪ Supplier evaluation ▪ Supplier audits ▪ Cloud solutions ▪ Refurbishment and repair service ▪ Infrastructure-reduced solutions ▪ Durable products ▪ Sustainable product design ▪ Remote maintenance and remote testing ▪ Regulation for working from home ▪ Reduction of business travel

Positive impact/ opportunity: Significant reduction in emissions through own products and processes, as well as upstream and downstream activities in the value chain. (short to long term)	<<< ***KTC*** >>>	**Inside-out:** Effective and comprehensive measures to reduce greenhouse gas emissions throughout the value chain help mitigate climate change. (actual) **Outside-in:** Improvement of reputation through initiatives to reduce greenhouse gas emissions.	■ Supplier evaluation ■ Supplier audits ■ Cloud solutions ■ Refurbishment and repair service ■ Infrastructure-reduced solutions ■ Durable products ■ Sustainable product design ■ Remote maintenance and remote testing ■ Regulation for working from home ■ Reduction of business travel

<<< upstream value chain
KTC within the Company
>>> downstream value chain

Strategy.

Material impacts, risks, and opportunities and their interaction with strategy and business model (ESRS 2 SBM-3).

All material impacts, physical and transitional risks, and opportunities (IROs) of or for Kapsch TrafficCom are summarized at the beginning of this section.

Resilience analysis.
The resilience analysis is based on all business activities along the value chain. In addition, all significant physical and transitional risks were evaluated.

As part of the scenario analysis, the projected impacts of the IPCC's SSP 5-8.5 scenario were examined with regard to physical climate risks; this scenario assumes unchecked climate change, a global temperature rise of 4–6 degrees Celsius, and a doubling of emissions by 2050. For Kapsch TrafficCom, this would mean an increased likelihood of supply chain disruptions and damage to facilities due to the rising probability of extreme weather events. With regard to road maintenance, increased expenditures are expected, which will be financed in part by tolling revenues and thus will not jeopardize Kapsch TrafficCom's tolling business.

With regard to transitional risks, the IPCC scenario SSP 1-1.9 was used for the analysis; this scenario assumes that global temperature rise will be limited to 1.5 degrees Celsius and is accompanied by far-reaching adaptation measures. The central assumption is that the business with tolling and traffic management solutions will not be restricted or prohibited, but rather that business growth is expected in the long term due to their reduction of traffic emissions. Furthermore, it is assumed that tenders for solutions for user-pays tolling in connection with Directive 2011/76/EU ("Eurovignette Directive") will become increasingly common. As a result, Kapsch TrafficCom sees an opportunity to increase its market share and reputation through innovative solutions for distance-based or emissions-based tolling. Conversely, Kapsch TrafficCom faces transitional risks due to higher costs resulting from additional regulatory requirements regarding the eco-design of products and their disclosure, energy consumption, and increased CO_2 prices for industries.

Through this approach, Kapsch TrafficCom ensures that the resilience analysis takes into account the respective extreme scenarios for physical and transitional risks.

On this basis, the resilience analysis was conducted in fiscal year 2024/25, taking further into account the identified impacts, risks, and opportunities from the materiality analysis, and was reviewed in January 2026. The short, medium, and long term time horizons applied are consistent with those of the materiality analysis and thus with those of strategic financial and corporate planning and are described in >> *Section 1 "General Disclosures (ESRS 2)".*

Through the robust climate risk and vulnerability assessment, physical and transitional risks were systematically analyzed as follows.

Transitional risks. Another key aspect highlighted by the materiality analysis is the changing nature of customer requirements and legal obligations as they relate to Kapsch TrafficCom's product portfolio. On the one hand, the Company's market share could decline if it fails to keep pace with the market's rate of innovation; on the other hand, Kapsch TrafficCom has the opportunity to significantly reduce greenhouse gas emissions by developing innovative smart traffic solutions, as well as to address specific regional requirements.

Consequently, the portfolio is a key component of the strategy to increase the resilience of the business model. Kapsch TrafficCom will continue to focus on providing sustainable mobility solutions consisting of hardware, software, and services that make road traffic more efficient, safer, more reliable, and more comfortable, while helping to reduce environmental impact.

Consequently, the business model already demonstrates high resilience in the transition toward a climate-neutral economy. To further expand its environmentally friendly offerings, the Company continuously invests in research and development. This ensures the expansion of the sustainable product portfolio in line with ecodesign principles, and environmental aspects are actively communicated. In addition, the Company ensures that changing customer requirements regarding sustainability criteria are addressed. In connection with future disclosures pursuant to Regulation 2024/1781 (Ecodesign Regulation or ESPR), a short-term increase in expenses is anticipated once the Delegated Acts applicable to Kapsch TrafficCom are published.

Since Kapsch TrafficCom is not an energy-intensive company, no changes in energy consumption are expected based on the analyzed climate scenarios. Especially as the share of renewable energies in the global energy mix is steadily increasing, it is expected that this will also apply to Kapsch TrafficCom's energy mix, and thus no significant cost increases are anticipated. Currently, the Company is not affected by CO_2 pricing for emission-intensive industries. Current developments regarding the Carbon Border Adjustment Mechanism (CBAM) and the now-raised reporting thresholds indicate that this does not pose a significant risk to Kapsch TrafficCom for the time being.

To ensure the Company is prepared for the impact of upcoming sustainability regulations, Kapsch TrafficCom is working to monitor the evolving regulatory framework globally and take preparatory measures for future compliance, for example through collaboration with industry associations. This provides increased resilience against regulatory uncertainties.

In summary, it can be said that Kapsch TrafficCom's business model, with its strategic focus on innovation and sustainability and an emphasis on risk management, provides a robust foundation and strong resilience with regard to transitional risks.

Physical risks. At present, the solutions still require a significant amount of physical roadside infrastructure in certain areas, such as gantries, electronic equipment, or on-premise IT infrastructure, which could be affected by physical climate risks. Kapsch TrafficCom's roadside infrastructure is already adapted to extreme weather events to ensure that the service level agreements for customer projects can be met under local climate conditions such as storms, snow, rain, heat, or high humidity. Optimizing the product portfolio toward infrastructure-reduced and virtualized solutions will play a central role for the Company in the coming years. However, such an adaptation will take time, especially since alternatives often cannot yet be provided due to insufficient customer acceptance or a lack of technology, and significant investment would also be required. Examples of infrastructure-reduced solutions include tolling poles instead of tolling gantries or optimized cloud infrastructure instead of local on-premise IT infrastructure. Virtualization refers to the implementation of functionality previously realized in physical infrastructure within software. Examples of this include the virtualization of the on-board unit as a smartphone app, as well as the reduction of tolling gantries through the use of GNSS (Global Navigation Satellite System)-based tolling technology instead of DSRC (Dedicated Short-Range Communications)-based tolling technology. Kapsch TrafficCom hopes that these efforts will not only address the risks and opportunities of the business model but also provide innovative technologies that drive the ambitions of the entire industry.

As long as the portfolio is not fully virtualized, there remains a limited degree of uncertainty regarding the Company's resilience in its upstream supply chain, as suppliers are globally distributed and use various transportation routes that could be affected by diverse physical climate risks.

Further investments in resilient infrastructure, insurance, and contingency planning can help to further enhance the Company's resilience in the face of impending physical climate risks.

Transition plan for climate change mitigation (E1-1).

Kapsch TrafficCom has not yet adopted a long-term transition plan for climate change mitigation, as this required a solid data foundation for the greenhouse gas inventory of the base year 2019/20. This data foundation was revised in fiscal year 2025/26, enabling the calculation of all necessary metrics for the greenhouse gas inventory. This allowed the previous ambition to reduce greenhouse gas emissions to be formalized into a target. The measures already initiated to reduce greenhouse gases will continue to be pursued. However, a Group-wide, formally adopted transition plan for climate change mitigation is not yet available at the time of reporting.

Impact, risk, and opportunity management.

Policies related to climate change mitigation and adaptation (E1-2).

Sustainability policy "Sustainability Vision".
Kapsch TrafficCom has defined its strategy for climate protection, climate change adaptation, and energy in its Sustainability Vision. This guide describes in detail the approach for achieving the goals of reducing the carbon footprint and ensuring taxonomy compliance (see >> *Section 1.3 "Strategy"*).

The goals were defined to address the material impacts, risks, and opportunities related to climate change. They are closely aligned with the European Union's policy direction, as this region is considered a global pioneer in climate protection legislation and market interest is highest here. They are as follows:

- Sustainable Portfolio: Increase the share of taxonomy-aligned products to 50% by 2030
- Sustainable Company: Reduce the carbon footprint by 42% compared to the 2019/20 fiscal year by 2030

Kapsch TrafficCom's greenhouse gas reduction target was verified internally based on scientific criteria, but not by the Science Based Targets initiative (SBTi). The targets are aligned with the European Union's Green Deal plan: On the one hand, the Corporate Sustainability Reporting Directive (CSRD) mentions a 42% reduction as a "cross-sector (ACA) reductions pathway"; on the other hand, there are market advantages in the EU for taxonomy-aligned products.

The sustainability concept approved by the Executive Board includes various global targets to achieve the greenhouse gas target "Sustainable Company" and the taxonomy target "Sustainable Portfolio":

- Scope 1: Further reduction of fuel consumption by company vehicles
- Scope 2: Reduction of emissions caused by energy consumption at our own site
- Scope 3:
  - Reduction of raw materials (with a high carbon footprint) through portfolio virtualization to reduce the carbon footprint of purchased items (Category 1)
  - Improving resource utilization (Category 1); details can be found in >> *Section 2.4 "Resource use and circular economy"*
  - Reducing total energy consumption during the use phase by lowering the energy consumption of individual products and through efficient solution and data architecture (Category 11)
  - Flexibility in the area of working from home, such as providing adequate tools for collaboration, reduces the need for commuting (Category 7)

The concept encompasses the entire Company and, in terms of its targets, applies to the entire value chain – including our own operations, the upstream value chain, and solutions implemented at customer sites. The Executive Board is responsible for implementation at the highest management level. The Environmental Sustainability team regularly updates the Executive Board on the current status of target achievement and advises on any necessary adjustments and measures. The targets and requirements were defined based on various customer requirements and interests during direct exchanges in the course of customer projects. The "Sustainability Vision" was published on the Company's website to ensure that all stakeholder groups can access the information and align themselves with Kapsch TrafficCom's position.

It includes the following guiding principles regarding the sub-themes of the ESRS and thus addresses the impacts, risks, and opportunities in the area of climate change:

- Climate change mitigation: Reducing corporate emissions across Kapsch TrafficCom's entire value chain
- Climate change adaptation: Analyzing and adapting the business model in light of existing and potential climate risks
- Energy efficiency: Focusing on energy efficiency in our own operations and in customer projects
- Renewable energy: Switching to renewable energy sources wherever possible

Actions and resources in relation to climate change policies (E1-3).

With regard to the material impacts, risks, and opportunities associated with its current and planned measures, Kapsch TrafficCom focuses primarily on two key areas: First, the Company is working to increasingly leverage the emission-reducing potential of intelligent transportation systems. In this context, Kapsch TrafficCom is investing in electronic toll collection and traffic management solutions to continuously optimize them and thereby further improve traffic flow and reduce emissions. In addition, the Company is committed to raising awareness of the positive environmental effects of intelligent transportation systems by developing a quantification method to measure potential emission savings. This was published in a white paper and made available to the industry.

On the other hand, the focus is on reducing emissions in the corporate carbon footprint. This includes the following measures:

Infrastructure-reduced solutions (under implementation and ongoing).
Kapsch TrafficCom is constantly working on innovations in the areas of tolling and traffic management that reduce the need for physical infrastructure. These include the following solutions, among others:

- GNSS systems with a reduced number of tolling gantries (ongoing measure). GNSS systems use precise satellite positioning data, which is transmitted to the central system via cellular networks. This allows for a reduction of approximately 79% in the number of tolling gantries per project. In fiscal year 2025/26, a nationwide system of this type was commissioned in Lithuania. This project results in a reduction of approximately 6,600t CO_2e for Scope 3 Category 1. At the same time, it must be noted that GNSS-based solutions present project-specific challenges (including those related to system complexity and operational requirements), which is why their use is decided on a case-by-case basis.
- Smartphone app that replaces on-board units (ongoing measure). The tolling system in Lithuania combines the GNSS system with the smartphone app. This eliminates the production of approximately 500,000 on-board units, corresponding to a total saving of about 9,300t CO_2e in Scope 3 Category 1.
- Lean roadside solution that avoids the construction of new tolling gantries by utilizing existing infrastructure or gantries (ongoing measure). By avoiding the construction of new steel tolling gantries through the use of existing infrastructure, approximately 4t of steel and thus more than 11t of CO_2e are saved per gantry. The construction of a new tolling pole saves approximately 3.5t of steel compared to the construction of a new tolling gantry, thereby saving more than 10t CO_2e. A project in Switzerland was commissioned in fiscal year 2025/26 using existing tolling gantries and will be expanded in fiscal year 2026/27 with 49 tolling poles. In total, approximately 1,000t CO_2e in Scope 3 Category 1 can thus be saved in Switzerland through the use of existing tolling gantries and tolling poles.
- Self-sufficient solutions with integrated photovoltaic power generation (under implementation). Self-sufficient solutions eliminate emissions associated with power supply lines and electricity consumption during operation. The first self-sufficient mast for a C-ITS solution was installed in Kassel for testing purposes. Compared to a conventional pole solution, this can save approximately 28t CO_2e in Scope 3 Category 1 for the construction of the power line per tolling pole (assuming a 1-kilometer power line), as well as approximately 47 kg CO_2e per year in Scope 3 Category 11 for electricity consumption.

Cloud solutions (ongoing measure).
Kapsch TrafficCom offers the option of a Software-as-a-Service (SaaS) solution hosted in the cloud for many of its products. Cloud implementations significantly reduce a solution's carbon footprint compared to on-premise solutions, as hardware usage and power consumption are optimized. A study by Microsoft[1)] is used to quantify the savings. The study shows that between 72% and 98% of CO_2 emissions in Scope 3 Category 11 can be reduced by using a cloud solution. The actual savings potential for the 2026/27 fiscal year at Kapsch TrafficCom is 1,892t CO_2e. The expected savings for subsequent fiscal years are lower because, although cloud solutions are already available in nearly all product families and are offered as standard in customer projects, on-premise installations are typically implemented at the explicit request of customers.

1) https://www.microsoft.com/en-gb/download/details.aspx?id=56950

Reduction of electricity consumption at the Company's own facilities at global locations (completed measure).
As part of the annual data collection for calculating Scope 2 emissions, high-emission sites are analyzed to identify and realize potential savings. In fiscal year 2025/26, Scope 2 emissions decreased by 88%, or 9,827t CO_2e in absolute terms, compared to the previous year, as the Company's most emission-intensive customer project, ETC in South Africa, was completed in the prior year. Kapsch TrafficCom currently assumes that no further significant reductions will be possible in the future, as ETC has since then had below-average Scope 2 emissions compared to other Kapsch companies.

Reduction in fuel consumption of the vehicle fleet (ongoing).
Since the base year 2019/20, Kapsch TrafficCom has already reduced Scope 1 emissions by 48%, amounting to a total of 2,391t CO_2e. Through the continued gradual transition of the fleet to more fuel-efficient vehicles, an additional average annual reduction in fuel consumption of around 5% is expected by 2030, which corresponds to a cumulative reduction of a further 478t CO_2e.

All measures leverage material reduction and the reduction of electricity consumption in solutions. They include nature-based adaptations as well as technological solutions.

Scope 3 Categories 1 and 11 make the largest contribution to the greenhouse gas balance. Both categories are directly related to the portfolio, which therefore represents the greatest lever for decarbonization. Indirect emissions in Scope 3 Category 1 stem from purchased materials and services. Indirect emissions in Scope 3 Category 11 are caused by the electricity consumption of the solutions during operation.

The technology and innovation roadmaps envision a transformation of the portfolio toward reduced infrastructure (e.g., mast solutions instead of gantries, use of existing infrastructure instead of new construction, gantries made of wood instead of steel/aluminum), toward cloud-based solutions (instead of on-premise solutions), and toward further virtualization of hardware products. The implementation of these measures does not depend on the availability and allocation of additional funds.

Metrics and targets.

Targets related to climate change mitigation and adaptation (E1-4).

Kapsch TrafficCom's sustainability strategy is designed to help the Company meet the 1.5-degree target of the Paris Agreement. It is therefore based on achieving the overarching taxonomy objective described in Section 1.3, as well as the Company's climate target:

Sustainable Company. 42% reduction in carbon footprint.
Kapsch TrafficCom aims to reduce its company-wide CO_2 footprint (in accordance with ISO 14064-1:2018, the Greenhouse Gas Protocol, and based on the 1.5-degree pathway) by 42% by 2030 compared to the 2019/20 financial year.

Previously, no quality-assured data was available for the base year. This data has now been reviewed and refined, enabling the greenhouse gas inventory for the 2019/20 financial year to be fully compiled. Largely the same calculation methods as in the reporting year were applied, with slightly lower coverage rates. Consequently, the previous climate ambition could be converted into a climate target.

The 2019/20 financial year was selected as the representative base year because it was the last financial year prior to the COVID-19 pandemic, during which Kapsch TrafficCom's business activities were severely impacted. Additionally, the 2019/20 financial year as the base year is consistent with the target mentioned as an example in the ESRS to reduce greenhouse gas emissions by 42% between 2020 and 2030.

The target was defined by the Environmental Sustainability team, taking into account customer inquiries and interests, and proposed to the ESG Task Force. Following its confirmation, the target was submitted to the Executive Board and adopted by it as part of the approval of the "Sustainability Vision" sustainability concept. The target is evaluated annually as part of sustainability reporting to assess progress and implement adjustments as necessary.

The defined climate-related target not only addresses regulatory risks related to the portfolio but also capitalizes on opportunities arising from changing customer and stakeholder interests. Furthermore, it ensures that Kapsch TrafficCom makes its necessary contribution to minimizing the frequency of climate disasters and associated risks by adhering to the 1.5-degree climate pathway.

Target (Unless otherwise stated, all values are in t CO_2e)	Base year 2019/20	2025/26	Progress since base year in percent	Target year 2029/30	Target contribution
Reduction of the CO_2 footprint of Kapsch TrafficCom by 42% by 2030 (base year 2019/2020)	125,071	73,311	-41 %	72,091	52,980
thereof Scope 1 GHG emissions	5,024	2,632	-48 %	2,154	2,870
thereof Scope 2 GHG emissions	15,157	1,285	-92 %	1,285	13,872
thereof Scope 3 GHG emissions	104,890	69,393	-34 %	68,651	36,238
thereof Scope 3.1 GHG emissions	55,280	46,921	-15 %	45,168	10,113
thereof Scope 3.11 GHG emissions	20,178	12,432	-38 %	13,443	6,735

The consistency of the target with the scope of the greenhouse gas inventory has been ensured, as both the target and the greenhouse gas inventory cover the entire corporate Group and Scope 1, Scope 2, and all material categories of Scope 3.

As mentioned above, the climate target has not been verified by the Science Based Targets initiative. It is based on the "cross-sector (ACA) reductions pathway" of 42% proposed in the Corporate Sustainability Reporting Directive and is thus consistent with adherence to the 1.5-degree climate pathway. Assuming that the portfolio will become increasingly virtualized in the future due to both customer requirements and regulatory requirements, potential revenue growth is not equivalent to emissions growth.

Scope 3 Categories 1 and 11 make the largest contribution to the greenhouse gas footprint. Both categories are directly related to the portfolio, which therefore represents the greatest lever for decarbonization. Indirect emissions in Scope 3 Category 1 stem from purchased materials and services. Indirect emissions in Scope 3 Category 11 are caused by the electricity consumption of the solutions during operation. Thus, the two main areas for reducing the associated greenhouse gases are:

- less material usage and
- the design of solutions with lower power consumption.

Based on the table above, one might get the impression that the reduction target of -42% has largely been achieved. However, Kapsch TrafficCom expects revenue growth through the 2029/30 financial year that, without the implementation of appropriate measures, would result in an increase in emissions of 16,213t CO_2e in Scope 3 categories 1 and 11 between the 2025/26 and 2029/30 financial years.

Therefore, both the technology and innovation roadmaps call for a transformation of the portfolio toward reduced infrastructure. The Company expects emission savings of approximately 18% (absolute target amount: 10,113t CO_2e) during the defined target period through reduced material use in Scope 3.1, as well as approximately 33% (absolute target amount: 6,735t CO_2e) in Scope 3.11 through optimized IT infrastructure, around 57% (absolute target amount: 2,870t CO_2e) in Scope 1 through the reduction of fuel-intensive company vehicles, and around 92% (absolute target amount: 13,872t CO_2e) in Scope 2 through the reduction of energy-intensive sites, resulting in a reduction of approximately 90% (absolute target amount: 2,833t CO_2e) in Scope 3.3, and further approximately 79% (absolute target amount: 11,459t CO_2e) in Scope 3.2 through reduced procurement of capital goods, as well as approximately 67% (absolute target amount: 4,461t CO_2e) in Scope 3.7 through the work-from-home policy, and a small portion in Scope 3.6 through the avoidance of air travel.

In the context of total emissions, for portfolio-related Scopes 3.1 and 3.11, this amounts to approximately 13% (absolute amount: 16,847t CO_2e), for energy-related Scopes 1, 2, and 3.3, approximately 16% (absolute amount: 19,574t CO_2e), for employee mobility-related Scopes 3.6 and 3.7, approximately 5% (absolute amount: 5,958t CO_2e), and for investment-related Scopes 3.2 and 3.15, a reduction of approximately 8% (absolute amount: 10,600t CO_2e).

As part of the scenario analysis, the projected impacts of the IPCC scenario SSP 5-8.5 regarding physical climate risks were considered for the definition of significant greenhouse gas levers. With regard to transitional risks, the IPCC scenario SSP 1-1.9 was included in the analysis. No other scenarios were considered.

Energy consumption and mix (E1-5).

To address the material impacts, risks, and opportunities associated with high emissions in its own value chain, as well as transition risks that lead to higher energy costs, the Company monitors key performance indicators related to energy consumption and the energy mix.

Calculation and measurement methods.

The scope of consolidation for energy consumption corresponds to the financial scope of consolidation. Energy consumption data was collected for the sites with the highest number of employees and the companies with the highest fleet costs (leasing and operating costs), which includes the two production sites. These account for 88% (2024/25: 77%) of total energy consumption. The remaining energy consumption was extrapolated proportionally based on headcount. Aside from the audit by the external auditor, there was no additional external validation of the metric.

Energy consumption and mix.

Energy consumption and energy mix (in MWh)	**2024/25**	**2025/26**
Total energy consumption	**34,374**	**18,746**
Fossil energy sources		
Fuel consumption from coal and coal products	-	-
Fuel consumption from crude oil and petroleum products (diesel, heating oil, petrol)	11,872	10,135
Fuel consumption from natural gas	3,076	2,050
Fuel consumption from other fossil sources	-	-
Consumption from purchased or received electricity, heat, steam and cooling and from fossil sources	16,970	5,165
Total fossil energy consumption	**31,918**	**17,350**
Share of fossil sources in total energy consumption (in %)	**92.9%**	**92.6%**
Nuclear energy sources		
Consumption from nuclear sources	16	182
Share of consumption from nuclear sources in total energy consumption (in %)	**0.0%**	**1.0%**
Renewable energy sources		
Fuel consumption for renewable sources, including biomass	1,411	528
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	1,029	687
Consumption of self-generated non-fuel renewable energy	-	-
Total renewable energy consumption	**2,440**	**1,215**
Share of renewable sources in total energy consumption (in %)	**7.1%**	**6.5%**
Energy intensity based on net revenue associated with activities in high climate impact sectors (in MWh/EUR)	**0.000056**	**0.000060**

Kapsch TrafficCom has analyzed its economic activities across its products and services and assigned them to the corresponding NACE codes. The following NACE code is classified as a climate-intensive sector:

- C.26.30 – Manufacture of telecommunications equipment and apparatus

When calculating energy intensity, the energy consumption of the two production sites in Vienna, Austria, and Mississauga, Canada, is compared with the revenue from the assigned products and services in the climate-intensive sector.

Connectivity of energy intensity based on net revenue with financial reporting information.
The consolidated revenue of the Kapsch TrafficCom Group was used as the denominator to calculate energy intensity; see >> *Consolidated Financial Statements, "Consolidated statement of comprehensive income"*. The numerator includes revenue that can be assigned to NACE codes for climate-intensive sectors.

in EUR	**2024/25**	**2025/26**
Net revenue from activities in high climate impact sectors used to calculate energy intensity	85,403,531	64,756,864
Net revenue (other)	444,912,000	365,843,136
Total net revenue (Financial statements)	530,315,531	430,569,203

Gross Scopes 1, 2, 3 and total GHG emissions (E1-6).

To address the material impacts, risks, and opportunities associated with high emissions within our own value chain, as well as transition risks that lead to increased transparency requirements and higher operating costs, we also monitor key performance indicators related to gross greenhouse gas emissions.

GHG emissions – Scope 1, Scope 2, and Scope 3.

	Retrospective				Milestones and target years		
in tCO_2e	**2019/20**	**2024/25**	**2025/26**	**+/-**	**2029/2030**	**2049/2050**	**Annual % target/ Base year**
Scope 1 GHG emissions							
Gross Scope 1 GHG emissions	5,024	3,345	2,632	79%	2,154	-	-7%
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)[1]	0%	0%	0%	-	0%	-	-
Scope 2 GHG emissions							
Gross location-based Scope 2 GHG emissions	15,157	11,112	1,285	12%	1,285	-	-20%
Gross market-based Scope 2 GHG emissions	14,792	10,842	1,148	11%	1,148	-	-21%
Significant scope 3 GHG emissions[2]							
Total gross indirect (Scope 3) GHG emissions	104,890	77,429	69,393	90%	68,651	-	-4%
1. Purchased goods and services[3]	55,280	43,134	46,921	109%	45,168	-	-2%
2. Capital goods	14,452	7,962	2,992	38%	2,992	-	-13%
3. Fuel and energy-related activities (not included in Scope 1 or Scope 2)	3,137	2,685	304	11%	304	-	-19%
4. Upstream transportation and distribution[4]	-	-	-	-	-	-	-
5. Waste generated in operations[4]	-	-	-	-	-	-	-
6. Business travel	3,243	1,470	1,747	119%	1,747	-	-5%
7. Employee commuting	6,651	2,619	2,190	84%	2190	-	-10%
8. Upstream leased assets[4]	-	-	-	-	-	-	-
9. Downstream transportation[4]	-	-	-	-	-	-	-
10. Processing of sold products[4]	-	-	-	-	-	-	-
11. Use of sold products[5]	20,178	18,711	12,432	66%	13,443	-	-4%
12. End-of-life treatment of sold products[4]	-	-	-	-	-	-	-
13. Downstream leased assets[4]	-	-	-	-	-	-	-
14. Franchises[4]	-	-	-	-	-	-	-
15. Investments[6]	1,949	849	2,808	331%	2,808	-	3%
Total GHG emissions							
Total GHG emissions (location-based)	125,071	91,887	73,311	80%	72,091	-	-5%
Total GHG emissions (market-based)	124,706	91,616	73,173	80%	71,953	-	-5%

1) Kapsch TrafficCom is not regulated by emissions trading systems.
2) Figure reported in the 2024/25 financial year: 104,747 t CO_2e
3) Figure reported in the 2024/25 financial year: 47,685 t CO_2e
4) Classified as non-material in line with ISO 14064
5) Figure reported in the 2024/25 financial year: 42,426 t CO_2e
6) was not material in the 2024/25 financial year and was therefore not reported at that time

The absolute amount of biogenic Scope 1 emissions is 3.8t CO_2e (2024/25: 3.6t CO_2e). The absolute amount of biogenic Scope 2 emissions is 20.3t CO_2e (2024/25: 196.1t CO_2e). The absolute amount of biogenic Scope 3 emissions is 471.3t CO_2e (2024/25: 617.9t CO_2e). Compared to the 2024/25 sustainability statement, the capture rates for Scope 1, Scope 2, and Scope 3 Category 11 data were increased, thereby reducing the proportion of projected emissions. The calculation method for Scope 3 Category 1 has been adjusted and is now based on total purchases as well as the number of on-board units produced. For consistency, the prior-year figure has been recalculated using the new method. All other scopes and categories continue to be determined using the methods applied in the previous financial year.

Calculation and measurement methods.
The scope of consolidation for greenhouse gas emissions and sinks corresponds to the financial scope of consolidation. The greenhouse gas emissions of the Kapsch TrafficCom Group are collected at the Company or site level and aggregated for the Group. The data used to calculate Scope 1 emissions was collected for the companies with the highest fleet-related OpEx; this accounts for 80% (2024/25: 79%) of Scope 1 emissions. The data used to calculate Scope 2 emissions was collected for the sites with the highest number of employees. This accounts for 89% (2024/25: 82%) of Scope 2 emissions. Emission data not directly measured was extrapolated based on employee headcount. Aside from the auditor's review, no additional validation of the metric was performed by an external party.

Scope 1.
In preparing the assessment of Scope 1 emissions, all greenhouse gas groups (CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, and NF_3) were evaluated and quantified in tons of CO_2e. Kapsch TrafficCom does not cause any direct greenhouse gas emissions in its production, as only electricity is required in the production process. Therefore, Scope 1 emissions consist only of the Company's car fleet, fuel used for heating, and refrigerant leaks. With regard to the Company fleet, only Company-owned vehicles and leased vehicles with a minimum contract term of one year are included.

Fuel consumption is used as activity data to calculate emissions from these sources. If no information on actual consumption data is available, consumption is calculated based on fuel costs.

Like the input data for Scope 2, the input data for Scope 1 is collected using Microsoft OneDrive and Microsoft Excel. The relevant data points collected for quantifying Scope 1 emissions are:

- Heating energy consumption (only heating with stationary combustion, e.g., gas, oil, coal)
- Diesel for company vehicles
- Gasoline for company vehicles
- Consumption of refrigerants

These data points are entered locally by the designated sustainability contact at the respective site or subsidiary. The quantities are derived from fuel bills. To facilitate validation, the relevant evidence must also be added to the data point. With the help of this evidence and annual deviation analyses, the data points are validated and approved.

In addition, the emission factors for each activity and location are entered to enable activity-based calculation of emissions. The emission factors for fuels are taken from the UK Government GHG Conversion Factors for Company Reporting (BEIS database) published by the UK government. As these factors are based on physical combustion processes that do not differ between regions, it is considered appropriate in terms of accuracy to use the emission factors from the United Kingdom. The 2025 version of the database was used in this quantification approach. The emission factors used already include biogenic emissions. The emission factors also include other emissions such as CH_4 and N_2O and therefore enable the calculation of CO_2e.

Any refrigerant leaks are reported as part of the annual maintenance of the air conditioning systems. Whenever there is evidence of a refrigerant recharge, this data is taken into account. This data is then used, together with the emission factors for the respective refrigerant from the BEIS database, to quantify the associated emissions. If no refill has been performed, this is confirmed by the respective sustainability contacts at the sites; refills are normally performed only following a malfunction and are not part of the regular procedures associated with the operation of an air conditioning system.

The biogenic emissions included in Scope 1 are calculated by taking into account the average proportion of biofuel in gasoline and the average proportion of biodiesel in diesel per country, as many countries have enacted regulations to enforce the blending of biofuels into regular fuels. These proportions were obtained from secondary sources.

These proportions were then multiplied by the gasoline/diesel consumption in each country to obtain the amount of biogenic fuel/diesel used. The emission factors from the BEIS database (tab “Bioenergy”) were then applied to calculate the respective emissions.

Scope 2.
For Scope 2 emissions, emissions from district heating, cooling, and electricity are assessed. Only emissions from energy purchased by Kapsch TrafficCom and used at its own leased locations are taken into account. If no information on actual consumption data is available, consumption is calculated based on costs.

The electricity consumption for the solutions in operation is included in Scope 3. Indirect emissions from the generation, transmission, or distribution of purchased energy are also reported in Scope 3 Category 3. Kapsch TrafficCom does not produce any electricity that is exported or distributed to another entity.

To calculate this emissions range, energy consumption is used as activity data. Similar to Scope 1, this data is collected using Microsoft OneDrive and Microsoft Excel. The relevant data points collected for quantifying Scope 2 emissions are:

- Electricity consumption
- Heating energy consumption (district heating only)
- Electricity consumption of electric company vehicles

These data points are entered locally by the designated sustainability contact at the respective site or subsidiary. To facilitate validation, the relevant supporting documentation must also be added. Using this documentation and a number of annual deviation analyses, the data points are then validated and approved.

In addition, the emission factors for each activity and location are entered to enable activity-based calculation of emissions. The emission factors for electricity consumption are location-specific and refer to the average emission factor for the respective national grid. More detailed information was available for the United States and Canada, which enabled the use of emission factors for the average grid of the respective states. All these values are taken from the IDEMAT database in the latest available version from 2026. The emission factors for district heating were taken from the UK Government GHG Conversion Factors for Company Reporting from 2025, published by the UK government. Although they refer to district heating in the United Kingdom, this value is considered sufficiently accurate, as all Kapsch TrafficCom sites that use district heating are located in Europe, where it is assumed that there are no significant differences in emission factors between countries. Furthermore, the total energy consumption of district heating is insignificant compared to the other heating sources used, so small deviations are negligible. The emission factors used already include biogenic emissions. The emission factors also include other emissions such as CH_4 and N_2O and therefore enable the calculation of CO_2e.

For the emission factor of electric vehicles, an average factor of all electricity factors used was applied. This is considered appropriate as only a minimal number of electric vehicles are used in the Company, making their total emissions insignificant compared to other vehicle emissions.

Market-based emissions are calculated for all sites where information on these emission factors is included in the relevant evidence. The remaining emissions are assessed in Europe using the residual mix, and for the remaining sites using the location-based emission factor. If proof of district heating powered by biogenic energy sources is available, this energy is additionally recorded and evaluated separately.

There have been no events since the balance sheet date that would require disclosure in connection with the greenhouse gas inventory.

Kapsch TrafficCom does not use any (0%) contractual instruments for the sale and purchase of energy that are bundled with attributes for energy production or not bundled with energy attributes.

Scope 3.
The share of GHG Scope 3 emissions calculated using primary data amounts to 49% (recalculated for 2024/25: 36%, reported for 2024/25: 6%).

Determination of the materiality of Scope 3 categories.
In order to determine the indirect emissions that are material to Kapsch TrafficCom's corporate carbon footprint, a materiality analysis was performed for all Scope 3 categories of the Greenhouse Gas Protocol. Seven aspects were assessed for materiality in accordance with the criteria for Scope 3 materiality analysis set out in Annex H of ISO 14064:

- Magnitude
- Level of influence
- Risk/opportunity
- Outsourcing
- Employee engagement
- Quality of available data
- Data collection costs

For evaluation purposes, each category was assigned a score between one and five, with higher scores indicating greater materiality. The criteria were then weighted as follows:

- Magnitude: 30%
- Level of influence: 15%
- Risk/opportunity: 15%
- Outsourcing: 5%
- Employee engagement: 5%
- Quality of available data: 15%
- Data collection costs: 15%

Each score was multiplied by the corresponding weighting and then the total for each category was calculated. The value 2 was set as the materiality threshold. This ensures that the material emission categories are included in the reporting, highlighting the main levers for reducing greenhouse gas emissions caused by Kapsch TrafficCom.

Possible reassessment and documentation. The materiality of Scope 3 emissions is reassessed annually during each update of the corporate carbon footprint, and any revisions are documented. This process ensures a thorough and dynamic assessment of the corporate carbon footprint.

The following Scope 3 categories were identified as non-material and therefore excluded:

- Category 4, Upstream transportation and distribution: Transport as a source of greenhouse gas emissions has been insignificant in all calculations of the product's carbon footprint to date.
- Category 5, Waste generated in operations: Waste accounts for only a very small proportion of total emissions.
- Category 8, Upstream leased assets: Rent for upstream leased assets is covered in Scope 3 Category 2, and emissions from energy use are covered in Scope 1 and 2. There are no other emissions that can be assigned to this category.
- Category 9, Downstream transportation: Transport as a source of greenhouse gas emissions has been relatively insignificant in all previous calculations of the product carbon footprint.
- Category 10, Processing of sold products: The products are not further processed after sale to the customer, so this category is not applicable.
- Category 12, End-of-life treatment of sold products: The disposal of products at the end of their life is mainly organized by the customer. In addition, disposal contributes only minimally to overall emissions.
- Category 13, Downstream leased assets: Kapsch TrafficCom does not lease any properties in its downstream activities; this category is therefore not applicable.
- Category 14, Franchises: Kapsch TrafficCom does not have any franchises, therefore this category is not applicable.

The following Scope 3 categories were included:

- Category 1, Purchased goods and services
- Category 2, Capital goods
- Category 3, Fuel and energy-related activities (not included in Scope 1 or Scope 2)
- Category 6, Business travel
- Category 7, Employee commuting
- Category 11, Use of sold products
- Category 15, Investments: Due to the deconsolidation of the Belarusian company, its emissions are now included in Category 15; as a result, unlike in financial year 2024/25, this category is now material

Scope 3 reporting boundaries, calculation, and estimation.
For all material Scope 3 categories, the emissions of the scope of consolidation were determined based on available data.

When calculating **Scope 3 emissions for Category 1** (purchased goods and services), a distinction is made between emissions from material purchases and emissions from purchased services.

The data source for material emissions is the material purchases from the companies' supply chain tools, which are linked to and reconciled with the financial procurement data. This approach ensures that only materials received and paid for during the reporting year are included. Material purchases are evaluated by product line based on the internal categorization established in the supply chain tools, along with their total weight. A weight-based emission factor is assigned to each material category to calculate emissions. Emissions from all purchased materials without an assigned weight are calculated using expenditure-based emission factors per product line. Emissions from all purchased materials that can be directly attributed to the most frequently produced on-board units are assessed based on the number of units produced, as CO_2 footprint calculations are available for these and this represents the best available data quality.

Emissions from purchased services are calculated across balance sheet accounts using expenditure-based emission factors. To avoid double counting, all product line categories for services are excluded from the analysis of material purchases described above.

The weight-based emission factors used were obtained from the IDEMAT, Ademe, and BEIS emission databases. The activity-based emission factors were obtained from the Carbonsaver emission database.

Scope 3 emissions for Category 2 (capital goods) are estimated based on all additions of fixed assets as reported in the consolidated financial statements. No specific types of fixed assets are excluded. For this emission category, an expenditure-based quantification model using emission factors from the Carbonsaver emission database was applied.

Scope 3 emissions for Category 3 (fuel and energy-related activities) are closely related to the Scope 1 and 2 emissions recorded. The basic data for this emission category is the same as for Scope 1 and 2.

In contrast to Scope 1 and 2, the emission factors for the production and transport (upstream emissions) of these energy sources are used here. For Scope 1, these were taken from the BEIS database (table "WTT – fuels"). For Scope 2, on the other hand, emission factors based on the publication "GHG Emission Factors for Electricity Consumption" by Bastos, Monforti-Ferrario, and Melica for the European Commission were used. This dataset provides emission factors for electricity consumption per country. These emission factors are specified based on the activity-based approach on the one hand and on the life cycle approach on the other, whereby the upstream emissions of the activity are also taken into account.

To determine the emission factor, the difference between the emission factor calculated using the life cycle approach and the activity-based approach for the most recent year available was therefore calculated. Since these emission factors were not available for all countries in the same years and the activity-based emission factors did not fully match the factors used for Scope 1 and 2 from the BEIS and IDEMAT databases, the percentage share of this calculated difference (upstream emission factor) is calculated in comparison to the activity-based emission factor. This percentage is then applied to the emission factors used for Scope 1 and 2 to obtain a proportional estimate of the associated Scope 3 emissions.

For **Scope 3 emissions for Category 6** (business travel), emissions from air travel and hotel stays are taken into account – business travel by company car is included in Scope 1, and rail travel is only possible in rare cases due to the distribution of customers around the world and is therefore considered insignificant. Emissions from air travel are obtained directly from travel agencies and calculated by them in accordance with the DEFRA methodology, which takes into account the passenger kilometers flown, the type of flight (domestic, short-haul, long-haul), and the passenger class used.

Since hotel stays are booked through the Company's global travel management department, the activity data for this emission sub-category is retrieved from a central database maintained by the travel management department. Hotel stays were broken down by country and appropriate emission factors were taken from the BEIS database.

For **Scope 3 emissions for Category 7** (employee commuting), a quantification model was developed as it is not practical to measure the commuting emissions of all employees directly.

Based on anonymized personnel data, the distance between each employee's residential district and their office location was calculated. Employees with company cars were excluded, as their emissions were already included in Scope 1.

For employees who commute regularly, a typical mode of transportation was selected based on the availability of public transportation around the office location. Only offices in city centers with good public transportation connections were identified as locations where the majority would use public transportation. For these office locations, a 20% share of car use was also taken into account. For all other offices, the car is assumed to be the primary mode of transportation, and it is assumed that 100% of the total kilometers are driven by car, as this represents a conservative approach.

Every employee is entitled to 60% working from home. As a conservative estimate, it was assumed that each employee spends an average of three days per week in the office. The number of working weeks taken into account was 45, as employees have an average of four weeks vacation, one week's sick leave, and a total of two weeks public holidays. In addition, the distance traveled was doubled, as employees commute to and from the office every day.

The resulting number of kilometers per employee is then multiplied by the respective emission factor of the assigned mode of transport. The UK Government GHG Conversion Factors for Company Reporting from 2025 were used for the emission factors. The emission factors used were available in the categories "Business Travel – Land" and "WTT – pass vehs & travel – land". The emission factor for an average car was used for car use for commuting. For commuting by public transport, an average emission factor for various modes of public transport was used. The average of the factor for "National rail" and the factor for "Average local bus" was used for this purpose. In order to also take into account the upstream emissions caused by the operation of these vehicles, the WTT (well-to-tank) emissions were added to the combustion emissions.

As the location of office sites will not change significantly from year to year and the average commute and preferred modes of transport will therefore remain largely the same, it is considered appropriate to repeat the person-based calculation every three years. In the intervening years, the value will be extrapolated to the current number of employees based on the average value per commuter.

For this quantification model, most of the data processing is carried out using MS Excel. Other electronic data processing and storage systems used are myWorkday and Google Maps. myWorkday is Kapsch TrafficCom's human resources management system, in which all employee data is stored. The HR team uses this software to extract basic data on employees' office and home locations and then calculate the distances traveled. The distances are anonymized before being passed on to the Environmental Sustainability team to ensure compliance with data protection laws. Data is only exported from myWorkday without calculating the emission category.

The Google Maps Platform Distance Matrix API is used to calculate distances. Only employees' ZIP codes are used to ensure data protection.

Scope 3 emissions for Category 11 (use of sold products) are calculated based on the electricity consumption of 22 reference projects during the operational phase. The reference projects are selected based on the costs for materials and services as well as other operating costs. These costs are considered a relevant factor for estimating the emissions that reflect electricity consumption during the use phase of Kapsch TrafficCom. The selected reference projects cover approximately 55% of these costs. The remaining portion was extrapolated based on costs, with a differentiation made within the tolling and traffic solution segments. Emissions from electricity consumption are calculated using the global average emission factor for electricity (source: IDEMAT – Electricity General).

Scope 3 emissions for Category 15 (investments) are estimated based on all proportionate revenue from investments and equity interests as reported in the consolidated financial statements. No specific types of investments are excluded. For this emission category, an expenditure-based quantification model using emission factors from the Carbonsaver emission database was applied.

GHG intensity.

GHG intensity based on net revenue.

	2024/25	2025/26
Revenues (in EUR million)	530.3	430.6
Total GHG emissions (location-based) per net revenue in tCO_2e/EUR	0.000173	0.000170
Total GHG emissions (market-based) per net revenue in tCO_2e/EUR	0.000173	0.000170

The net revenue used to determine greenhouse gas intensity corresponds to the consolidated revenue reported in the >> *Consolidated Financial Statements, "Consolidated statement of comprehensive income".* It amounts to EUR 430.6 million (2024/25: EUR 530.3 million).

2.3 Pollution (ESRS E2).

Material impacts, risks, and opportunities	Position in the value chain	Description	Actions
Pollution of air			
Positive impact/ opportunity: Intelligent transportation systems, such as those from Kapsch TrafficCom, have the potential to significantly reduce traffic-related air emissions (e.g., NO_x, PM10, PM2.5). (short to long term)	>>>	**Inside-out:** Intelligent steering of traffic demand and the resulting improvement in traffic flow can significantly reduce the emission of air pollutants. Tolling systems can improve road quality, which reduces fuel consumption and combustion-related air pollutants. Tolling can also provide an incentive for newer, lower-emission vehicles. (actual) **Outside-in:** Focus on environmentally friendly products offers business prospects for Kapsch TrafficCom; a sustainable portfolio can positively influence reputation and thus sales opportunities and financing options.	▪ Investment in the portfolio ▪ Sustainability communication

<<< upstream value chain
KTC within the Company
>>> downstream value chain

Impact, risk, and opportunity management.

Policies related to pollution (E2-1).

The “Sustainability Vision” concept described in >> *Section 2.2 “Climate change (ESRS E1)”* calls for the portfolio to reduce air emissions (e.g., NO_x, PM10, PM2.5) in the context of environmental pollution, thereby addressing the significant positive impact in this area. This is achieved on the one hand by improving road quality through toll revenues and on the other hand by improving traffic flow with traffic management solutions, in particular through demand management. In addition, Kapsch TrafficCom’s solutions can be used to implement low emission/clean air zones, thereby promoting the use of vehicles with lower emissions. The policy therefore stipulates that solutions with high emission reduction potential (such as environmental zones, demand management, etc.) should be promoted. This part of the policy is particularly relevant in the downstream value chain.

Actions and resources related to pollution (E2-2).

Since both segments of Kapsch TrafficCom, electronic toll collection solutions and traffic management, contribute to reducing air emissions, the significant positive impact and simultaneous opportunity are addressed through regular business activities. The Company continuously invests in optimizing its solutions to further improve traffic flow and thus reduce air emissions. Two solutions are particularly noteworthy in terms of their potential to reduce air emissions:

- Demand management makes it possible to control and optimize traffic flow by intelligently influencing traffic demand, thereby reducing congestion and emissions.
- Low emission zones/clean air zones can be implemented through dynamic toll pricing. This involves defining urban areas that certain vehicle emission classes are not allowed to enter or can only enter for a fee.

The actions described relate entirely to the downstream value chain; their implementation therefore depends on the system design specified by customers in tenders. The solutions are continuously offered and further developed in all regions and therefore have no defined timeframe.

As the solutions are part of the core business, there are no significant additional costs for these measures. All measures contribute to the prevention of environmental pollution.

Metrics and targets.

Targets related to pollution (E2-3).

Kapsch TrafficCom has not defined any targets relating to environmental pollution. The Company considers that addressing the positive impact and related opportunities by fulfilling its business model with the tolling and traffic management segments, which are proven to enhance air quality, among other things, is sufficient coverage. The Company naturally strives to increase revenue through the products and services it offers.

Customers' reasons for purchasing the system are based on several factors. In addition to improving air quality, these include improving traffic flow and, not least, generating an additional source of revenue that serves the public good, such as for infrastructure maintenance. Furthermore, the system's design is specified in customers' tenders. System optimizations aimed at improving air quality depend on local conditions, public acceptance, and understanding of the pricing structure. They can therefore only be implemented in close collaboration with the customer, in accordance with their priorities and requirements.

Due to this interplay, it is not possible to formulate a single measurement of the proportion of intelligent transportation solutions that are procured and implemented for the purpose of improving air quality in a way that is measurable and achievable for the Company on its own.

Pollution of air (E2-4).

Kapsch TrafficCom continues to generate no direct emissions from its own operations. Kapsch TrafficCom does not cause air, water, or soil pollution through its own operations. In the production process, the machines are powered solely by electricity and/or pneumatics. The fine dust generated during the mechanical soldering process is captured by filters. Furthermore, there are no uncontrolled discharges into the environment, thereby preventing soil contamination.

2.4 Resource use and circular economy (ESRS E5).

Material impacts, risks, and opportunities	Position in the value chain	Description	Actions
Resources inflows, including resource use			
Risk: Disruption of the supply chain due to resource shortages. (short to long term)	<<<	**Outside-in:** Global resource scarcity can lead to increased costs for the procurement of components for production, delivery failures, or operational disruptions.	■ Supply chain diversification ■ Infrastructure-reduced solutions ■ Green Gantry ■ Refurbishment and repair service ■ Reuse of plastic waste in production ■ Long-lasting products ■ 2-in-1 camera (VDX2i)
Opportunity: Supporting customers in saving resources through environmentally friendly solutions. (short to long term)	>>>	**Outside-in:** Improved traffic flow and the resulting reduction in fuel consumption, as well as resource-saving solutions, enable cost savings for customers and road users. This leads to more tenders for environmentally friendly transportation solutions and thus increased sales and an improvement in Kapsch TrafficCom's reputation.	■ Demand management ■ Traffic management ■ Tolling solutions ■ Infrastructure-reduced solutions ■ Green Gantry ■ Refurbishment and repair service ■ Environmentally friendly packaging ■ Long-lasting products ■ 2-in-1 camera (VDX2
Resource outflows related to products and services			
Positive impact/ opportunity: Resource savings through the introduction of circular economy principles in portfolio management and innovation processes. (short to long term)	<<< *KTC* >>>	**Inside-out:** Greater resource efficiency, e.g., through recycling, alternative energy sources, longer product life, etc., conserves resources. (actual) **Outside-in:** Resource efficiency can reduce costs and improve the Company's reputation. Recycled or upcycled products enable revenue growth and increase market share.	■ Infrastructure-reduced solutions ■ Green Gantry ■ Refurbishment and repair service ■ Reuse of plastic waste in production ■ Environmentally friendly packaging ■ Sustainable product design (Sustainable Portfolio Guideline) ■ Long-lasting products ■ 2-in-1 camera (VDX2i)

<<< upstream value chain
KTC within the Company
>>> downstream value chain

Impact, risk, and opportunity management.

Policies related to resource use and circular economy (E5-1).

The "Sustainability Vision" concept described in >> *Section 2.2 "Climate change (ESRS E1)"* calls for a general reduction in the use of raw materials, the use of renewable raw materials, and the long-term use of materials in the context of resource use and the circular economy. This addresses the key risks related to resource scarcity and consumption in the supply chain, as well as the opportunities and positive impacts associated with resource savings.

Kapsch TrafficCom incorporates the principles of the circular economy into its product design. According to its approach, this can be achieved – wherever possible – by reusing existing infrastructure, prioritizing lean designs such as pole solutions over tolling gantries, using materials with a lower carbon footprint (such as wood instead of steel), and developing products with a long service life. In addition to a long service life, repairability and a high degree of recyclability are mandatory product requirements. Furthermore, the waste hierarchy (reduce, reuse, repair, recycle) is followed for hardware products manufactured in-house.

The policy aims to reduce the use of primary raw materials as part of an overall reduction in raw material consumption by utilizing existing or streamlined infrastructure, and primarily affects the downstream value chain in all regions.

Actions and resources related to resource use and circular economy (E5-2).

All identified material impacts, risks, and opportunities can be addressed by leveraging material reduction or substitution. In this context, Kapsch TrafficCom has implemented the following actions:

Infrastructure-reduced solutions (under implementation and ongoing).
Kapsch TrafficCom is constantly working on innovations in the areas of tolling and traffic management that reduce the need for physical infrastructure. These include the following solutions:

- GNSS (Global Navigation Satellite System) systems (ongoing measure) with a reduced number of tolling gantries. GNSS systems use precise satellite positioning data that is transmitted to the central system via mobile networks. This allows for a reduction of approximately 79% (2,400 tons of steel) in the number of tolling gantries per project. In the 2025/26 financial year, a nationwide system of this type was commissioned in Lithuania. At the same time, it is important to note that GNSS-based solutions present project-specific challenges (including those related to system complexity and operational requirements), which is why the decision to use them is made on a case-by-case basis.
- Smartphone app (ongoing measure) that replaces on-board units. The tolling system in Lithuania combines the GNSS system with the smartphone app. This eliminates the need to produce approximately 5,360,000 on-board units, corresponding to a total material savings of about 220 tons.
- Lean Roadside Solution (ongoing measure) that avoids the construction of new tolling gantries by utilizing existing infrastructure or tolling masts. By avoiding the construction of new steel tolling gantries through the use of existing infrastructure, approximately 4 tons of steel per gantry, as well as other project-specific materials, are saved. The construction of a new tolling mast saves approximately 3.5 tons of steel compared to the construction of a new tolling gantry. A project in Switzerland was commissioned in financial year 2025/26 using existing tolling gantries and will be expanded in financial year 2026/27 with 49 tolling poles. In total, approximately 370 tons of steel can thus be saved in Switzerland through the use of existing tolling gantries and poles.

Refurbishment service (ongoing measure).
The electronic components in the on-board units generally last significantly longer than their typical total service life. For the core product TRP-4010, for example, the battery is often the limiting factor after more than seven years of operation. That is why, through the refurbishment initiative, the products are given a second life at the customer's request. When refurbishing on-board units, the electronics are reused, while the housing and battery are replaced. The refurbished products undergo a quality inspection before being returned to the customer. This allows at least 2 g of electronic components to be reused per refurbished DSRC (Dedicated Short-Range Communications) on-board unit. For GNSS on-board units, 85 g of electronic components can be reused per refurbished unit. In financial year 2025/26, a total of approximately 68,000 on-board units were recycled. This corresponds to a total savings of 2.4t of electronic components.

Green Gantry (ongoing measure).
Due to their resource consumption, tolling gantries account for a significant portion of the environmental impact of a tolling solution. Conventional solutions are primarily made of steel or aluminum. To reduce the environmental impact of these products, Kapsch TrafficCom has developed a solution in which these materials are replaced as much as possible with the renewable material wood. Compared to a conventional steel tolling gantry, each Green Gantry can save 3 tons of steel. No new Green Gantries were ordered in financial year 2025/26.

The actions described all relate to the downstream value chain, so their implementation depends on customer requirements and the system configurations defined therein. All actions are being implemented globally. The solutions are offered and developed on an ongoing basis. They therefore have no defined time frame. No significant costs were incurred for these actions in the reporting period. The infrastructure-reduced solutions are part of the core business, which is why no significant additional costs have been incurred for this measurement under implementation.

Metrics and targets.

Targets related to resource use and circular economy (E5-3).

In connection with the "Sustainability Vision" strategy, existing measures, and the goal of reducing its carbon footprint, Kapsch TrafficCom considers resource use and the circular economy to be adequately addressed and has therefore not set any additional targets. The effectiveness of the concept with regard to material impacts, risks, and opportunities is tracked as part of a continuously updated assessment of the environmental impacts of the Company's portfolio. Climate risks and opportunities along the value chain are compiled there and, where already available, assigned to new activities and product development initiatives. These are qualitatively assessed based on their impact level and probability and are monitored on a "Kanban Board," where current activities are assigned to the respective key contacts from the departments (e.g., Product Management, Innovation, Production, Environmental Sustainability).

In financial year 2025/26, however, there was a target related to resource use and the circular economy for the variable compensation of the Executive Board. This target called for a 30% increase in the number of refurbished on-board units compared to the previous year. The target was not met.

Resource inflows (E5-4).

The materials and machines required for production are described below. As some of these are special machines, details of the production process are also provided to facilitate understanding.

Kapsch TrafficCom's tangible products mainly comprise electronic components and devices. These include various telecommunications devices, cameras, and cables. The following semi-finished products, which are purchased as material inputs in the upstream value chain, are mainly used in the production of these products:

- Circuit boards
- Surface-mounted components (e.g., integrated circuits (ICs), diodes, capacitors, resistors, transistors)
- Batteries
- Rechargeable batteries
- Cables
- Housing parts (e.g., made of aluminum, plastic)
- Various modules (e.g., transmitter modules, camera modules, GSM modules)
- Metal brackets (e.g., made of steel)
- Packaging materials (outer packaging mainly paper-based, inner packaging partly plastic (e.g., polystyrene))

Rare earth metals as raw materials and water are not significant resource inputs. Rare earth metals are partly contained in the semi-finished products mentioned above. However, these do not include products that typically use a high proportion of rare earth metals. For example, circuit boards, one of the most important semi-finished products for Kapsch TrafficCom's production, require only negligible amounts of rare earth metals. Water is not required in the production process.

Kapsch TrafficCom has two production sites, one in Vienna (Austria) and one in Mississauga (Canada). The buildings are leased and consist of one or more halls and office space. These buildings are mainly furnished with standard office furniture such as desks. The Company only has one truck and one pickup truck for transport activities. Therefore, most transport is outsourced to external freight forwarders.

Machines.

Various machines are used to produce the devices and components, in particular heavy machinery for automatic circuit board assembly. These assemble the circuit boards with the necessary electronic surface-mounted components and other components and produce fully assembled circuit boards in several steps. These machines are used, for example, for the automatic assembly of the circuit boards of the TRP-4010 on-board unit – a mass-produced product – but also for the manufacture of circuit boards for larger products such as roadside equipment. Three of these machines are used in Vienna and two in Mississauga. For certain products, circuit board assembly must be carried out semi-automatically. This is particularly the case for larger products when the circuit boards cannot be processed in the automatic machine described above. Wave soldering systems (heavy machines) are used for this purpose, allowing employees to carry out the soldering process step by step using manual controls. Two of these semi-automatic soldering systems are in use.

In addition, the production facility has three fully automated production lines for manufacturing the TRP-4010. These machines produce the finished on-board units from the individual components – circuit board, battery, and housing. During this process, the battery is soldered to the circuit board using a laser soldering system, assembled with the housing, and then laser-marked with the serial number. Finally, the production line places the products in the appropriate packaging. For other types of on-board units, the battery is attached semi-automatically using a selective soldering system. One of these is in use in Vienna and two in Mississauga. For these on-board units, the product is assembled on a manual production line after the semi-automatic battery soldering process. The finished products are then tested for performance in test facilities (heavy machinery). More than ten of these are in use. Automatic labeling machines (medium-duty machines) are used to apply the serial number to the product. In Mississauga, some on-board units are also packaged in retail packaging at the customer's request. The Company has three packaging machines (medium-duty machines) for this purpose.

The installation of roadside products is carried out manually. Torque wrenches and other standard tools (light machinery) are primarily used for this purpose. To ensure the quality and performance of each product, specialized system and functional tests are also carried out. Special testing instruments (medium-duty machinery) are used for this purpose. For all roadside products, the associated cables are mostly produced in-house. Cable assembly machines (light machinery) are used for this purpose.

Other resource inflows.
The IT equipment in production consists mainly of desktop computers for configuring and monitoring the machines. In addition, various forklifts, hand pallet trucks, and pallet wrapping machines are used in the warehouse. Lean lifts and a component counter are used to make warehouse organization as efficient as possible. These machines are standard commercial logistics machines in their category and are therefore made of steel, various plastics (especially for the tires), and various electronic components.

The total weight of materials used in the manufacture of Kapsch TrafficCom's products and solutions amounted to 3,012t in financial year 2025/26 (2024/25 recalculated: 3,023t, 2024/25 reported: 5,194t), 88.0% (2024/25 recalculated: 93.4%, 2024/25 reported: 90.8%) of these material inflows are technical materials, and 12.0% (2024/25 recalculated: 11.5%, 2024/25 reported: 9.2%) are biological materials. The biological materials consist exclusively of packaging materials.

The proportion of reused or recycled secondary components, as well as secondary intermediate products and secondary materials used in the manufacture of the Company's products and services, was calculated for the first time in financial year 2025/26 based on data from the top 3.7% of suppliers (3.6% in 2024/25, not reported in the 2024/25 report) according to purchase volume. The share amounts to 35.2% (32.9% in 2024/25, not reported in the 2024/25 report) and corresponds to 1,059t in the reporting year (995t in 2024/25, not reported in the 2024/25 report). Data from the top suppliers is requested every three years.

The refurbishment of the TRP-4010 is a service provided through the manufacturing process. Customers can only obtain the refurbishment service for their own used on-board units. This means that the used on-board units remain the property of the customer. They are not purchased as material inflows by Kapsch TrafficCom and are not treated as material inflows for the production of products.

The data source for the total weight of resource inflows is derived, in the same way as the data source for reporting Scope 3 Category 1 emissions, from the central consolidated analysis of all material purchases in the Companies' supply chain tools. By linking this data to financial procurement data, it is ensured that only materials received and paid for during the reporting year are included. Material purchases are evaluated by product line according to the internal categorization established in the supply chain tools, along with their total weight. The extrapolation of material purchases without assigned weights is performed on a product line-specific basis and is based on the ratio of weight to procurement value of comparable materials. In this way, different material characteristics are taken into account. The reported total weight of material inflows thus consists of directly recorded material weights and additionally derived proportions, which were extrapolated based on the average weights.

These metrics are reviewed on a year-over-year basis to assess the effectiveness of the Company's circular economy initiatives. An improvement should be observed once the initiatives take effect. Aside from the auditor's review, no additional validation of the metric was conducted by an external party.

Resource outflows (E5-5).

Products and materials.

Kapsch TrafficCom's portfolio is divided into product families assigned to the areas of tolling and traffic management. Brief descriptions of the software and hardware product families can be found in the >> *Management Report, Chapter 1.1.2 "Market definition and solutions".* All product families – including intangible ones, which account for a large share of Kapsch TrafficCom's business activities – are developed and produced in accordance with circular economy principles, in particular with regard to resource efficiency.

Durability, reusability, and recyclability.

Kapsch TrafficCom takes the principles of circular economy into account in its product design, as set out in its Sustainability Vision. Products are durable and reusable, with reduced wear, tear, and corrosion. Existing infrastructure is also reused to minimize the need for new materials.

The products are easy to repair and dismantle thanks to the use of standardized components and reversible connection technologies such as screws. Parts that need to be cleaned or replaced are easily accessible, and universal tools are used for dismantling.

Materials with lower CO_2 emissions, such as wood instead of steel, are preferred, provided that this also meets customer requirements. Technical concepts enable a circular economy by integrating multiple functions into a single device and using recyclable materials.

Power consumption during the usage phase is minimized through intelligent product design wherever possible. Kapsch TrafficCom follows the waste hierarchy: reduce, reuse, repair, recycle. Products should be designed so that they can be easily disassembled into their individual materials and recycled. In addition, the modular design of the products facilitates their repairability.

With these actions, Kapsch TrafficCom designs its products sustainably along the entire value chain, thereby contributing to a circular economy. These principles are incorporated into every product development process via a central "requirements repository" containing detailed sustainability requirements for products. The product manager evaluates the feasibility of each requirement for the respective product and implements it during the development process wherever possible.

With regard to packaging materials, Kapsch TrafficCom began replacing conventional plastic packaging (polystyrene (PS), expanded polystyrene (EPS), polyethylene (PE)) with molded fiber packaging and single-use paper packaging in financial year 2024/25. These not only have a smaller carbon footprint but are also easier to recycle.

Repairability.

All Kapsch TrafficCom products are generally repairable. They comply with the "Green Portfolio" guideline, which includes, among other things, best practices from internal and external sources for designing products with high repairability. Customers return the products to the respective production site. At the factory, the cause of the fault is analyzed and the defective parts are replaced.

Meaning of the repairability rating:

- High – reusability through refurbishment.

  All on-board units meet almost all repairability requirements of the "Green Portfolio" guideline. A refurbishment service is available for all on-board units. As part of the refurbishment, the housing must also be replaced in addition to the defective part. After a function test at the production site, the electronics of on-board units are equipped with a new battery and a new housing.

- Very high – maximum repairability.

  All products have a modular design and meet the repairability requirements of the "Green Portfolio" guideline. A defective hardware module of a product (with the exception of on-board units) can be either repaired or replaced at the production site. Software errors can be corrected via a software update.

Product group	Expected durability[1]	Repairability rating
Tolling products.		
915 MHz On-Board Unit	10 years	High
5.8 GHz CEN DSRC On-Board Unit	5-10 years	High
GNSS & 5.8 GHz CEN DSRC On-Board Unit	5-10 years	High
915 MHz Roadside Unit	15-20 years	Very high
5.8 GHz CEN DSRC Roadside Unit	15-20 years	Very high
Video Roadside Units (incl. DLVP Tolling)	10-20 years	Very high
Traffic management products.		
EcoTrafiX™ (ETX) Controller	15-20 years	Very high
C-ITS products.		
5.9 GHz Connected Vehicle (C-ITS) On-Board Unit	5-10 years	High
5.9 GHz Connected Vehicle (C-ITS) Roadside Unit	10-15 years	Very high

[1] The expected durability corresponds to the average durability in the industry for comparable products.

The recyclable content of the products is 77.8% (2024/25: 74.2%), and the recyclable content of the product packaging is 95.9% (2024/25: 90.1%).

Calculation methods.

The calculations took into account the recycling rates from the past three years reported by the waste management company serving the production facility for the TRP-4010 on-board unit in Vienna, as well as data from public sources, and applied these rates to the total volume of products in circulation. 97% of the products manufactured at the Vienna site are TRP-4010 units. The analysis for the TRP-4010 is therefore representative of the entire production in Vienna. For Mississauga, the same approach is applied based on the TRP-8200 product. The share of TRP-8200 produced in total production in Mississauga is 84%. The analysis for TRP-8200 is therefore representative of total production in Mississauga.

However, it is important to note that actual recyclability depends heavily on the country or the recycling facility, as well as on the preferences of the buyers of the recycled materials. This results in significant geographical variations in recyclability, even though the material itself remains the same.

Details on repairability are provided above. The service life of Kapsch TrafficCom products was assessed by the respective product managers based on experience. The service life of comparable products on the market was also assessed. No additional validation of the key figures on recyclability, repairability, and service life was carried out by an external body other than the auditor.

3 Social Information.

3.1 Own workforce (ESRS S1).

Material impacts, risks, and opportunities	Position in the value chain	Description	Actions
Working conditions > Secure employment			
Positive impact: Secure employment due to the Company's long-standing stability. (short to long term)	*KTC*	**Inside-out:** Kapsch TrafficCom is a long-established family business with global reach that is involved in international projects. The stable and continuous flow of projects ensures secure employment. (actual)	■ Ongoing project profits ■ Long-term employment of employees
Negative impact: Temporary employment contracts due to project-related business. (short to long term)	*KTC*	**Inside-out:** Although Kapsch TrafficCom generally aims to offer permanent employment, the project-based nature of its business model means that employees may only be hired for the duration of a project. (actual)	■ Rehiring employees for new projects ■ Support with job placement
Opportunity: Improving employee qualifications through training in new, emerging technologies. (medium to long term)	*KTC* >>>	**Outside-in:** Long-term growth and gains in productivity, innovation, and competitiveness.	■ Continuous identification of training needs ■ Cooperation with educational institutions and partners
Working conditions > Working time			
Negative impact: Workload overload at project milestones. (short to long term)	*KTC*	**Inside-out:** High workloads and pressure to meet specific project milestones can lead to employee overload due to long working hours. (potential)	■ Targeted resource planning ■ Additional personnel
Working conditions > Social dialogue			
Opportunity: Participatory decisions through social dialogue between the employer and employees. (short to long term)	*KTC*	**Outside-in:** Positive impact on productivity and corporate culture, greater attraction, and retention of talented people, lower recruitment costs.	■ Initiatives for social dialogue ■ People Strategy
Working conditions > Work-life balance			
Positive impact: Healthy work-life balance. (short to long term)	*KTC*	**Inside-out:** High employee satisfaction thanks to work-life balance initiatives. (actual)	■ Flexible working models ■ Working from home ■ Vacation offers
Working conditions > Health and safety			
Negative impact: Work-related accidents of employees. (short to long term)	*KTC*	**Inside-out:** Negative impact on employee health and safety resulting from workplace accidents. (potential)	■ Internal and external health promotion and prevention programs ■ Structured management system for occupational health and safety based on the ISO 45001:2018 standard
Equal treatment and opportunities for all > Gender equality and equal pay for work of equal value			
Negative impact: Employees may be paid unfairly. (short to long term)	*KTC*	**Inside-out:** Unfair payment may have an impact on the financial situation and mental health of employees. (potential)	■ Salary band model

Material impacts, risks, and opportunities	Position in the value chain	Description	Actions
Equal treatment and opportunities for all > Training and skills development			
Positive impact: Developing and strengthening employee skills. (short to long term)	***KTC***	**Inside-out:** Individual training opportunities enable employees to develop their skills, fill any gaps in their qualifications or knowledge that could put them at a disadvantage (e.g., language barriers), and thus achieve a higher status in the market. (potential)	▪ Continuous identification of training needs ▪ Cooperation with educational institutions and partners
Equal treatment and opportunities for all > Employment and inclusion of persons with disabilities			
Positive impact: Equal opportunities and diversity. (short to long term)	***KTC***	**Inside-out:** Employees experience diversity within the Company and equal opportunities through the inclusion of people with disabilities. (actual)	▪ People Strategy ▪ Responsible annotation team
Equal treatment and opportunities for all > Diversity			
Positive impact/ opportunity: Diversity through diversity initiatives and employment of employees with different cultures, orientations, and backgrounds. (short to long term)	***KTC***	**Inside-out:** Employees experience equal opportunities, diversity, and inclusion, which contribute to the corporate culture. (actual) **Outside-in:** Greater attraction and retention of diverse talents, positive impact on corporate culture and innovation.	▪ People Strategy
Other work-related rights > Privacy			
Negative impact: Employees experience violations of their privacy due to data protection violations. (short to long term)	***KTC***	**Inside-out:** Violation of privacy due to incorrect processing of personal data or inadequate security measures. (potential)	▪ Strict data protection guidelines ▪ Continuous monitoring and training

<<< upstream value chain
KTC within the Company
>>> downstream value chain

Strategy.

Material impacts, risks, and opportunities and their interaction with strategy and business model (ESRS 2 SBM-3).

As part of ESRS reporting, the impacts of Kapsch TrafficCom's business model and strategies on the environment, society, and employees, as well as the interactions among them, are analyzed. The actual and potential impacts are closely linked to the Company's strategy and business model. Negative impacts arise in particular from the project-oriented business, for example due to employee overload or hazards when working on or near roads. These negative impacts are classified as systemic impacts. Positive impacts, on the other hand, arise from the People Strategy and health promotion programs, which simultaneously contribute to counteracting these challenges and enabling adjustments. The strategy was developed as part of a co-creation process, ensuring that employees' needs were actively taken into account and incorporated into the design.

Kapsch TrafficCom has not identified any material risks in relation to its own workforce, but only opportunities related to the strategic sub-topics of diversity, social dialogue, and skills development.

All Kapsch TrafficCom employees were included in the materiality analysis and disclosures in accordance with ESRS 2. As of the balance sheet date of March 31, 2026, the Kapsch TrafficCom Group employed 2,717 people (March

31, 2025: 3,041), including salaried employees, workers, apprentices, and trainees. The employees' field of activity is predominantly commercial, while workers perform manual and machine-related tasks. Trainees are university graduates who pass through four departments as part of structured trainee programs, where they become familiar with various fields of activity. Apprentices complete a dual training program consisting of practical work in various departments of the Company and theoretical instruction at a vocational school. Temporary workers are employed by a personnel service provider and are assigned to work for a limited period of time.

Kapsch TrafficCom's business operations are largely characterized by global project work. This is associated with potential negative consequences, such as fixed-term employment contracts or high workloads during project milestones. Due to international teams and varying legal frameworks and social systems (insurance, payroll, etc.), employees may feel they are being paid unfairly compared to others. Negative impacts resulting from a potential breach of privacy due to improper processing of personal data were also identified as significant. Kapsch TrafficCom is aware of these impacts and is addressing them with appropriate strategies and initiatives.

Similarly, the Company's business activities, in conjunction with existing policies and initiatives, have a material positive impact on the workforce. In particular, the People Strategy, which has been developed and implemented in recent years, supports and reinforces these efforts. The positive impacts include job security stemming from the Company's long-standing stability, work-life balance, skill development and enhancement for employees, diversity within the Company, and equal opportunity through the inclusion of people with disabilities, benefit all employees (office staff, blue-collar workers, apprentices, and trainees) of the Company. Temporary agency workers and external staff are not covered by the measures of the People Strategy.

The focus on issues such as qualifications, social dialogue, and workforce diversity also brings material opportunities for Kapsch TrafficCom. Targeted skills development and strengthening of new, emerging technologies provide an opportunity to improve employee qualifications in this area. Critical positions are identified as such within the Company and stored in myWorkday as a personnel database in order to protect skills that are particularly relevant to the Company's success. Participatory decisions between employers and employees can lead to higher employee satisfaction, and ultimately, workforce diversity can influence corporate culture and attractiveness to talent. No significant risks relating to the Company's own workforce have been identified. The material opportunities for Kapsch TrafficCom apply not only to individual groups but to all employees of the Company.

Kapsch TrafficCom does not operate in areas or geographical regions where there is a significant risk of forced or compulsory labor. Therefore, this risk is either non-existent or extremely low within its own workforce and in its various areas of operation, and compliance with ethical labor practices and regulations is ensured. The same applies to child labor.

Due to Kapsch TrafficCom's global project business, employees who work directly in project teams are particularly at risk of becoming overworked at times, especially around project milestones or completion and handover dates. While strict legal regulations on occupational safety apply at the two production sites in Austria and Canada, as well as for employees working on projects, on and off roads, or at construction sites, workplace accidents cannot be entirely ruled out. The risk of injury in production is low, as the work involves printed circuit board manufacturing and assembly. Minimal risks exist due to improper operation of machinery, tripping, and lifting loads. Employees receive ongoing training and, where required, are provided with the appropriate protective equipment (Personal Protective Equipment, PPE). The same applies to employees working on projects, at construction sites, and/or alongside and on roads (gantries, near masts, at/with traffic light systems). Here, too, all risks and hazards are evaluated, employees are continuously instructed and trained, and appropriate PPE is defined and provided.

Impacts, risks, and opportunities management.

Policies related to own workforce (S1-1).

People Strategy.
Kapsch TrafficCom's global human resources strategy, which applies exclusively to its own employees, is based on four pillars:

- Career Mobility
- Flexible Working
- Attractive Rewards
- Learning Experience

In this way, Kapsch TrafficCom promotes a dynamic and growth-oriented corporate culture (see also >> *Section 4.1 "Business conduct (ESRS G1)"* under "Business conduct policies and corporate culture"). Global Human Resources management is responsible for the content, which is approved by the Executive Board. Flexible working models, working time models, and collaborative tools contribute to a balanced and productive working environment, and market-oriented salaries are an integral part of the overall compensation philosophy.

Direct managers and local HR managers are responsible for implementing work and working time models in accordance with the applicable policies. In Austria, there is also a works council that is jointly responsible for drawing up company agreements. Collaborative tools are provided to all employees upon joining the Company, enabling global collaboration.

Kapsch TrafficCom also offers its employees worldwide digital learning opportunities to promote their personal growth and development. The management style is geared toward meeting the needs of team members and enabling them to reach their full potential, develop a clear vision, maintain integrity, and contribute to a sustainable future. Training sessions for managers are held regularly to improve their skills in Servant Leadership. Servant Leadership views leadership as a supportive role that takes employees' needs into account and fosters their development. Employees should feel a sense of belonging and inclusion. Kapsch TrafficCom aims to inspire its employees to take the initiative and collaborate effectively toward shared goals.

The long-term goals of the members of the Executive Management (Executive Vice Presidents and Global Leadership Team) – specifically, the "Long-Term Incentive" plans defined through 2028 – incorporate metrics (eNPS and Engagement Index) from the global employee survey, which were derived from the People Strategy. This also provides a financial incentive for implementation. The employee survey is described in more detail on the following pages.

The People Strategy addresses material opportunities and impacts. Global digital learning opportunities help improve employee skills and strengthen competency development. The "Total Rewards Philosophy" helps reduce the impact of potentially unfair pay. Flexible work and working time models also contribute to a healthy work-life balance.

Apprenticeship training.
In Austria, Kapsch TrafficCom offers in-house vocational training: Currently, 13 apprentices are being trained in IT, mechatronics, and industrial business administration. This training supports the Company's internal succession planning and is tailored to the specific needs of Kapsch TrafficCom. In November 2022, Kapsch received the "TOP Training Company" quality seal – valid for four years – from the City of Vienna and the Vienna Chamber of Commerce for its high training standards. Responsibility for the apprentices lies with the managers of the respective departments as well as with local HR managers. The apprentices' semester and annual reports are reviewed, and evaluations from the departments are obtained to assess performance. Starting in the second year of the apprenticeship, outstanding performance is also rewarded financially.

Graduate Trainee Program.
For over 30 years, the global trainee program has been offering graduates with a master's degree in business or engineering a comprehensive insight into the Kapsch TrafficCom Group. Over a period of two years, graduate trainees spend six months in different departments of the Company, including up to two international placements. The departments are chosen and organized by the trainees themselves and always have a technical focus. This allows them to work in different areas and with different managers. As of the balance sheet date, six trainees were working

at Kapsch TrafficCom. The Graduate Trainee Program Manager is responsible for implementing the program and providing support and follow-up for the trainees. During the four placements, the respective direct manager of the department is responsible.

Health and safety.
Kapsch TrafficCom ensures a safe and healthy work environment worldwide: Workstations are ergonomically designed to prevent physical and mental strain, thereby contributing to the well-being of employees. This comprehensive approach to workplace health and safety is supported by internal and external health promotion and prevention programs, as well as expert consultation. The concept regarding safety and the prevention of workplace accidents is described in detail below. HSSEQ (Health & Safety, Security, Environment, Quality) is responsible for health and safety management at Kapsch TrafficCom. Managers act responsibly with regard to health and safety issues and ensure a safe and healthy work environment by consulting with and involving employees. The Kapsch TrafficCom's occupational safety policy applies to all employees as well as subcontractors working for Kapsch TrafficCom at its sites and on its projects. Occupational safety in the value chain is reviewed by the Supply Chain Management Department in collaboration with HSSEQ during supplier audits.

Kapsch Group Code of Conduct.
The Code of Conduct, which applies to the entire Kapsch Group, describes the principles, values, and rules of conduct that are to be observed at Kapsch TrafficCom. It takes into account the interests, expectations, and requirements of various stakeholders, in particular employees, customers, suppliers, other business partners, investors, and the general public. The principles of the Code of Conduct include the protection of human rights and labor standards, the promotion of diversity and integration, and non-discrimination and equal opportunities. All managers and employees of Kapsch TrafficCom are responsible for complying with the Code of Conduct, with ultimate responsibility lying with the Executive Board.

Kapsch TrafficCom respects and supports freedom of association and is unequivocally committed to the abolition of child labor and forced labor. In addition, the Company is committed to promoting fair labor practices, ensuring the health and safety of its employees, and preventing harassment in the workplace in any form. Further information on the Code of Conduct can be found in >> *Section 4.1 "Business conduct (ESRS G1)"* under "Business conduct policies and corporate culture (G1-1)".

Human rights.
Through its Code of Conduct, Kapsch TrafficCom commits to:

- respecting human rights by avoiding actions that violate the rights of individuals and communities affected by the Company's activities, products, or services,
- preventing human rights violations by identifying, assessing, and addressing potential negative impacts of business activities on human rights,
- remedying adverse impacts through corrective measures when activities have caused or contributed to adverse impacts on human rights, as well as
- promoting human rights by encouraging employees, suppliers, and business partners to uphold and promote human rights within their own sphere of influence.

Kapsch TrafficCom is committed to complying with all national and international labor law requirements. These include regulated working hours, fair remuneration, vacation, break regulations, and compliance with health and safety standards in the workplace. In addition to complying with all legal requirements regarding respect for human rights, Kapsch TrafficCom is guided by international standards and conventions. This is firmly anchored in the Code of Conduct.

Employees can contact their immediate supervisors with concerns or questions, or, depending on the situation, the Works Council (in Austria), the Human Resources (HR) Department, the Legal Department, the Group Compliance Officer, the Corporate Information Security Officer (CISO), the Corporate Privacy Officer (CPO), or the Women's Representative. In addition, electronic whistleblower systems have been established, and an employee survey is conducted every six to nine months.

Employees and external persons in Europe and North America have access to regionally established electronic whistleblowing systems. This enables them to quickly and easily report concerns about actual or suspected misconduct that could harm the Company or the well-being of people. All reports are strictly confidential and anonymous if requested. Reports relating to potential misconduct in European Union countries where Kapsch TrafficCom operates or uncovered by whistleblowers within the European Union may also be reported to external authorities. Further information on the whistleblower platform can be found in >> *Section 4.1 “Business conduct (ESRS G1)”* under “Whistleblower and review mechanisms”.

All policies of Kapsch TrafficCom relating to its workforce refer to the relevant international frameworks, such as the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises. The Company is committed to the principles contained therein.

Child labor, forced labor, and human trafficking.
The Kapsch Group Code of Conduct also explicitly covers the issues of child labor, forced labor, and human trafficking. Kapsch TrafficCom pursues a zero-tolerance policy in this regard. The employment of persons under the legal minimum age is strictly prohibited, and national and international labor laws are observed. The recruitment process includes thorough checks in this regard. Kapsch TrafficCom also works closely with suppliers and partners to improve compliance throughout the supply chain, see >> *Section 3.2 “Workers in the value chain (ESRS S2)”*.

Kapsch TrafficCom is committed to being aware of the risk of forced labor, minimizing it, taking due diligence measures, and promoting ethical labor practices among its business partners. Guidelines ensure that all persons working for or in connection with the Kapsch TrafficCom Group are employed voluntarily and without coercion, threats, or exploitation.

Prevention of workplace accidents.
Kapsch TrafficCom implements continuous measures for accident prevention and employee protection. An important part of the concept is cooperation with qualified safety experts who advise on safety standards and best practices. This allows preventive measures to be identified and implemented to minimize potential risks. In addition, a robust emergency system ensures that incidents are dealt with quickly and effectively.

Kapsch TrafficCom has a structured occupational health and safety (OHS) management system based on the ISO 45001:2018 standard. This system defines the principles for managing occupational health and safety at Kapsch TrafficCom’s global locations. The most important elements include:

- Consultation and participation of employees: In accordance with a process description, employees are actively involved at all levels in the development, planning, and continuous improvement of the OHS system.
- Hazard and risk management: There is a structured process for identifying hazards, assessing risks and opportunities, and determining necessary control measures for health, safety, and environmental protection in the workplace.
- Product and system safety: Safety risk assessments of products, systems, and machines are carried out under the responsibility of the product manager and, if necessary, in consultation with the responsible safety officer within the respective application center or function.

By integrating these guidelines and systems, Kapsch TrafficCom proactively minimizes risks in the workplace and promotes a culture of safety and well-being for all employees.

Equal opportunities.
Through its Code of Conduct, Kapsch TrafficCom is committed to fostering a workplace culture that places a high value on diversity and inclusion. Discrimination based on ethnic origin, skin color, gender, sexual orientation, gender identity, age, religion, disability, or any other legally protected status will not be tolerated. Discrimination based on political opinion is also not tolerated and will be addressed in the next revision of the Kapsch TrafficCom Code of Conduct, whereby political radicalization is expressly rejected in the corporate context. Equal opportunity must be upheld in all employment practices, including hiring, promotion, and career development. As part of its global responsibility, the Human Resources Department in Austria ensures compliance with high standards and values. Regular employee feedback and alignment with industry standards contribute to diversity and inclusion, as do existing initiatives such as women@ktc or Responsible Annotation.

Gender equality plan.
A Gender Equality Plan is designed to help increase the proportion of women in management positions and support their professional development and advancement. The relevant key figures are monitored and reported. The Gender Equality Plan promotes an inclusive corporate culture that values diversity and promotes gender equality.

Guidelines for talent acquisition.
Kapsch TrafficCom is an employer that promotes equal opportunity and welcomes applications regardless of age, gender, religion, ideology, sexual orientation, or ethnic or national origin. Talent selection is based on objective role requirements, with attitude, personality, and cultural enrichment given equal consideration. All applicants participate in the process on an equal footing, without any direct appointments. Internal applicants are given preference to promote internal mobility. The recruitment process is agile and provides timely, constructive feedback. The “Global Talent Attraction Team” leads the process and ensures transparency, including through a collaborative approach that incorporates the perspectives of talent recruiters, managers, and peers.

diversity@kapsch.
Kapsch TrafficCom employs people worldwide of different genders, age groups, and with diverse views and beliefs. Our employees come from a variety of backgrounds and have different cultural and religious backgrounds, sexual orientations, and mental and physical abilities. The various initiatives at Kapsch TrafficCom to promote diversity and inclusion are bundled under the overarching concept diversity@kapsch to address the various dimensions collectively.

The promotion of diversity is also reflected in internal programs, such as the WomenMentoring@KTC program. Kapsch TrafficCom expects its employees and managers to engage with these initiatives in order to develop an understanding of the resulting diversity. This lays the foundation for intercultural and motivating collaboration.

One of the main focuses is on cooperation between men and women. Measures to promote women within the Group are designed to ensure that women are increasingly appointed to management and expert positions and that Kapsch TrafficCom achieves a balanced ratio.

When selecting candidates for leadership and management positions, the focus is generally on filling positions with the best possible candidates – the only criteria here are professional and social skills, experience, and the ability to work in a team.

Inclusion.
In some countries, such as Austria, Spain, Germany, and Brazil, there are national laws governing the inclusion of people with disabilities. Kapsch TrafficCom complies with the applicable legal frameworks in each country, thereby contributing to the professional inclusion of people with disabilities.

Responsible Annotation.
Kapsch TrafficCom in Vienna has had a “Responsible Annotation Team” since 2019. This initiative enables people with disabilities to perform value-added work in the field of annotation as part of an apprenticeship or employment relationship.

Annotation is the process of adding and enriching data, and it is one of the fundamental requirements for modern artificial intelligence. For Kapsch TrafficCom, this is particularly essential for applications in the areas of automatic license plate recognition and vehicle classification. Since the initiative began, more than 140 people have completed job training (previous year: more than 100 people), and 35 people in Austria and Chile have found employment (both temporary and permanent) (previous year: 14 people).

In September 2022, following the pilot project, the non-profit association Responsible Annotation was founded, with which Kapsch TrafficCom works closely. Another inclusive annotation team was established in Latin America. In October 2023, Kapsch received an Inclusion Award for the initiative as part of the Austria’s Leading Companies Award, as well as the eAward in the Education and Social Affairs category for the “Apprenticeship” project.

The policies mentioned are available to employees on the intranet and can be accessed there at any time.

Processes for engaging with own workforce and workers' representatives about impacts (S1-2).

Communication with and engagement of Kapsch TrafficCom employees takes place through many different channels: direct contact, mailings, regular and ad-hoc events that provide opportunities to ask questions and receive answers via communication platforms, the intranet, internal social media, performance reviews, and employee surveys. Similarly, there is an exchange with employee representatives in countries where such representatives exist in accordance with national legislation. This exchange takes place on a decentralized basis within the framework of the respective legal requirements. Operational responsibility for employee engagement lies – depending on the respective channel – with various functions; in many cases, however, it rests primarily with the CEO and the leadership of Global Human Resources Management. The results of the employee survey and related measures are also taken into account by the members of the ESG Task Force in the management of material impacts, risks, and opportunities.

The underlying People Strategy itself is also the result of co-creation workshops with seven global employee focus groups, during which more than 400 pieces of feedback were collected. The process served to understand the true needs of employees. It also led to changes in budget planning, processes, and leadership development. In June 2025, a review of the People Strategy took place under the title "Reshaping People Strategy", during which the dimensions were refined and the overall validity of the People Strategy was reaffirmed.

The goal of the strategy is to create an environment that fosters collaboration, innovation, and (personal) growth. In particular, the following approaches support employee engagement and inclusion:

Employee survey.
Kapsch TrafficCom conducts an employee survey every six to nine months. This provides management with information about what employees think about their Company, their workplace, their supervisors, and their colleagues, what their expectations are for the future, how they assess the working atmosphere, and how satisfied they are with their work. The results show how important business decisions, organizational changes, or personnel initiatives affect employee satisfaction and well-being. This, in turn, leads to prudent decision-making.

The survey is conducted using the Qualtrics software tool. It consists of ten closed questions and is available in English, Spanish, and German. The questions are divided into four categories:

- Leadership
- Collaboration
- Growth & Development
- Well-being

The "Engagement Index" shows overall satisfaction. It is calculated based on responses to the question "Considering everything, I believe that KTC is a great place to work".

The "Employee Net Promoter Score" (eNPS) shows the extent to which employees truly consider the Company to be their preferred employer. It is calculated based on responses to the question "I would recommend KTC to a friend or family as a great place to work".

The results of the survey are presented in Georg Kapsch's "OpenLine2CEO", and detailed results are forwarded to the functional or regional managers, who distribute them further. A summary is presented to the Executive Board and the members of the Management Board and is available to all employees on the intranet. Employee satisfaction is also a factor in the variable compensation for all members of the Management Board, members of the Global Leadership Team, and the Executive Board. It is the responsibility of the respective members of the Management Board to monitor the results and take action if necessary. The Human Resources Department also analyzes the results according to geographical responsibility and derives measures from them if necessary (e.g., increasing the training budget).

OpenLine2CEO.
Three times a year, CEO Georg Kapsch holds a video meeting with employees, which provides an opportunity to ask questions and discuss current issues, concerns, and wishes, as well as the general mood. The OpenLine2CEO format is designed to encourage employees to ask questions, which are then answered during the event.

In addition, they can ask the CEO questions at any time via the “Ask Georg Kapsch” channel. These questions and answers are published on the intranet, where they are accessible to everyone.

Performance reviews.
Instead of the traditional once-a-year review, Kapsch TrafficCom has implemented two focused employee appraisals: the “Growth Conversation” for individual development and learning initiatives, and the “Performance Talk” at the end of the financial year for performance evaluation. The goal is to conduct a meaningful review of individual performance throughout the entire year. In addition to feedback from managers, this approach also incorporates input from various stakeholders within the Company to eliminate unbalanced control structures. During these two conversations, employees’ training needs are also identified. Kapsch TrafficCom collaborates with educational institutions and partners and offers e-learning and expert communities.

In addition to the two performance reviews, employees receive supportive leadership, clear communication of expectations, regular feedback, and recognition, in line with Kapsch TrafficCom’s management style.

Freedom of association.
Kapsch TrafficCom works in close cooperation with employee representatives and maintains an open dialogue to resolve issues together. This commitment reflects the belief that respect for freedom of association not only supports human rights, but also strengthens trust and cooperation in the workplace.

Operational responsibility for effectively engaging employees and incorporating feedback into business decisions lies with the Human Resources (HR) Department, under the leadership of Global HR Management.

Apart from the Code of Conduct and the obligations to respect human rights set out therein, there are no global framework agreements, for example with employee representatives, in this context.

Assessment of the effectiveness of employee engagement.
The effectiveness of employee engagement is assessed through participation in the regularly conducted employee survey. The participation rate (percentage of employees who took part in the survey) is an important indicator of workforce engagement and trust in the feedback processes.

A high participation rate signals strong employee engagement and ensures that the survey results represent the workforce as a whole. Kapsch TrafficCom monitors trends over time to identify areas where engagement may need to be strengthened. If the participation rate declines, targeted measures are taken, such as improving communication, simplifying access to the survey, or demonstrating the effectiveness of feedback through transparent follow-up measures.

In the spirit of continuous improvement, participation data is analyzed in conjunction with survey results: response trends in the various departments and regions are tracked, and the insights gained are used to improve engagement strategies.

The resulting transparency, responsiveness, and tracking of employee feedback lead to open dialogue and foster a culture of trust.

There is no group-wide standardized exchange with vulnerable groups such as people with disabilities, illnesses, or minors, although it is ensured throughout that dialogue can take place within the framework provided by law.

Processes to remediate negative impacts and channels for own workforce to raise concerns (S1-3).

Kapsch TrafficCom is aware that the material negative impacts mentioned above may occur within the scope of its business model and is pursuing various approaches to address them.

The Total Rewards Philosophy aims to ensure fair and consistent remuneration within the Company and to offer salaries that are competitive in the external market. Remuneration is not based on hierarchical positions, but rather on individual performance, which is defined as a combination of results achieved and personal commitment. As part of the annual salary review, internal compensation data and external market data are systematically analyzed to make necessary adjustments and thus ensure a harmonized salary structure. The Company's financial success is shared with all employees, rather than relying on numerous individual incentive systems. The benefits are designed flexibly and can be adapted to both the needs of the Company and those of the employees. All compensation systems are structured transparently and are easy to understand. The entire compensation package is clearly communicated so that all employees can understand how their total remuneration is composed. The HR Department's general key performance indicator plan also includes two key metrics that assess both the fairness of the salary structure and the annual bonus payout. These serve as internal control mechanisms and support the ongoing development of a fair and consistent compensation policy.

The data protection team supports all employees with questions or challenges relating to data protection. From advising on projects to providing guidelines and tools, they help to implement data protection requirements in the workplace. Their task is to ensure a high standard of data protection that builds trust and strengthens the Company's compliance. The implementation of and compliance with data protection guidelines in everyday work is the responsibility of every employee, which is why mandatory training courses are held annually. The data protection officer monitors the processes and advises on implementation.

Kapsch TrafficCom ensures that all legal provisions in the respective countries regarding the provision of temporary workers, temporary agency workers, and fixed-term employment contracts are complied with.

Feedback channels.
Kapsch TrafficCom supports and promotes the availability of multiple platforms that enable employees to provide feedback, express concerns, and engage in dialogue with management.

Important communication channels and support mechanisms include:

- Platforms for employee feedback and engagement.
  - A global employee survey conducted every six to nine months provides a structured opportunity to express opinions on job satisfaction, leadership, and collaboration.
- Direct communication with managers.
  - Regular OpenLine2CEO and Q&A sessions with managers promote open dialogue between employees and managers.
  - Internal forums and communication platforms (e.g., intranet, digital collaboration tools) facilitate transparent discussions at all levels of the organization.
- Complaint and whistleblower mechanisms.
  - Anonymous reporting channels enable concerns about workplace issues, ethical violations, or misconduct to be raised without fear of retaliation. Appropriate systems are obtained from third-party providers.
  - Guidelines and detailed procedures ensure that all reports are treated confidentially, investigated promptly, and resolved effectively.
- HR & employee relations support.
  - Dedicated HR representatives serve as direct points of contact and offer assistance with workplace issues, career development, and well-being initiatives.
- Cooperation with employee representatives.
  - Active cooperation with works councils and employee representatives ensures that the concerns of the employees are formally taken into account in decision-making processes.

The channels can be accessed via various electronic devices, such as laptops, computers, or smartphones. Upon joining the Company, all employees are added to the internal IT system and thus automatically have access to these channels. They can be easily found via the internal information platform, the intranet.

Any complaints received through the regional electronic whistleblower systems in Europe and North America are processed in accordance with a defined procedure.

Follow-up on reported issues.
Breaches of legal requirements or the Code of Conduct can have serious consequences for individuals as well as for the entire Kapsch TrafficCom Group. For this reason, and out of a sense of ethical responsibility, Kapsch TrafficCom consistently investigates every breach of the law and every violation of internal regulations. This is done regardless of the function and job responsibilities of the person concerned.

Breaches of the Code of Conduct may not only result in disciplinary measures and consequences under labor law, including possible termination of employment, but also criminal prosecution and claims for recourse and damages by Kapsch TrafficCom.

If employees become aware of violations of the law or the Code of Conduct, they are required to report these circumstances. If an electronic whistleblowing system has been implemented in an organizational unit, this should be used. Otherwise, reports should be made to the immediate line manager or, depending on the circumstances, to the works council, the Human Resources (HR) Department, the Legal Department, the Group Compliance Officer, the Corporate Information Security Officer (CISO), the Corporate Privacy Officer (CPO), or the Women's Representative
.
Further information on the electronic whistleblowing systems can be found in >> *Section 4.1 "Business conduct (ESRS G1)"* under "Whistleblower and review mechanisms".

In the event of a report, care will be taken to ensure that the identity of whistleblowers is kept confidential, insofar as this is appropriate and permitted under local law. Persons against whom a report has been made may be informed of this in order to hear their side of the story.

The effectiveness of the reporting channels can be determined by the following trends, among others:

- participation rate in employee surveys and the resulting findings on
- employee satisfaction and retention rates, as well as
- use of complaint mechanisms and whistleblower systems.

The provision of several accessible and confidential communication channels supports Kapsch TrafficCom's culture of transparency, trust, and continuous improvement. However, awareness and trust in these channels are not assessed separately.

Kapsch TrafficCom protects whistleblowers if they had reasonable grounds to believe that the reported information about violations was true at the time of reporting. Retaliatory measures for reports made in good faith are not permitted and constitute a violation of the Code of Conduct. This also applies to persons who cooperate as information providers in the investigation of misconduct.

Any misuse of the reporting system, e.g., to harass colleagues, constitutes a violation of the Code of Conduct and may result in termination of employment or dismissal.

Taking action on material impacts on own workforce, approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions (S1-4).

Kapsch TrafficCom has implemented numerous measures to address material impacts – both positive and negative, actual and potential – on its own workforce and to seize opportunities for the Company. The measures include promoting engagement, career development, and well-being in the workplace. They are valid globally and apply to all Kapsch TrafficCom employees (excluding temporary workers and contractors), unless explicitly stated otherwise. During the reporting period, existing measures were continued and no new measures were implemented. The significant ongoing measures are presented below, broken down by sub-topic:

Working conditions.
Kapsch TrafficCom is an established and globally active Company. As described in the >> *Management Report, Chapter 1.1.3 "Business performance 2025/26"*, the Company is involved in international projects and is continuously winning new projects. This helps Kapsch TrafficCom to offer secure jobs and employ its staff on a long-term basis. At the same time, this brings with it the effects associated with project business for employees.

Employees in project business. Kapsch TrafficCom can balance resources internationally for its projects so that no personnel need to be hired or laid off and no job placement is necessary. Employees work across borders and on multiple projects, which means that when one project ends, they start working on a new one.

However, due to the nature of the project business, there are also temporary employment contracts. Kapsch TrafficCom is pushing for the re-employment of employees for new projects. Employees may also experience excessive workloads at project milestones. This is continuously prevented through targeted resource planning and, if necessary, additional personnel are hired.

The basic People Strategy was described under "Policies", which also includes the vocational training opportunities available in Austria and the trainee program. In addition, Kapsch TrafficCom has initiated numerous opportunities and offerings for its employees, a selection of which is listed here:

Remote work. Kapsch TrafficCom generally allows employees to work remotely in flexible arrangements, provided this is compatible with their respective roles. However, employees are expected to spend at least 40% of their working hours in the office or at locations where they can meet their colleagues in person, collaborate, and develop innovations. In certain roles or work areas, however, on-site presence is required due to the nature of the work, e.g., in the production or operation of Kapsch TrafficCom systems. Furthermore, the measures listed below cannot be offered equally across all areas of activity.

Focus Friday. Every Friday, calendars are kept free of internal meetings. This day can be used to work through topics before the weekend, invest time in learning activities, or develop concepts and new ideas.

Condensed work weeks. As an initiative for employees and subject to a retrospective evaluation, condensed work weeks will be offered for one month. This month will depend on the location and will either be in August or January. During this month, weekly hours can be spread over four days, Monday to Thursday, with Friday off. This maximizes recovery time and time for family and leisure activities.

Sabbatical. Employees who have been with the Company for at least three years have the option (subject to approval and coordinated in advance) of taking a three- or six-month unpaid sabbatical.

Job sharing. Kapsch TrafficCom supports job sharing as a flexible work arrangement that promotes work-life balance, knowledge transfer, and talent acquisition.

Job mobility. The Career Mobility team works on global initiatives that help employees identify their career interests and develop the skills they need to advance their careers within the Company. These include, for example:

- Gigs: Short-term, project-based opportunities to contribute expertise, learn new skills, and support other departments. They serve both employee development and team support.
- Kapsch exchange program: Opportunity to gain professional experience in another country while immersing in the local culture; deepen understanding of different corporate cultures and strengthen internal networks. They offer teams the chance to exchange knowledge and familiarize themselves with other processes, procedures, tools, and programs.

- Expert career path: A global initiative to promote and support career opportunities for subject matter experts who are equally recognized for their leadership contributions. The expert path offers learning and growth opportunities, including through a global community of experts that ensures knowledge building and transfer.

Resilience and Care Counselor. This independent role was created in 2021 to support the mental health and well-being of employees. A specially trained colleague is available to provide confidential counseling and coaching when challenges arise. She does not report to the Executive Board.

WellBe Initiative. Kapsch TrafficCom is convinced that a successful Company starts with the well-being of its employees. The WellBe initiative (from "well-being") in the EMEA region was launched in connection with "flexible working". It aims to promote a healthy and balanced lifestyle; a variety of activities, resources, and support systems are offered at the local and regional levels to help employees thrive both personally and professionally. Measures include participation in sporting events, training programs for employee health, and the provision of nutrition plans.

These measures are intended to contribute to employee flexibility and satisfaction; however, this cannot be precisely measured or quantified on a global scale.

Equal treatment and opportunities for all.
The principle of equal opportunities, including gender equality and talent acquisition, was described under "Policies", along with the most important initiatives in this regard. Only the following measures are mentioned separately here:

Total Rewards Philosophy. The Total Rewards Philosophy aims to ensure fair and consistent remuneration within the Company and to offer competitive salaries in comparison with external standards. Remuneration is not based on hierarchical position, but on individual performance, which is understood as a combination of results and personal commitment. The use of external salary market data ensures that salaries are in line with the labor market. This is a continuous annual process.

women@ktc. This program promotes global networking among motivated female employees. There is also a "women mentoring" program to encourage female employees to make more active use of their skills and develop their potential in a sustainable and visible way. Further initiatives include:

- Special LinkedIn learning paths for women
- Gender-specific key figures for members of the Management Board
- Gender reports
- Analysis of the gender pay gap
- Recruitment policy
- Women's representative
- Networking breakfasts and presentations

The recruitment policy aims to increase the proportion of women in all functions, including management positions. The HR team, recruiters, and hiring managers are required to actively seek out female talent and incorporate diversity-focused practices into the hiring process.

A women's representative is also available as the main point of contact for women who face discrimination, prejudice, or unequal treatment. This representative offers women a safe and supportive opportunity to raise their concerns, seek advice, and access resources.

Learning and knowledge exchange. Kapsch TrafficCom offers its employees structured training programs, mentoring, and leadership development initiatives through innovative learning formats, virtual and in-person content, and resources. The learning opportunities are designed by a "Learning Partner Community", which takes into account relevant advice, resources, and approaches in line with the Kapsch TrafficCom Servant Leadership philosophy. In addition, employees can expand their digital skills and professional growth with the AI-powered myWorkday Career Hub development offerings.

Objective role requirements ensure that talent is selected regardless of age, gender, religion, beliefs, sexual orientation, political views, or ethnic or national origin.

Other work-related rights.
Kapsch TrafficCom complies with the data protection laws applicable in each country and minimizes the potential negative effects of a data breach through strict internal processes. In Austria, a dedicated data protection software was implemented for this purpose. The Global Data Protection Officer is responsible for this process. Deletion requests are executed within the specified time limits.

The mandatory compliance training courses held once a year for all employees also cover data protection and information security. Checks are also carried out using fake phishing emails to strengthen employees' knowledge and awareness. The relevant measures are reviewed annually and adjusted as necessary.

Employee satisfaction is used as a key criterion for evaluating the effectiveness of the measures. As described earlier, it is measured every six to nine months through the employee survey.

Participation rates and feedback trends also serve as a basis for targeted improvements in the areas of leadership, working environment, and collaboration. Beyond that, Kapsch TrafficCom does not have any predefined processes for determining any further measures.

The materiality analysis did not identify any material risks relating to the Company's own workforce that would require mitigation measures. The material opportunities for Kapsch TrafficCom with regard to its own workforce arise from employee qualifications through training in new, emerging technologies and from diversity through diversity initiatives. Both the identification of training needs and training offerings as well as measures to promote diversity within the Company have already been described above.

Kapsch TrafficCom is committed to ensuring that its business practices minimize any significant negative impact on its employees. This is achieved through proactive risk management and, in particular, through:

- Compliance with labor laws and ethical standards: Kapsch TrafficCom strictly complies with national and international labor laws, including those relating to working conditions, wages, and workplace safety. The zero-tolerance policy against child labor, forced labor, and discrimination in the workplace ensures ethical and fair employment practices.
- Employee engagement, commitment to ethical standards in the workplace, and complaint mechanisms: The employee survey gives employees the opportunity to voice concerns and provide feedback. Anonymous reporting channels and whistleblower mechanisms are used to address complaints related to unfair treatment, harassment, or unethical behavior.
- Health and safety in the workplace: Regular risk assessments, compliance with industry safety standards, and targeted well-being initiatives prioritize these issues. In addition, mental health and well-being programs and flexible working arrangements support the overall well-being of employees.

Each measure is evaluated in relation to its expected target. Human and financial resources are made available to ensure that the measure is implemented successfully. Human resources are provided by the departments affected by the measures: HR, HSSEQ, and the works council. Special resources are also provided by resilience and care counselors, occupational physicians, and occupational psychologists.

Metrics and targets.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S1-5).

Kapsch TrafficCom has set itself the target of achieving an Employee Net Promoter Score (eNPS) of 20 in its employee survey. In addition, the Engagement Index should be at least 80%.

According to the eNPS methodology, the possible result has a value between -100 and +100. The eNPS shows the extent to which employees would recommend the Company as a preferred employer. It is calculated based on the answers to the question “I would recommend KTC to a friend or family as a great place to work”. The scale ranges from 0 to 10. According to this method, responses with a 9 or 10 are considered positive (“promoters”), responses with a 7 or 8 are considered neutral (“passive”), and responses with a 1 to 6 are considered negative (“detractors”). Finally, the percentage of detractors is subtracted from the percentage of promoters, resulting in a score between -100 (only detractors) and +100 (only promoters). Based on the initial results from June 2023, target values were defined and communicated or adjusted in each subsequent round. After the first round, the target eNPS value was between 10 and 20. This target has already been exceeded and has therefore been adjusted to 20. In March 2026, the results showed an eNPS of 15 (previous year: 16). The Engagement Index most recently stood at 80% (previous year: 81%). The mid-year survey in June 2025 showed positive results, with an eNPS of 22 and an Engagement Index of 83%.

The response rate must be at least 50% for the survey to be considered representative; this figure was derived from an estimate at the start of the survey. In the last survey, the response rate was 58%; in June 2025, it was 67% (previous year: 70%).

Another target concerns the proportion of female employees: Kapsch TrafficCom aims to have women hold 30% of management positions, a target that is to be achieved by 2028. As of March 31, 2026, the proportion stood at 27% (March 31, 2025: 27%).

The targets for the employee survey were set based on historical results and adjusted by the project management team. With each survey – conducted every six to nine months – the figures are reviewed and the targets adjusted as necessary. The leaders of the women@ktc program were involved in setting the target for the women’s quota through their communication with senior management.

Review of target achievement.
All members of the management team receive a summary of the employee survey and detailed results for their own area. This enables them to decide on further measures, such as employee workshops on focus areas identified in the report. The report itself is prepared by HR staff.

The results reveal areas with potential for improvement through the categorized questions and the open comment function, enabling measures and targets to be defined. Overall, the defined targets serve as benchmarks for the implementation status of measures or the achievement of targets. Targets are set and managed at global and regional level by the HR Department, with team-specific targets being left to the discretion of the respective managers. However, the defined targets may also reveal that measures are not having the expected effect and therefore need to be adjusted. The employee survey as a trend analysis is a tool for involving employees and presenting changes along the way to achieving targets, but not for defining new targets and measures with each survey cycle.

The directors of the women@ktc program work with HR staff to prepare an annual report and thus monitor progress toward achieving the goals. At the end of each financial year, the current gender statistics (Kapsch TrafficCom gender quotas) are presented to management; meetings are held during the year as needed.

Characteristics of Kapsch TrafficCom's employees (S1-6).

Employees by gender.

Head count	March 31, 2025	March 31, 2026
Male	2,137	1,960
Female	896	747
Other	0	0
Not reported	8	10
Total	**3,041**	**2,717**

Employees by country.

Head count	March 31, 2025	March 31, 2026
Austria	644	622
USA	588	582
Spain	466	480
South Africa	373	120
Others	970	913

Employees by contract type and gender.

	March 31, 2026				
Head count	**Total**	**Female**	**Male**	**Other**	**Not disclosed**
Number of employees total	**2,717**	**747**	**1,960**	**0**	**10**
Number of permanent employees	2,648	713	1,927	0	8
Number of temporary employees	68	34	32	0	2
Number of non-guaranteed hours employees	1	0	1	0	0
Number of full-time employees	2,553	661	1,882	0	10
Number of part-time employees	164	86	78	0	0

	March 31, 2025				
Head count	**Total**	**Female**	**Male**	**Other**	**Not disclosed**
Number of employees total	**3,041**	**896**	**2,137**	**0**	**8**
Number of permanent employees	2,774	748	2,019	0	7
Number of temporary employees	265	148	116	0	1
Number of non-guaranteed hours employees	2	0	2	0	0
Number of full-time employees	2,896	815	2,074	0	7
Number of part-time employees	145	81	63	0	1

Employees by contract type and region.

	March 31, 2026			
Head count	**Total**	**EMEA**	**Americas**	**APAC**
Number of employees total	**2,717**	**1,424**	**1,215**	**78**
Number of permanent employees	2,648	1,361	1,209	78
Number of temporary employees	68	63	5	0
Number of non-guaranteed hours employees	1	0	1	0
Number of full-time employees	2,553	1,282	1,194	77
Number of part-time employees	164	142	21	1

	March 31, 2025			
Head count	Total	EMEA	Americas	APAC
Number of employees total	**3,041**	**1,688**	**1,271**	**82**
Number of permanent employees	2,774	1,428	1,264	82
Number of temporary employees	265	260	5	0
Number of non-guaranteed hours employees	2	0	2	0
Number of full-time employees	2,896	1,560	1,258	78
Number of part-time employees	145	128	13	4

Employee departures and turnover.

	2024/25	2025/26
Total number of voluntary employee departures	102	186
Rate of voluntary employee turnover	3.4%	6.8%
Total number of employee departures	359	399
Rate of employee turnover	11.8%	14.7%

The data was obtained from the myWorkday HR software or requested from local HR managers (primarily regarding subsidiaries). All Kapsch TrafficCom employees were included, which also encompasses special employment relationships and situations, such as apprentices, trainees, employees on parental leave, and employees on long-term sick leave. Depending on the value queried, the sum or number was reported, and the mean/median or percentage was calculated. No estimates were made. Kapsch TrafficCom chooses not to report certain values at this time, as this is not yet possible. Employee numbers are reported as headcount as of the reporting date of March 31. In many countries, the number of employees is small; therefore, they are not listed separately in the country-specific breakdown. This applies to all reported key figures (S1-x) unless otherwise stated.

Fixed-term employment contracts are primarily established to perform work as part of a temporary project or event, to cover for employees on long-term sick leave or parental leave, and for certain training agreements, such as internships, trainee programs, or apprenticeships. The goal is to convert these training agreements into permanent employment contracts upon successful completion.

Part-time employment is an option offered to employees to increase flexibility at work and improve the work-life balance in all circumstances.

Employee turnover is calculated by dividing the number of voluntary departures by the total number of employees.

The number of employees declined in the financial year 2025/26 as Kapsch TrafficCom responded to the weak performance of the tolling market and implemented organizational measures to align its cost base with the lower revenue level. Information on the number of employees is also provided in the >> *Management Report, Chapter 1.2.1 “Earnings position”.*

Characteristics of non-employees in the Kapsch TrafficCom’s own workforce (S1-7).

Non-employees.

Head count	March 31, 2025	March 31, 2026
Leased personnel	309	300

External workers are registered in the Company’s IT system upon joining the Company. They are reported as headcount as of March 31, in the same way as the Company’s own employees. Leased personnel are persons who are made available to the Company by external licensed personnel service providers within the framework of body leasing (personnel leasing or temporary employment). They are selected on the basis of a specific requirement profile, with the individual qualifications of the person deployed being of primary importance. These persons are organizationally integrated into the work processes of Kapsch TrafficCom, but are not in a direct employment relationship with the Company.

Collective bargaining coverage and social dialogue (S1-8).

Collective bargaining coverage and social dialogue.

	March 31, 2026		
	Collective bargaining		Social dialogue (Works Councils)
	Coverage of employees in EEA countries with more than 10% of total employees	Coverage of employees in non-EEA countries with more than 10% of total employees	Workplace representation in EEA countries with more than 10% of total employees
0-19%		USA	
20-39%			
40-59%			
60-79%			
80-100%	Austria, Spain		Austria, Spain

	March 31, 2025		
	Collective bargaining		Social dialogue (Works Councils)
	Coverage of employees in EEA countries with more than 10% of total employees	Coverage of employees in non-EEA countries with more than 10% of total employees	Workplace representation in EEA countries with more than 10% of total employees
0-19%		USA, South Africa	
20-39%			
40-59%			
60-79%			
80-100%	Austria, Spain		Austria, Spain

	March 31, 2025	March 31, 2026
Employees covered by collective bargaining agreements[1)]	87%	89%
Employees covered by workers' representatives[1)]	84%	84%

1) Information excluding employees in non-EEA countries

Kapsch TrafficCom has no agreement regarding representation by a European Works Council.

Diversity metrics (S1-9).

Gender distribution at the top management levels.

	March 31, 2026			
	Female		Male	
	Number	Percent	Number	Percent
First management level	0	0%	3	100%
Second management level	5	25%	15	75%
Third management level	24	28%	61	72%

	March 31, 2025			
	Female		Male	
	Number	Percent	Number	Percent
First management level	0	0%	2	100%
Second management level	3	15%	17	85%
Third management level	27	31%	61	69%

The management levels are divided into Executive Board -1 (second management level) and Executive Board -2 (third management level); this refers to the reporting lines to the Executive Board. Executive Board -1 comprises all managers who report directly to the Executive Board. Executive Board -2 comprises managers who report first to Executive Board -1.

Employees by age group and gender.

	March 31, 2026					
	Total[1]		Female		Male	
	Number	Percent	Number	Percent	Number	Percent
Younger than 30 years	282	10%	83	29%	199	71%
Between 30 and 50 years	1,605	59%	453	28%	1,152	72%
Older than 50 years	820	30%	211	26%	609	74%

[1] Excluding employees whose gender was not reported

	March 31, 2025					
	Total[1]		Female		Male	
	Number	Percent	Number	Percent	Number	Percent
Younger than 30 years	395	13%	108	27%	287	73%
Between 30 and 50 years	1,850	61%	599	32%	1,251	68%
Older than 50 years	788	26%	189	24%	599	76%

[1] Excluding employees whose gender was not reported

Persons with disabilities (S1-12).

Employees with disabilities.

	March 31, 2025	March 31, 2026
Employees with disabilities	1.0%	1.6%

The percentage was calculated based on the number of employees with disabilities who have official documentation, relative to the total number of employees.

Health and safety metrics (S1-14).

Health and safety.

	2024/25	2025/26
Employees		
Employees covered by health and safety management system[1]	100%	100%
Number of fatalities as result of work-related injuries and work-related ill health	0	0
Number of recordable work-related accidents[2]	15	7
Rate of recordable work-related accidents[3]	2.49	1.45
Number of cases of recordable work-related ill health	0	0
Rate of cases of recordable work-related ill health	0	0
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health	400	351
Non-employees[4]		
Non-employees covered by health and safety management system[5]	-	100%
Number of fatalities as result of work-related injuries and work-related ill health	-	0
Number of recordable work-related accidents[2,6]	-	0
Rate of recordable work-related accidents[7]	-	0
Number of cases of recordable work-related ill health[8]	-	-
Rate of cases of recordable work-related ill health[8]	-	-
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health[8]	-	0

1) All employees are covered by a health and safety management system that is reviewed by internal audits. For 36% (2024/25: 29%) of employees, the system is also formally certified in accordance with ISO 45001.
2) Recordable work related injuries, resulting in a medical treatment (rated as "High", Serious" or "Critical")
3) Number of accidents * 1,000,000 / total number of hours worked (4,804,954 hours [2024/25: 6,027,435])
4) The key figures for non-employees are disclosed for the first time for the 2025/26 financial year; prior to that, the relevant phase-in provisions were applied.
5) All contingent workers of Kapsch TrafficCom or working in Kapsch TrafficCom projects need to adhere to the health and safety management system.
6) Accidents were reported by those responsible for only 67% of contingents workers, this figure includes cases where no accidents were reported.
7) Number of accidents * 1,000,000 / total number of hours worked (434.512 hours)
8) Currently the cases of recordable work-related ill health are not reported for contingent workers.

Employees covered by health and safety management system.
The Kapsch TrafficCom Group's health and safety management system covers all employees who are subject to the Kapsch TrafficCom Group management system or the "Company Policy". This is calculated in FTEs. This figure does not include people who are not employed but work under the responsibility of Kapsch TrafficCom.

Number of fatalities as a result of work-related injuries and work-related ill health.
All workplace accidents within Kapsch TrafficCom are recorded by the designated occupational safety partners of the respective business units and documented in the myWorkday system. This applies regardless of whether the affected employees are registered in myWorkday themselves – in such cases, the responsible occupational safety partner enters the information. If no workplace accidents occurred during the reporting period, a written confirmation from the respective occupational safety partner is obtained via email to document this. Fatalities resulting from work-related injuries are recorded in the system with the incident type "Critical – Fatality as a result of work-related injury (Death or serious permanent disability)". This procedure ensures that all critical incidents are systematically documented, evaluated in a traceable manner, and handled in accordance with the requirements of the health and safety management system. In financial year 2025/26, no fatalities resulting from work-related injuries or work-related ill health were recorded for either in-house or external employees.

Number of recordable work-related accidents.
Work-related accidents subject to reporting requirements within Kapsch TrafficCom are documented in the myWorkday system with the incident types "Critical", "Serious", or "High". This classification ensures that all relevant incidents are systematically recorded and evaluated according to their severity. Recording is performed by the designated occupational safety partners of the business units – regardless of whether the affected employees are registered in myWorkday themselves. In cases where no workplace accidents have been reported, written confirmation is obtained via email from the responsible occupational safety partner to verify this. This procedure ensures complete

and traceable documentation of all reportable events within the framework of Kapsch TrafficCom's health and safety management system.

Rate of recordable work-related accidents.
The rate of reportable workplace accidents is calculated by multiplying the number of workplace accidents documented in myWorkday with the incident types "Critical", "Serious", or "High" by 1 million and dividing that number by the total number of hours worked. This total is based on the target working hours calculated by the Finance Department for all FTEs employed on average during the respective fiscal year, with vacations and average absences factored into this projection accordingly. This methodology ensures an internationally comparable metric for assessing workplace safety within Kapsch TrafficCom.

Number of cases of recordable work-related ill health.
Kapsch TrafficCom follows a uniform, Group-wide approach to recording and reporting work-related ill health. In accordance with ESRS S1, only work-related, medically diagnosed cases of ill health that are included in the International Labour Organization's (ILO) list of occupational diseases are taken into account. Based on an analysis of work activities and workplace conditions, musculoskeletal ill health is particularly relevant for Kapsch TrafficCom. Through targeted preventive measures, including ergonomics training, technical aids, and organizational measures to reduce physical strain, Kapsch TrafficCom promotes the long-term health and safety of its employees. All cases classified as reportable are reported uniformly and transparently across the Group; non-work-related or non-ILO-compliant ill health conditions are excluded from reporting. In the reporting year, no work-related ill health conditions were reported by either our own employees or external workers.

Rate of cases of recordable work-related ill health.
The rate of reportable work-related ill health is calculated by multiplying the number of reported work-related cases of ill health by 1 million and dividing it by the total number of hours worked. Total working hours are based on the target working hours calculated by the Finance Department for all FTEs employed on average during the respective financial year, with vacations and average absences taken into account accordingly in this projection. This standardized calculation method provides an internationally comparable metric for assessing work-related health risks and serves as the basis for ongoing improvement measures within the framework of the integrated HSSEQ management system.

Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health.
Absences are systematically recorded in myWorkday and calculated in calendar days. The count begins on the day of the accident or ill health and ends on the last day of the documented sick leave. This standardized recording ensures transparent and traceable documentation of absences within the framework of the integrated HSSEQ management system.

Remuneration metrics (pay gap and total remuneration) (S1-16).

Pay gap and total remuneration.

	2024/25	2025/26
Gender-Pay-Gap in detail (structure-weighted gender pay gap by career Level, voluntary additional entity-specific disclosure)	-	-1%
Gender-Pay-Gap in detail (structure-weighted gender pay gap by country, voluntary additional entity-specific disclosure)	12%	13%
ESRS Gender-Pay-Gap	21%	12%
Ratio of the annual total remuneration of the highest-paid individual to the median of all employees	21	18

The gender pay gaps were calculated on an hourly wage basis, taking into account gross annual salaries. For Singapore and New Zealand (a total of 7 employees), data from myWorkday was used and thus includes contractually stipulated salary components as well as irregular one-time payments. From the Company's perspective, the methodology presented is suitable for providing a realistic picture of the compensation structure and gender-based pay differences.

Since the majority of all employees (excluding tolltickets) are assigned to a career level, and provided that men and women are assigned to the same career level, a gender pay gap can be calculated for each career level, as well as a structure-weighted consolidated gender pay gap by career level for the entire Company (excluding tolltickets). Those employees who do not have an assigned career level or who have no comparable value within their career level are excluded from this analysis (71 employees).

To avoid distortions caused by very large countries with low wage levels and large workforces, the structure-weighted gender pay gap by country was calculated by first determining the gender pay gap at the country level and then combining these figures into a weighted average.

The total remuneration ratio was calculated based on gross annual salaries.

Unless otherwise stated, the calculations of the remuneration metrics took into account all employees of Kapsch TrafficCom, including those in special employment relationships and situations, such as apprentices, trainees, employees on parental leave, and those on long-term sick leave.

The improvement in the ESRS gender pay gap from 21% to 12% is primarily attributable to the termination of the operation project in South Africa. In the previous year, South Africa was one of the largest country units and had a disproportionately large influence on the reported figure.

Incidents, complaints, and severe human rights impacts (S1-17).

Incidents, complaints, and severe human rights impacts.

	2024/25	2025/26
Number of incidents of discrimination (including harassment)	3	11
Number of complaints filed through all channels available for raising concerns	3	15
Total amount of fines, penalties and compensations for damages as a result of the incidents and complaints disclosed above (in EUR)		7,501
Number of severe human rights incidents connected to own workforce	0	0
thereof number of incidents of non-compliance with the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises	0	0
Total amount of fines, penalties and compensations for damages as a result of the severe human rights incidents disclosed above (in EUR million)	0	0

The significant increase in reported incidents of discrimination and complaints is primarily attributable to an improved data foundation and a clearer understanding of reporting requirements. Incidents are now recorded and assessed in greater detail. This also led to a retroactive correction of the previous year's figures. Initially, no cases were reported for the financial year 2024/25; however, after the ESRS definition of confirmed cases of discrimination and harassment was clarified, it was determined that three cases in the financial year 2024/25 met the criteria for classification as confirmed cases under the ESRS. In addition, there has been an increase in the use of existing reporting systems. It should also be noted that an increased number of labor law cases – including those related to a rise in the number of terminations – has contributed to the higher number of reported cases.

3.2 Workers in the value chain (ESRS S2).

Material impacts, risks, and opportunities	Position in the value chain	Description	Actions
Working conditions > Health and safety			
Negative impact: Work-related accidents involving workers in the value chain. (short to long term)	<<<	**Inside-out:** Negative impact on the health and safety of workers in the value chain resulting from workplace accidents. (potential)	▪ Supplier relationship management ▪ Supplier audits and review meetings ▪ Strict regulations for suppliers in developing countries (see Code of Conduct for Suppliers)
Risk: Disruption of the supply chain due to workplace issues at the supplier. (medium to long term)	<<< *KTC*	**Outside-in:** Delays in production, increased procurement costs, potential loss of revenue.	▪ Regular monitoring of suppliers ▪ Ethical procurement practices ▪ Diversification of the supply chain
Other work-related rights > Child labor and forced labor			
Negative impact: Hidden child labor and/or forced labor. (short to long term)	<<<	**Inside-out:** Risk of child labor and/or forced labor in suppliers' operations in developing countries. (potential)	▪ Supplier relationship management ▪ Supplier audits and review meetings ▪ Strict regulations for suppliers in developing countries

<<< upstream value chain
KTC within the Company
>>> downstream value chain

Strategy.

Material impacts, risks, and opportunities and their interaction with strategy and business model (ESRS 2 SBM-3).

All workers in the Kapsch TrafficCom value chain who may be affected by significant impacts, risks, and opportunities (IROs) of the Group were included in the materiality analysis and the corresponding disclosures in >> *Section 1 "General Disclosures (ESRS 2)"* under "Interests and views of stakeholders" and "Material impacts, risks, and opportunities and their interaction with strategy and business model".

According to the analysis, two groups of workers in the upstream value chain may be affected by the material IROs: workers in the supply chain (e.g., mine workers in connection with metal mining) in developing countries and workers at service providers (e.g., for maintenance work) of Kapsch TrafficCom.

Based on reports from UNICEF and the International Labour Organization (ILO) and taking into account procurement activities, there is no significant risk of child labor in the upstream value chain, but there is a moderate risk of forced labor in the Arab regions in relation to the services provided. The occurrence of hidden child labor or forced labor would have a significant negative impact on workers in the value chain, but is only associated with individual incidents, if at all. Kapsch TrafficCom is not aware of any such incidents.

The material risk of a supply chain disruption does not arise from direct actions on the part of Kapsch TrafficCom. Rather, Kapsch TrafficCom requires its direct suppliers to comply with statutory health and safety standards as well as – as an overarching framework – the Supplier Code of Conduct. Notwithstanding this, Kapsch TrafficCom is aware that workplace accidents and work-related illnesses can occur in the supply chain and that corresponding negative impacts on workers cannot be ruled out. Kapsch TrafficCom therefore faces a potential (outside-in) risk of a delay or disruption in the upstream value chain due to possible labor issues at suppliers, which could lead to delays, increased costs, or a loss of revenue.

In theory, all workers in the value chain could be affected by the risk of forced labor, particularly in certain regions or countries. Beyond that, the Company is not aware of any significant risks or opportunities arising from impacts and dependencies in this regard.

Impact, risk, and opportunity management.

Policies related to value chain workers (S2-1).

Supplier Code of Conduct.
Kapsch TrafficCom has established a Code of Conduct for suppliers to manage the material impacts, risks, and opportunities related to workers in the value chain. It applies to all workers in the value chain. At the end of the reporting year, the Code of Conduct was slightly revised and must now be acknowledged by new business partners upon onboarding. The details of implementation for existing business partners were still being planned at the time of this report. Implementation is the responsibility of the Supply Chain Management division management.

The Code of Conduct contains a detailed description of the relevant labor standards and human rights (i.e., working age/child labor, anti-discrimination, human dignity, working hours, freedom of association, health and safety, working conditions) as well as labor standards for workers in the value chain, in particular Kapsch TrafficCom's general approach to:

- respect for the human rights of workers in the value chain, with a focus on ethical standards analogous to those set out in the Code of Conduct and compliance with all applicable laws and regulations, as well as
- the involvement of workers in the value chain, with a focus on compliance with ethical standards, health and safety, ensuring compliance with all applicable laws and regulations, and promoting a responsible and ethical supply chain.

Business Partner Screening.
Kapsch TrafficCom identifies the impact of its products, services, and business partners. Potential impacts on the workforce are also taken into account. Based on this identification, potential suppliers are assigned to a category (tier A to C) that defines the requirements for the assessment process and, if applicable, contractual objectives on the part of Kapsch TrafficCom prior to selection. Depending on relevance, re-evaluation audits and review meetings are subsequently agreed upon.

Suppliers of Kapsch TrafficCom are checked and regularly monitored if they meet certain risk-based criteria. Audits also cover a wide range of crimes related to human rights violations (e.g., genocide, war crimes, hate crimes, violations of the Geneva Convention, unlawful imprisonment, extrajudicial executions, torture, ethnic cleansing, crimes against humanity, and political persecution and political prisoners). Any necessary measures would be developed on a case-by-case basis. Forced or compulsory labor, child labor, and human trafficking are also explicitly addressed in the evaluation and business partner screening.

The Supplier Code of Conduct is updated and communicated as needed. It is publicly available on the Company website at www.kapsch.net.

All procedures, principles, and guidelines at Kapsch TrafficCom are based on the principles of the UN Global Compact, as defined in the Supplier Code of Conduct. Only in exceptional cases could the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises, which include workers in the value chain, not be complied, whereby the risk is higher for small suppliers, secondary suppliers who only supply small quantities, newly established suppliers, or suppliers who are under immediate economic pressure. No cases of non-compliance were reported during the reporting period.

Processes for engaging with value chain workers about impacts (S2-2).

Cooperation with business partners.
In the spirit of sustainable partnerships, Kapsch TrafficCom promotes good cooperation with its business partners. As described above, potential impacts on the workforce are also taken into account as part of a business partner screening process. Based on a categorization, Kapsch TrafficCom sets contractual targets before selecting new business partners, where appropriate. The focus here is on investigating and mitigating any impacts identified. Depending on their relevance, re-evaluation audits and review meetings are agreed upon.

Similarly, business partners with potentially high exposure are reviewed more frequently. Workers in the value chain or their representatives are not directly involved, as this is not common practice in the industry. Cooperation takes place with their representatives (e.g., business contacts and additional relevant experts from the partner). This includes annual review meetings, or these suppliers are audited at least every three years.

At Kapsch TrafficCom, business partners have a designated contact person in the Supply Chain Management Department who reports to the department head and regional managers. This ensures that they are involved and that the results are incorporated into the corporate concept. There are no agreements with international trade union federations in this regard.

The effectiveness of cooperation with employees in the value chain or their representatives is assessed by the persons responsible for the management system together with the Supply Chain Management Department in review meetings and audit reports. Kapsch TrafficCom has also set up reporting mechanisms to enable employees in the value chain to actively contact the Company.

Processes to remediate negative impacts and channels for value chain workers to raise concerns (S2-3).

In accordance with the Supplier Code of Conduct, suppliers must report any violations of the Code relating to the relevant issues to Kapsch TrafficCom immediately. They then have the opportunity to take corrective measures to prevent, end, or mitigate the situation. These measures are the responsibility of the respective supplier.

If a supplier does not comply with the defined basic principles of the Code, Kapsch TrafficCom may suspend or terminate the cooperation or report a breach of the law to the relevant authorities for remedial action – details of Kapsch TrafficCom's procedure in the event of negative effects are described under "Actions".

Reporting mechanisms.
The Supplier Code of Conduct specifies a specific Kapsch email address to which workers in the value chain can report any concerns or needs. Kapsch TrafficCom provides the address, and reported cases are followed up with the responsible suppliers to ensure that the concerns are dealt with appropriately. In addition, the Company's whistleblower platforms are also available to these workers, and suppliers are encouraged to set up appropriate reporting mechanisms for their employees.

Further information on the whistleblowing systems can be found in >> *Section 4.1 "Business conduct (ESRS G1)"* under "Whistleblower and review mechanisms".

With the Kapsch email address and the whistleblower platforms, Kapsch TrafficCom ensures that all workers in the value chain have access to a channel for consistently and securely expressing concerns. The platforms are publicly accessible, and the email address is communicated to suppliers (or their contact persons) in the Code. It is integrated into the IT network to ensure that it is always available. The process is anonymous if desired, and both the reporting persons and those involved are protected from retaliation. Details can be found in the information on the whistleblower systems.

Reported issues are handled as described in >> *Section 4.1 "Business conduct (ESRS G1)"* under "Whistleblower and review mechanisms"; if reported via email, they are immediately followed up on and monitored by the Supply Chain Management Department's leadership team in collaboration with suppliers. As needed, relevant parties are involved to ensure comprehensive resolution of the issues. Furthermore, workers in the value chain are not involved in assessing effectiveness. The process is transparent; every step and every measure is documented and can be reviewed. Specific measures are defined and implemented to resolve the issues. The data protection of those involved is also upheld.

The Supplier Code of Conduct is actively distributed to all supplier contacts to ensure that they are aware of expectations and applicable procedures. It is also available on the Company website www.kapsch.net so that workers in the value chain can access it at any time. Regular contact with suppliers helps to clarify the importance of these structures and processes. In addition, Kapsch TrafficCom conducts supplier audits to promote and verify awareness and trust in these channels.

Taking action on material impacts on value chain workers, approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions (S2-4).

The material impacts, risks, and opportunities relating to workers in the value chain are taken into account within the organization. Kapsch TrafficCom has an internal control plan that contains relevant guidelines, compliance with which is reviewed once a quarter by the Supply Chain Senior Management Team. Beyond the measures described here, no further measures are planned based on current information.

Standardized measures such as active relationship management, audits, review meetings, and strict regulations for suppliers in developing countries or countries with increased compliance risk (in accordance with business partner screening) form the core of the cooperation with suppliers and the monitoring of any impacts, risks, and opportunities. The basic structures are described here:

Supplier onboarding.
The onboarding process for all new suppliers includes assessments in various areas, such as health and safety, human and labor rights, integrity, and compliance, which lead to the aforementioned categorization (tier A to C). The Supplier Code of Conduct defines the basic requirements for Kapsch TrafficCom's suppliers and third-party intermediaries with regard to their responsibility towards stakeholders and the environment. Kapsch TrafficCom expects all suppliers to comply with the principles and standards set out in this Code in order to contribute to responsible procurement.

Supplier audit and review meetings.
Suppliers with a high impact rating in areas such as health and safety, information security, quality, or the environment are subject to a re-evaluation audit at least every three years.

All suppliers are obliged to comply with at least the legal requirements applicable to them. This includes, but is not limited to, health and safety measures as well as child labor and forced labor. To date, there have been no incidents related to material impacts, but mechanisms for identification and, where necessary, joint action have been defined as described above.

Any incidents identified or reported during the audits are entered into a deficit list ("supplier findings list"). Specific corrective measures are also defined there. The effectiveness of these measures is reviewed in accordance with the management system and the compliance organization through audits, and the measures are adapted if necessary. Feedback from suppliers and standards in practice are also taken into account and established where appropriate. The cases are only closed in the list once the nonconformities have been resolved.

The selection of any necessary measures in relation to actual or potential negative impacts on workers in the value chain depends on the specific violation and is determined on a case-by-case basis. The measures are developed individually in collaboration with the supplier concerned, and their effective implementation is monitored on the basis of an action plan to be developed and through regular internal and external audits. Effective implementation is ultimately verified via the supplier findings list. To date, there have been no cases of hidden child or forced labor, but procedures for implementing remedial measures are nevertheless in place.

The supplier audits and review meetings contribute overall to assessing compliance with labor standards, working conditions, and ethical practices and ensuring that all risks or violations are identified and effectively addressed. This is also intended to reduce the risk of supply chain disruptions due to labor issues at suppliers (strikes and absences due to illness). Kapsch TrafficCom expects suppliers to have an adequate plan in place to maintain business operations and reviews this during audits and review meetings.

Kapsch TrafficCom has implemented a supplier evaluation and selection process that uses a fact-based decision matrix. This is developed to ensure that non-financial criteria are also taken into account. This can include requirements relating to external monitoring of standards (certifications), fulfillment of contractual requirements, and minimum non-financial standards. The decision matrix is developed individually and includes, for example, bonus points for ISO 14001 or EMAS (Eco-Management and Audit Scheme) certification; or the supplier has defined specific environmental measures or is already implementing them; or the supplier can demonstrate other awards for its environmental activities. This enables the Company to guarantee a transparent process and, through the Kapsch Supplier Code of Conduct, ethical procurement practices. It also contributes to the diversification of the supply chain, which has already been described in >> *Section 1.4 "Impact, risk, and opportunity management"* in connection with climate-related risks.

Kapsch TrafficCom maintains cooperative and transparent partnerships with its suppliers through the regular meetings and audits described above. This ensures that its own operational practices do not have any significant negative impact on workers in the value chain or contribute to such an impact in the course of an active partnership.

No serious human rights issues or incidents were reported within the upstream and downstream value chain.

Responsibility for managing material impacts lies with the management of Supply Chain Management and, in part, with the Group Compliance Officer of Kapsch TrafficCom.

Metrics and targets.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S2-5).

Kapsch TrafficCom has not defined any general targets for the material IROs relating to workers in the value chain, nor does it plan to do so in the foreseeable future.

3.3 Affected communities (ESRS S3).

Material impacts, risks, and opportunities	Position in the value chain	Description	Actions[1]
Communities' economic, social, and cultural rights > Adequate housing			
Positive impact/ opportunity: Reduction of environmental pollution, particulate matter, and noise through tolling and traffic management systems. (short to long term)	*KTC* >>>	**Inside-out:** Improved air quality with positive effects on the health of people in the immediate vicinity. (actual) **Outside-in:** Increased demand for tolling and traffic management systems with positive effects on air quality for local communities by sustainably shaping traffic flows through traffic control or dynamic tolling systems.	■ Continuous development and innovation of products and services for reducing emissions
Opportunity: Access to local markets and talents through community integration. (short to long term)	<<< *KTC*	**Outside-in:** Greater local market presence with a positive image, integration of local expertise, cost advantages through globally distributed specialist staff.	■ Building cultural understanding of local communities ■ Local staff recruitment and material procurement
Opportunity: Traffic management, intelligent tolling options, and tolling services for cell phones enable improved efficiency and traffic flow as well as accessibility to residential areas and local businesses. (short to long term)	*KTC* >>>	**Outside-in:** Increased customer satisfaction, system acceptance and demand for Kapsch TrafficCom products and services.	■ Continuous improvement and adaptation of products and services to the needs of local communities and users ■ Increased customer service ■ Cooperation with local authorities
Positive impact: Traffic control increases road safety. (short to long term)	>>>	**Inside-out:** Traffic control increases road safety. (actual)	■ Identification of vulnerable road users
Positive impact: Tolling enables the financing of road infrastructure maintenance. (short to long term)	>>>	**Inside-out:** Tolls generate revenue that enables road infrastructure to be maintained, which in turn improves safety for road users. (actual)	■ Solutions for authorities ■ Demonstrations and training
Negative impact: Risks to personal safety due to inadequate product safety. (short to long term)	>>>	**Inside-out:** Risk to the personal safety of the public if safety criteria are not met. (potential)	■ Ensuring compliance with applicable legal and regulatory safety requirements ■ Taking applicable safety standards into account during product development and approval

[1] The impacts and opportunities in relation to affected communities are linked to Kapsch TrafficCom's business model in the interests of its customers. The same applies to the actions mentioned here.

<<<	upstream value chain
KTC	within the Company
>>>	downstream value chain

Strategy.

Material impacts, risks, and opportunities and their interaction with strategy and business model (ESRS 2 SBM-3).

Kapsch TrafficCom's products and services serve the public interest; the Company's customers and clients act on behalf of the public sector and implement transportation policy objectives. Road users are not direct "consumers and end users" (as defined in ESRS S4) of Kapsch TrafficCom's solutions; rather, they are part of the affected communities.

The communities affected by a tolling or traffic management system are therefore:

- Private motorists
- Road-using companies
- Pedestrians and cyclists
- Residents
- Real estate owners along roads
- Population in environmental zones
- Businesses

Kapsch TrafficCom's customers are the legal representatives of the communities concerned. In interurban transport, these are mostly motorway operators, and in the case of urban transport measures, they are municipal authorities.

Private motorists: Their mobility behavior is influenced by tolling systems and traffic management. Tolling or traffic management can serve to:

- maintaining road infrastructure, which directly benefits motorists, or
- encouraging behavioral changes through financial incentives or instructions and suggestions, which in the case of tolls can also make driving more expensive. In certain cases, it could also be argued that this reduces the value of vehicles, as they may not offer the mobility that motorists had hoped for when purchasing them. Traffic management can support drivers by saving time and ensuring smooth traffic flow, but it can also increase travel times by keeping drivers away from sensitive areas (e.g., residential areas, schools).

Road-using companies are transport companies, small and medium-sized enterprises that use roads to conduct their business activities.

Pedestrians and cyclists are exposed to air pollution that directly affects their health. In the case of urban tolls or traffic management that reduces road traffic, they benefit from public health gains through cleaner air and increased well-being. In the case of traffic management, they benefit as vulnerable road users from increased road safety.

Residents. The general population living along roads is usually exposed to road noise, which affects public health. They benefit from a reduction in traffic volume and thus from tolling and traffic management.

Real estate owners along roads. Properties located along heavily trafficked roads are affected by traffic volume as well as noise and air pollution. Toll collection and traffic management measures can lead to a reduction in these impacts as well as changes in accessibility. These factors can affect property values.

Population in low emission/clean air zones. Depending on the tolling system, the cost of using vehicles in these areas may increase. No direct correlation with real estate price trends could be identified.

Businesses. Depending on the type of the tolling system, changes in mobility patterns can affect access for both customers and deliveries. Conversely, depending on the specific design, a tolling system can also lead to lower and better-managed traffic volumes, thereby improving access for customers or suppliers.

The added value of a tolling or traffic management solution lies in its ability to collect infrastructure costs or shape mobility behavior in line with customer objectives. Kapsch TrafficCom solutions are deliberately used by customers to impact communities. Decisions about tolling and traffic management solutions and their effects are mobility policy and public policy decisions. They affect road users, from private motorists, cyclists, and pedestrians to public transport users, residents, and businesses.

By generating revenue that is used to maintain infrastructure, tolling systems make a positive contribution to one of the three pillars of road safety (infrastructure, vehicles, driver behavior). They also play a role in air pollution control, noise reduction, and congestion management. On European highways, tolling systems are regulated for commercial long-distance traffic for this very purpose by Directive 1999/62/EC.

Most traffic management systems have similar positive impacts: Depending on their design, they can improve public health through air pollution control, noise reduction, or traffic safety, and traffic flows can be made more sustainable (e.g., public transportation, congestion reduction, carpooling). In addition, active traffic control increases the safety of road users. Air pollution control contributes to public health, especially for residents and people traveling along roads, drivers, and any animals and plants near roads. Noise reduction also improves public health, especially for residents. Congestion reduction saves time for individual road users and generates economic benefits.

For Kapsch TrafficCom, the political will to achieve these positive effects is linked to revenue generation. The better the solutions meet the needs – including in terms of efficiency and traffic flow – the greater the opportunities for Kapsch TrafficCom. The Company therefore strives for continuous improvement, further development, and innovation of its products and services.

Market presence and integration into local markets and communities also enable local expertise and resources to be incorporated into the upstream value chain.

Impact, risk, and opportunity management.

Policies related to affected communities (S3-1).

Specifications for tolling and traffic management systems are defined in public tenders based on stakeholder analyses and land use concepts. The contracting authorities are to be regarded as representatives of the affected communities. Kapsch TrafficCom merely follows the tenders and has therefore not developed any concepts in relation to these stakeholders. Nor is this intended.

Processes for engaging with affected communities about impacts (S3-2).

Transport policy decisions are made by public authorities before projects are awarded. All decision-making processes vary depending on the legal framework, but fall within the remit of the client. As a private-sector player, Kapsch TrafficCom does not interact with the affected communities. This is the responsibility of the public authorities, on whose behalf Kapsch TrafficCom manages mobility using its tolling and traffic management systems.

The interaction and cooperation between Kapsch TrafficCom and its customers is governed by local public procurement law. As described above, the affected communities are only indirectly involved through their legal representatives. Operational responsibility within the Company lies with the members of the Executive Board responsible for sales.

In many cases, customers carry out impact assessments prior to a tender to evaluate the concerns of the affected communities. In the case of tolling systems, these are primarily environmental impact assessments or, in urban areas, social and commercial impact assessments. Accordingly, the concerns of affected communities are already identified before a tender is issued. Communication with these communities takes place via the public administration and is the responsibility of the customer. Any results of this process are communicated to Kapsch TrafficCom by the customer.

Processes to remediate negative impacts and channels for affected communities to raise concerns (S3-3).

Kapsch TrafficCom has a contact form on its website that allows anyone concerned to contact the Company directly. The Company investigates all reports that could relate to product safety. The effectiveness of the channels is not assessed in relation to affected communities. Further information on contact options and whistleblower systems can be found in >> *Section 4.1 "Business conduct (ESRS G1)"* under "Whistleblower and review mechanisms".

Taking action on material impacts on affected communities, approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions (S3-4).

As described, there is no direct exchange with the affected communities, as this is the responsibility of the customers. However, Kapsch TrafficCom is actively working to further optimize its solutions in terms of more efficient traffic management and more efficient and resilient toll collection, and is pursuing various initiatives to exploit the potential of its solutions. In addition, the Company regularly works on initiatives and projects in cooperation with institutions to investigate impacts, risks, and opportunities in relation to road users and other traffic participants.

No human rights issues or incidents relating to affected communities were reported during the reporting period.

Kapsch has defined a Code of Conduct for all Kapsch TrafficCom employees, which also addresses relations with affected communities. Due to the special role played by the political process and public decisions, this is a key aspect of the Code of Conduct and other activities in the area of good corporate governance. In addition, there are specific rules of conduct for the areas of anti-corruption and lobbying.

The positive impacts and opportunities related to affected communities are directly linked to Kapsch TrafficCom's business model, innovation, and project implementation. Apart from this, no explicit funds are allocated to this topic.

Kapsch TrafficCom has also not taken any action because there are defined processes and bodies that are authorized to decide on and implement measures in the public interest. As a private-sector player, Kapsch TrafficCom does not have this mandate. The clients use the solutions to achieve impacts on mobility users in the public interest.

Metrics and targets.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S3-5).

For the reasons stated above, Kapsch TrafficCom has not set any targets in relation to mitigating significant negative impacts, promoting positive impacts, and addressing significant risks and opportunities. This is also not to be expected under the given circumstances.

4 Governance Information.

4.1 Business conduct (ESRS G1).

Material impacts, risks, and opportunities	Position in the value chain	Description	Actions
Corporate culture			
Negative impact/risk: Stressful, misaligned, or poorly communicated corporate culture. (short to long term)	<<< ***KTC*** >>>	**Inside-out:** Loss of public trust in the Company. (potential) **Outside-in:** High employee fluctuation and, as a result, high recruitment and training costs, loss of productivity, internal conflicts, project delays, potential damage to the Company's reputation.	▪ Clear communication of corporate values ▪ Training for managers ▪ Regular employee feedback
Positive impact/ opportunity: Improvement of employee satisfaction and corporate image through ethical corporate culture and business practices. (short to long term)	<<< ***KTC*** >>>	**Inside-out:** Corporate culture and business practices form a solid basis for successful, trusting, and long-term relationships with employees, customers, and business partners. (actual) **Outside-in:** Improved productivity, attracting and retaining top talents, innovation through collaboration and diversity, positive corporate image.	▪ People Strategy with a strong focus on Servant Leadership ▪ Ethics, diversity, and cooperation ▪ Clear communication of corporate values
Negative impact/risk: Loss of customer trust or compromise of privacy due to a data breach. (short to long term)	***KTC*** >>>	**Inside-out:** Risks to the privacy of road users in the event of inadequate compliance with data protection regulations. (potential) **Outside-in:** Loss of customers, legal sanctions, costs for data recovery and PR management.	▪ Implementation of robust cybersecurity measures ▪ Regular audits ▪ Communication with customers
Risk: Legal challenges and fines due to non-compliance with data protection laws. (medium to long term)	***KTC*** >>>	**Outside-in:** Legal costs, fines, potential damage to the Company's image, business interruptions.	▪ Regular compliance checks ▪ Legal advice ▪ Compliance with data protection laws and best practices
Opportunity: Positive effects through the responsible use of AI and data analytics for traffic control. (short to long term)	***KTC*** >>>	**Outside-in:** Improved public perception, differentiation in the market, increased customer satisfaction.	▪ Development of ethical guidelines for AI use ▪ Clear data usage guidelines ▪ Continuous monitoring of practices

Material impacts, risks, and opportunities	Position in the value chain	Description	Actions
Political engagement and lobbying activities			
Positive impact/ opportunity: Political commitment and lobbying lead to interoperable technologies and industry standards. (medium to long term)	***KTC*** >>>	**Inside-out:** Standardization, backwards compatibility, and frequency management enable the integration of new technologies into existing infrastructure, leading to greater choice, competitive prices, and resource efficiency for customers, as products can be used longer before they need to be replaced due to outdated and unsupported technology. (actual) **Outside-in:** Long-term value of investments in assets and expertise of employees by establishing and enforcing a sustainable legal framework for interoperable frequency regulation and standardization. The aim is to modernize technologies in a sustainable manner while avoiding premature obsolescence of existing solutions due to incompatibility with new technologies.	▪ Experts in standardization activities and EU affairs ▪ Membership in various interest groups
Management of relationships with suppliers including payment practices			
Positive impact/ opportunity: Strengthening relationships with customers and business partners. (short to long term)	<<< ***KTC***	**Inside-out:** The Company's trusting and long-term relationships enable business continuity for local business partners and communities and improve trust and efficiency in the market as a whole. (actual) **Outside-in:** Transparent cooperation with customers and business partners promotes long-term contracts and innovative joint projects.	▪ Promotion of transparency ▪ Business partner screening ▪ Long-term cooperation ▪ Maintenance of ethical standards
Corruption and bribery > Prevention and detection including training			
Opportunity: Industry-wide correct conduct in relation to corruption and bribery. (short to long term)	<<< ***KTC***	**Outside-in:** Positive image of the Company and, as a result, attracting ethical business partners and building and retaining a loyal customer base.	▪ Anti-corruption ▪ Anti-corruption training ▪ Transparent practices ▪ Business partner screening ▪ Public code of conduct for ethical business practices
Corruption and bribery > Incidents			
Negative impact/risk: Exclusion from participation in public tenders due to corruption or bribery convictions. (short to long term)	<<< ***KTC*** >>>	**Inside-out:** Loss of citizens' trust in public authorities, impairment of competition. (potential) **Outside-in:** Loss of revenue sources, long-term impairment of business prospects.	▪ Commitment to compliance with legal provisions ▪ Anti-corruption training ▪ Immediate corrective measures in the event of violations ▪ Restoration of trust in public authorities

<<< upstream value chain
KTC within the Company
>>> downstream value chain

Impact, risk, and opportunity management.

Business conduct policies and corporate culture (G1-1).

Corporate culture.

Over the course of more than 130 years in business, Kapsch has developed a strong corporate culture that has evolved over time in line with the Company's growth, internationalization, and changing conditions. This culture also provides a framework for actions that ensures a common understanding within the Company. The policies outlined below promote and shape this culture.

Kapsch Group Code of Conduct.

A Code of Conduct that applies to all companies within the Kapsch Group describes the principles, values, and rules of conduct that are to be observed at Kapsch. It takes into account the interests, expectations, and requirements of various stakeholders, in particular employees, customers, suppliers, other business partners, investors, and the general public. It includes behavioral requirements regarding integrity toward the general public, the environment, and employees, covering the following areas:

- Fair competition
- Compliance with international trade regulations
- Avoidance of conflicts of interest
- Extensive corruption prevention
- Prevention of money laundering and terrorist financing
- Information security and data protection
- Capital market compliance
- Human rights and labor standards
- Environmental protection

Kapsch TrafficCom expects all other persons involved in Kapsch's value creation process to act in accordance with these rules of conduct. In this context, Kapsch TrafficCom has also defined a Code of Conduct for Suppliers (see >> *Section 3.2 "Workers in the value chain (ESRS S2)"*). Supplementary mandatory guidelines and other regulations exist at global, regional, and national levels for various areas covered by the Codes of Conduct. The Kapsch Group Code of Conduct is available in German, English, and Spanish on the Company website and for employees on the intranet and via the HSSEQ (Health, Safety, Security, Environment & Quality) platform. Contact persons such as the Group Compliance Officer, the Women's Representative, the Corporate Information Security Officer, or the Corporate Privacy Officer are available for all topics covered. The Code of Conduct is regularly evaluated by reporting any necessary changes to the Group Compliance Officer as the document owner, and is further developed as required.

People Strategy.

Kapsch TrafficCom pursues a specially defined People Strategy based on four central pillars:

- Career development
- Flexible working
- Overall compensation
- Learning experience

It is intended to help promote a dynamic and growth-oriented culture. Detailed information can be found in >> *Section 3.1 "Own workforce (ESRS S1)"* under "Policies".

Information security.

The topic of information security is also deeply rooted in the corporate culture. This is necessary because Kapsch TrafficCom's solutions process customer and user data. The Company is aware of its responsibility in handling this information and is committed to protecting the data against unauthorized access or disclosure. Information security is also an essential partner in the implementation of technical and organizational measures for data protection. Risks and current threats are analyzed on an ongoing basis so that targeted measures can be taken. A strategic and operational risk management process supported by technical tools is used for risk and threat analysis.

Kapsch TrafficCom operates a structured information security management system (ISMS) in accordance with ISO/IEC 27001, which is audited and certified annually by an independent accredited agency. At the top of the management system is the Information Security Policy approved by the Executive Board, from which all other guidelines and processes for information security are derived. The Corporate Information Security Officer (CISO) is appointed by the Executive Board to be responsible for information security within the Kapsch TrafficCom Group. The application of internationally recognized standards (e.g., ISO27k series, PCI-DSS, etc.), recommendations, and best practices in relation to information security ensures that the ISMS achieves its objectives and supports the business activities of Kapsch TrafficCom in the best possible way. The established ISMS is also used to address legal obligations such as the General Data Protection Regulation (GDPR) or the Network and Information Systems Security Act 2026 (NISG 2026). The information security management system is based on the following cornerstones:

- **Security strategy.** Kapsch TrafficCom has a globally valid security strategy that is laid down in its information security policy. This defines the context, objectives, roles, and committees for the ISMS. Specifically, Kapsch TrafficCom has formulated the following two guiding principles for the targeted use of security measures:
  - The security organization acts as a trustworthy and reliable partner.
  - Security measures are based on the recognized state of the art and on ISO/IEC 27001 (or Annex A) as the standard reference for the implementation and operation of an information security management system.
- **Risk management.** As a core process of ISO/IEC 27001, Kapsch TrafficCom has a uniform risk management process for information security that is integrated into corporate risk management. The structured approach to assessing risks related to information security is derived from Kapsch TrafficCom's business processes and represents a holistic approach to comprehensively addressing risks such as data leakage and data protection. The risk management process is implemented in all companies whose IT is fully integrated into the Group's IT, regardless of whether they are formally certified according to ISO/IEC 27001 or not.
- **Continuous security monitoring.** Due to the latent global threat situation in cyberspace, Kapsch TrafficCom works with an external SOC (Security Operations Center) provider to ensure continuous monitoring of the IT infrastructure. Furthermore, Kapsch TrafficCom continuously monitors and evaluates internal and external systems for vulnerabilities using various automated processes and sources. In addition, an independent service provider is commissioned annually to test the security of Kapsch TrafficCom. Continuous security monitoring is a measure derived from risk management and is integrated into the management system accordingly.
- **IT Service Continuity Management.** Kapsch TrafficCom has established a continuity management framework, including the necessary organizational structure, and integrated it into its information security management system to ensure that mission-critical IT services and affected business functions can be maintained even during challenging times. The objective of IT service continuity activities within the Company includes the identification and implementation of preventive and reactive measures in relation to relevant scenarios. The measures encompass technical (e.g., use of cloud services, establishment of geo-redundant IT systems), procedural, and organizational aspects (e.g., policies), taking a wide range of factors into account.
- **Awareness and communication.** One of the most important pillars of active information security management is awareness-raising measures for employees. To this end, there is a mandatory training program for the entire workforce (Global Compliance Training Quarter) with content focusing on the information security management system, supplemented by periodic phishing campaigns, event-related mailings, and intranet messages on current topics.

Use of data and artificial intelligence.
Kapsch TrafficCom's systems increasingly use artificial intelligence (AI) and data analytics. The Company is aware of the importance of responsible use and compliance with relevant regulations, such as the AI Act. An AI Steering Group is responsible for coordinating AI strategy agendas and implementing appropriate measures. In addition, a working group has been set up to develop internal guidelines for the use of AI.

Whistleblower and review mechanisms.
Violations of legal requirements or the Code of Conduct can have serious consequences for individuals as well as for the entire Kapsch TrafficCom Group. For this reason, and out of ethical responsibility, Kapsch TrafficCom consistently investigates every violation of the law and every breach of internal regulations. This is done regardless of the function and job responsibilities of the person concerned.

Whistleblowers who report suspected legal violations or breaches of internal compliance guidelines are protected from retaliation and discrimination, provided they acted in good faith at the time of the report; that is, they made the report in good faith, even if the content of the report subsequently turns out to be incorrect. In the event of a report, the identity of whistleblowers is protected in accordance with the relevant legal requirements.

Kapsch TrafficCom employees can report violations or suspected violations to their immediate supervisor and, depending on the subject matter, to the relevant departments, such as the Group Compliance Officer, the Corporate Information Security Officer, the Corporate Privacy Officer, the Human Resources Department, or the Women's Representative.

In addition, regionally established electronic whistleblowing systems – which also allow for anonymous reports – are available to both employees and external individuals with a direct professional connection to Kapsch TrafficCom or other third parties (e.g., affected communities, witnesses of violations) in Europe and North America. Such a system is available in all European countries where the Company operates. It is based on the EU Whistleblower Directive and includes expanded reporting categories. A similar electronic whistleblowing system is also in place in North America. Reports are generally reviewed only by independent and impartial case handlers. These include the Group Compliance Officer as well as selected employees from the Legal Department and Human Resources Department of Kapsch TrafficCom. Kapsch TrafficCom ensures compliance with applicable data protection regulations through appropriate technical and organizational measures.

All case handlers are subject to strict confidentiality obligations and must immediately hand over their case if they are biased or have a conflict of interest. Information relating to identity may only be disclosed within Kapsch TrafficCom on a strict need-to-know basis and therefore only if this is actually necessary for the investigation of the report. The same applies if, following an anonymous report, the identity of the whistleblower becomes known to the case handlers in the course of the investigation. The Group Compliance Officer monitors compliance with confidentiality, the existence of conflicts of interest, and other legal provisions for the protection of whistleblowers.

In general, the Group Compliance Officer is authorized to review all compliance matters in order to prevent corruption and bribery. Internal audits are conducted by the Internal Audit Department and, depending on the subject area, by other departments with specialist responsibility to ensure compliance with legal and internal guidelines. The results of these reviews are communicated to the Executive Board and the Supervisory Board or the Audit Committee of Kapsch TrafficCom AG within the framework of defined reporting channels.

Training.
As part of an annual Group-wide training initiative known as the "Global Compliance Training Quarter", a variety of online training courses are offered on various aspects of corporate governance, such as anti-corruption, capital markets compliance, data protection and security, and AI. The various training courses are assigned by subject matter experts to a broad and needs-based target group across the Group, and completion is mandatory. Employees who join Kapsch TrafficCom after the "Global Compliance Training Quarter" must complete the training within their first few months.

In addition, the Human Resources Department offers further training for managers, known as "Leadership Quick Starts", which also cover topics relevant to corporate management, such as professional integrity and ethical decision-making.

Functions-at-risk.
The Group-wide compliance risk analysis indicates an increased risk of corruption and bribery in sales-related roles in countries with a lower Corruption Perceptions Index (CPI < 50) and are frequently in direct contact with government authorities in the context of public procurement procedures. In this context, a total of 12 individuals were identified as working in such high-risk functions. Details on the risk analysis can be found in this section under "Prevention and detection of corruption and bribery (G1-3)".

Management of relationships with suppliers (G1-2).

In general, Kapsch TrafficCom maintains a cooperative partnership with its suppliers. New business partners undergo a comprehensive supplier evaluation. A fact-based decision matrix is used for the supplier evaluation and selection process. In addition, the Supplier Code of Conduct includes environmental, ethical, social, human rights, and governance standards. For more information, see >> *Section 3.2 "Workers in the value chain (ESRS S2)".*

In the event of difficulties or necessary corrective actions, Kapsch TrafficCom supports its suppliers as needed. Among other things, Kapsch TrafficCom places a high priority on paying invoices on time. In addition, Kapsch TrafficCom strives to maintain ongoing communication with its suppliers to ensure a strong long-term partnership.

Prevention and detection of corruption and bribery (G1-3).

Compliance organization.
Kapsch TrafficCom has a multi-level compliance organization in place to ensure comprehensive prevention, education, and treatment of compliance violations. The Executive Board is supported in this by the Group Compliance Officer. The latter in turn draws on various departments or managers within the organization and is also available to all employees in an advisory capacity. The Executive Board submits an anti-corruption report to the Supervisory Board on an annual basis. The Group Compliance Officer reports to the Audit Committee at all its meetings and, if necessary, directly to the Executive Board or Supervisory Board.

Kapsch TrafficCom conducts a Group-wide compliance risk analysis, which also identifies various risks in the area of corruption and bribery and assesses them according to their probability of occurrence and potential damage. This also allows functions within the Company that are most at risk in terms of corruption and bribery to be identified. Based on calculated gross risks, final net risks are determined in conjunction with risk-mitigating measures, which are then used to align appropriate compliance measures.

Kapsch TrafficCom has the following internal policies on various aspects of corruption prevention. These policies have been adopted by the Executive Board as the highest level responsible for implementation and are regularly reviewed by the Group Compliance Officer to ensure that their content is up to date and adjusted as necessary:

- Framework policy: Guideline on anti-corruption and the handling of gifts and invitations
  - Supplementary policy: Guideline for lobbying, incl. sales activities in the public sphere
  - Supplementary policy: Guideline for donations, sponsorships and advertising

These policies apply to the entire Kapsch TrafficCom Group, and the rules set therein must be observed by all employees throughout the Group, including members of the Executive Board and managing directors. Failure to comply with these policies may result in disciplinary, civil, or criminal action. Kapsch TrafficCom employees have access to all applicable policies via the intranet and the HSSEQ platform.

Kapsch TrafficCom has defined reporting channels for information and suspected violations of the guidelines; see information on whistleblowing and review mechanisms.

Kapsch TrafficCom's business partners are screened for corruption-related risks on a risk-based basis prior to entering into a business relationship and during the course of the relationship. An electronic compliance screening tool enables comprehensive risk assessments and continuous monitoring. In addition, as part of the self-assessment of new suppliers, mandatory compliance information must be provided by the business partner, depending on the risk category.

The Group Compliance Officer and the Internal Audit Department are in any case separate from the management chain involved in investigations of violations relating to corruption and bribery and, in the event of a conflict, report only to the CEO of Kapsch TrafficCom AG. In addition, they have a further reporting line available to them within the framework of their reporting to the Audit Committee. Investigators of cases that fall under a whistleblower protection law of an EU country are exempt from instructions in these matters due to legal obligations.

Regardless of the reporting lines described above, the Internal Audit Department shall in any case forward its findings to the entire Executive Board, the Audit Committee, and any necessary managers.

Awareness and training.
The Kapsch Group Code of Conduct and the Supplier Code of Conduct are publicly available on the website. All internal policies, process descriptions, and contact persons are available to employees on the intranet and on the internal HSSEQ platform. Furthermore, relevant content is communicated in training courses. The strategies and content are also communicated as part of the internal consulting activities of the Group Compliance Officer, including through risk and awareness discussions with high-risk and particularly responsible functions.

Every year, a Group-wide mandatory online anti-corruption training course is conducted for office staff. In addition to the social implications of corruption and key principles and definitions related to anti-corruption efforts, the training also covers the rules of conduct set forth in the internal framework policy on corruption prevention. The focus is on reinforcing knowledge of generally permitted and prohibited actions, internal value limits regarding gifts and invitations, and approval requirements. The training lasts approximately 15–20 minutes and is available in English, German, and Spanish. The completion rate for the training is 96%, which was achieved by the end of June 2025 (2024/25: 97%). 100% of high-risk roles completed the training program in the reporting year (2024/25: 82%).

During the reporting period, all members of the Executive Board and the Supervisory Board underwent online anti-corruption training covering the social implications, key principles, and definitions related to anti-corruption efforts, as well as the content of the Group-wide framework policy on corruption prevention, including the rules governing the handling of gifts and invitations as prescribed by the compliance system. Since the 2024/25 financial year, members of the Executive Board and the Supervisory Board have received this training annually.

Metrics and targets.

Confirmed incidents of corruption or bribery (G1-4).

During the reporting period, as in the 2024/25 financial year, there were no (0) confirmed cases, no (0) convictions, and no (0) fines related to violations of anti-corruption and anti-bribery regulations.

Political influence and lobbying activities (G1-5).

Kapsch TrafficCom maintains an ongoing dialogue with political stakeholders and decision-makers; the Company-wide framework for this is provided by the Lobbying Policy, which also covers sales activities in the public sector.

This exchange focuses on topics relevant to Kapsch TrafficCom's business model. These include the interoperability of tolling and certain traffic management equipment, as well as compatibility with these devices. Kapsch TrafficCom also promotes the socio-economic benefits of tolling and related technologies, as well as the advantages of intelligent traffic management systems for road safety. These topics also correspond to the material IROs identified in the materiality analysis. The Company has experts for standardization activities and EU affairs. The Executive Board is responsible for supervising lobbying activities.

In the financial years 2024/25 and 2025/26, Kapsch TrafficCom paid the following membership and interest fees for legally required and voluntary memberships:

in TEUR	2024/25	2025/26
ASECAP (Association Européenne des Concessionnaires d'Autoroutes et d'ouvrages à Péage)	21	23
ERTICO (European Road Transport Telematics Implementation Coordination Organisation)	29	29
Car 2 Car Communication Consortium	28	28
Federation of Austrian Industries	55	29
Association of the Austrian Electronical and Electronics Industries	13	13
Pro Mobilität – Initiative für Verkehrsinfrastruktur e.V	3	3
DSRC Interest Group	1	1

ASECAP is the European Association of Toll Concessionaires, and Kapsch TrafficCom serves as an advisory member. The ERTICO association organizes EU research collaborations on intelligent transportation systems, while Car 2 Car plays a leading role in developing specifications for connected vehicle applications. Pro Mobilität is an association dedicated to promoting sustainable transportation. The DSRC Interest Group represents manufacturers of CEN DSRC toll devices; Kapsch TrafficCom currently chairs this association.

Kapsch TrafficCom does not make any financial contributions or provide any benefits in kind to political parties. Since 2012, Kapsch TrafficCom has been listed in the EU Transparency Register (REG number 71160189926-80) in the European Union, in Austria in the Lobbying and Interest Representation Register (LIVR-00099) since 2013, and in Germany in the Lobby Register of the German Bundestag (register number R003317) since 2022.

No member of the management or supervisory bodies held a comparable position in public administration or regulatory authorities in the two years prior to their appointment.

Payment practices (G1-6).

Kapsch TrafficCom agrees on individual payment terms with its suppliers, which are generally between 30 and 60 days and do not vary based on the size of the supplier.

During the reporting year, for cash management reasons, the Company was not always able to meet its own standard of making payments on time. This was also related to the transition to a new ERP (Enterprise Resource Planning) system. Over the course of the year, the relevant workflow was improved again, and Kapsch TrafficCom proactively communicated with suppliers to agree on the best possible solutions or payment plans. The goal is for all supplier invoices to be paid largely on time in the future. With regard to the breach of financial covenants that occurred during the reporting period and the resulting financing and liquidity risks, reference is made to the information provided in the >> *Consolidated Financial Statements, Chapters 1.4 "Information on the going concern assumption", 24 "Current and non-current financial liabilities", 33.3 "Liquidity risk", 34 "Capital management" and 37 "Events after the reporting period".*

The data was calculated using all invoices recorded in the Infor and Navision ERP systems that were paid during the 2024/25 and 2025/26 financial years.

	2024/25	2025/26
Number of legal proceedings currently outstanding for late payments	0	0
Average time the undertaking takes to pay an invoice from the date when the contractual or statutory term of payment starts to be calculated (number of days)	10	13

	2024/25	2025/26
≤ 30 days before due date	1%	1%
between 30 days before and 30 days after the due date	80%	85%
between 30 days and 60 days after due date	11%	8%
between 60 days and 90 days after due date	4%	3%
≥ 90 days after due date	4%	3%

Vienna, July 27, 2026

The Executive Board

Georg Kapsch
Chief Executive Officer

Alfredo Escribá Gallego
Executive Board Member

Samuel Kapsch
Executive Board Member

CONSOLIDATED FINANCIAL STATEMENTS.

Primaries.

Consolidated statement of comprehensive income.

in EUR	Note	2024/25 adjusted*	2025/26
Revenues	2	530,315,531	430,569,203
Other operating income*	3	29,664,697	53,903,198
Changes in finished and unfinished goods	4	1,421,969	221,785
Cost of materials and other production services	5	-198,649,575	-164,089,424
Personnel expenses	6	-250,582,421	-230,773,393
Other operating expenses*	7	-94,021,123	-86,346,850
Proportional result of associates and joint ventures	14	5,647,543	17,152,451
Operating result before amortization, depreciation and impairment (EBITDA)[1)]*		**23,796,621**	**20,636,969**
Amortization and depreciation	8	-16,489,060	-12,997,302
Impairment	8	0	-2,056,176
Operating result (EBIT)*		**7,307,560**	**5,583,491**
Finance income[1)2)]	9	5,356,835	6,225,212
Finance costs[2)]	9	-22,258,523	-17,590,594
Financial result[1)]		**-16,901,689**	**-11,365,383**
Result before income taxes*		**-9,594,128**	**-5,781,892**
Income tax	10	1,243,681	-11,209,019
Result for the period*		**-8,350,448**	**-16,990,910**
Equity holders of the company*		-12,105,642	-18,707,039
Non-controlling interests	31	3,755,194	1,716,129
Earnings per share from the result for the period attributable to the equity holders of the company			
diluted = undiluted		-0.85	-1.31
Other comprehensive income for the period			
Currency translation differences*		4,868,598	1,730,559
Currency translation differences from net investments in foreign operations		-24,726	-3,707,647
Income tax relating to items subsequently to be reclassified to the result for the period		5,687	852,759
Total items subsequently to be reclassified to the result for the period*		**4,849,559**	**-1,124,329**
Total items subsequently not to be reclassified to the result for the period		**-922,800**	**112,619**
Other comprehensive income for the period net of tax*	11	**3,926,759**	**-1,011,710**
Total comprehensive income for the period*		**-4,423,690**	**-18,002,621**
Equity holders of the company*		-6,257,394	-19,486,702
Non-controlling interests	31	1,833,704	1,484,081

*) See note 30 regarding the retrospective adjustment resulting from an error in accordance with IAS 8

Consolidated balance sheet.

in EUR	Note	March 31, 2025 adjusted*	March 31, 2026
ASSETS			
Property, plant and equipment	12	43,058,062	37,157,123
Intangible assets	13	27,135,848	26,807,416
Interests in associates and joint ventures	14	18,676,639	23,005,860
Other non-current financial assets and investments		3,419,026	3,486,590
Non-current contract assets	20	846,599	1,145,763
Other non-current assets[1)]	16	5,707,025	10,318,864
Deferred tax assets	17	53,359,425	47,411,733
Non-current assets		**152,202,624**	**149,333,349**
Inventories	18	49,031,685	39,861,706
Trade receivables and other current assets[1)]*	19	115,377,133	115,682,019
Current contract assets	20	73,037,459	44,935,856
Current tax receivables		5,479,596	5,533,360
Other current financial assets		1,358,103	1,265,645
Cash and cash equivalents	21	47,805,545	23,248,974
Assets held for sale	22	4,947,796	3,752,895
Current assets*		**297,037,317**	**234,280,455**
TOTAL ASSETS*		**449,239,940**	**383,613,803**
EQUITY			
Share capital	23	14,300,000	14,300,000
Capital reserve	23	127,686,238	127,686,238
Retained earnings and other reserves*	23	-58,122,956	-77,609,657
Capital and reserves attributable to equity holders of the company*		**83,863,282**	**64,376,580**
Non-controlling interests	23	1,970,933	3,455,013
TOTAL EQUITY*		**85,834,215**	**67,831,593**
LIABILITIES			
Non-current financial liabilities	24	96,413,049	0
Non-current lease liabilities	25	24,579,863	20,695,549
Liabilities from post-employment benefits to employees	26	21,253,071	20,363,120
Non-current provisions	27	1,564,681	735,016
Non-current contract liabilities	20	8,745,446	9,341,813
Other non-current liabilities		255,062	236,093
Deferred tax liabilities	17	1,357,916	1,277,197
Non-current liabilities		**154,169,088**	**52,648,789**
Current financial liabilities	24	21,977,192	110,156,380
Current lease liabilities	25	7,674,129	7,064,537
Trade payables		58,794,215	55,294,380
Current contract liabilities	20	43,569,341	32,713,144
Current provisions	27	20,387,903	12,393,091
Current tax liabilities		6,558,772	4,001,286
Other liabilities and deferred income	28	46,797,175	37,531,071
Liabilities held for sale	22	3,477,909	3,979,531
Current liabilities		**209,236,637**	**263,133,420**
TOTAL LIABILITIES		**363,405,725**	**315,782,209**
TOTAL EQUITY AND LIABILITIES*		**449,239,940**	**383,613,803**

[1)] Non-current and current lease receivables are not shown separately due to immateriality but are included in other non-current assets and trade receivables and other current assets.

[*)] See note 30 regarding the retrospective adjustment resulting from an error in accordance with IAS 8

Consolidated statement of changes in equity.

in EUR	Share capital	Capital reserve	Other reserves	Consoli-dated retained earnings	Attributable to equity holders of the com-pany	Non-controlling interests	Total equity
Carrying amount as of March 31, 2024	**14,300,000**	**127,686,238**	**-45,926,130**	**-5,939,433**	**90,120,675**	**-6,697,811**	**83,422,864**
Result for the period (adjusted*)	**0**	**0**	**0**	**-12,105,642**	**-12,105,642**	**3,755,194**	**-8,350,448**
Other comprehensive income for the period (adjusted*):	**0**	**0**	**5,848,250**	**0**	**5,848,250**	**-1,921,490**	**3,926,759**
Currency translation differences (adjusted*)	0	0	6,771,049	0	6,771,049	-1,921,490	4,849,559
Remeasurements of liabilities from post-employment benefits	0	0	-922,800	0	-922,800	0	-922,800
Transactions with the owners:	**0**	**0**	**0**	**0**	**0**	**6,835,040**	**6,835,040**
Effects from changes in the scope of consolidation	0	0	0	0	0	6,835,040	6,835,040
Carrying amount as of March 31, 2025 (adjusted*)	**14,300,000**	**127,686,238**	**-40,077,879**	**-18,045,077**	**83,863,282**	**1,970,933**	**85,834,215**
Result for the period	**0**	**0**	**0**	**-18,707,039**	**-18,707,039**	**1,716,129**	**-16,990,910**
Other comprehensive income for the period:	**0**	**0**	**-779,662**	**0**	**-779,662**	**-232,048**	**-1,011,710**
Currency translation differences	0	0	-892,281	0	-892,281	-232,048	-1,124,329
Remeasurements of liabilities from post-employment benefits	0	0	112,619	0	112,619	0	112,619
Transactions with the owners:	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Effects from changes in the scope of consolidation	0	0	0	0	0	0	0
Carrying amount as of March 31, 2026	**14,300,000**	**127,686,238**	**-40,857,542**	**-36,752,116**	**64,376,581**	**3,455,013**	**67,831,593**

*) See note 30 regarding the retrospective adjustment resulting from an error in accordance with IAS 8

Details of equity are presented in note 23 and details of interests in subsidiaries in note 30.

Consolidated cash flow statement.

in EUR	Note	2024/25 adjusted*	2025/26
Operating result*		**7,307,560**	**5,583,491**
Scheduled depreciation and amortization	8	16,489,060	12,997,302
Impairment	8	0	2,056,176
Change in obligations for post-employment benefits		-1,709,756	-1,366,363
Change in non-current receivables, non-current contract assets and other non-current assets		2,008,787	-3,138,909
Change in non-current trade payables, non-current contract liabilities and other non-current liabilities and provisions		1,613,173	-169,497
Net payments of income taxes		-2,590,921	-4,477,478
Interest received		1,257,159	1,245,288
Proportional result of associates and joint ventures		-5,647,543	-17,152,451
Other (net)*		1,335,650	-3,426,821
Cash flow from earnings*		**20,063,169**	**-7,849,261**
Change in net working capital:			
Change in trade receivables, current contract assets and other current assets*		13,237,929	20,308,449
Change in inventories		-1,584,872	9,156,431
Change in trade payables, current contract liabilities and other current payables		-2,014,853	-23,851,851
Change in current provisions		-2,030,300	-8,009,991
Change in net working capital*		**7,607,904**	**-2,396,962**
Cash flow from operating activities		**27,671,072**	**-10,246,223**
Purchase of property, plant and equipment	12	-6,162,347	-3,521,266
Purchase of intangible assets	13	-1,551,054	-2,240,335
Purchase of securities, investments and other non-current financial assets		-1,202,920	-393,914
Payments for the acquisition of shares in at-equity-consolidated entities		-78,604	0
Payments from the disposal of shares in subsidiaries		-1,457,585	3,632,483
Proceeds from the disposal of property, plant and equipment		132,822	296,680
Proceeds from the disposal of intangible assets		234	0
Proceeds from sale of securities and other financial assets incl. from finance leases		1,364,527	1,445,483
Dividends from companies consolidated at-equity		2,500,000	12,717,817
Cash flow from investing activities		**-6,454,927**	**11,936,948**
Free cash flow[1)]		**21,216,145**	**1,690,725**
Increase in non-current financial liabilities	24	47,110,538	0
Increase in current financial liabilities	24	5,632,606	6,898,492
Decrease in current financial liabilities	24	-37,474,824	-15,604,352
Lease payments	25	-9,972,719	-8,221,612
Interest paid[3)]		-11,826,261	-8,504,901
Cash flow from financing activities		**-6,530,660**	**-25,432,373**
Cash and cash equivalents at beginning of year		33,376,358	47,805,545
Changes in cash and cash equivalents[2)]		14,685,486	-23,741,647
Exchange gains/losses		8,947	-896,186
Assets held for sale	22	-265,246	81,262
Cash and cash equivalents at end of year	21	**47,805,545**	**23,248,974**

1) Cash flow from operating activities + cash flow from investing activities
2) Free cash flow + cash flow from financing activities
*) See note 30 regarding the retrospective adjustment resulting from an error in accordance with IAS 8

Notes to the Consolidated Financial Statements.

Table of contents.

1 General information.

Kapsch TrafficCom is a global supplier of superior technologies, solutions and services of the ITS market (Intelligent Transportation Systems). Intelligent Transportation Systems support and optimize the traffic. They use therefore information and communication solutions.

Kapsch TrafficCom operates in two segments: Tolling and Traffic Management.

Tolling.
This segment comprises activities relating to the implementation and the technical and commercial operation of toll collection systems. Projects are generally awarded by public agencies or private concessionaires in the context of tender procedures. Toll collection systems may comprise both individual road sections and nation-wide road networks. The manufacture and procurement of components both for the expansion and adaptation of the systems installed by Kapsch TrafficCom and on behalf of third parties complete the portfolio of Kapsch TrafficCom; toll services for business customers and private customers further complete it.

Traffic Management.
This segment primarily comprises activities relating to the implementation and operation of systems and solutions for controlling traffic and mobility behavior, as well as the relating components business. The strategic focus is on the areas of traffic optimization, decision intelligence (analysis, simulation and prediction of traffic) and the operation of mobility platforms and services. One basis for this is the use of increasing amounts of data for analysis, simulation and intelligent control of traffic flows and mobility behavior. Customers in the traffic management segment are mainly public authorities but also private companies.

1.1 Group structure and consolidated group.

The parent company (reporting entity) of this group is Kapsch TrafficCom AG. The company is a joint stock corporation incorporated and domiciled in, Am Europlatz 2, 1120 Vienna, Austria.

As of March 31, 2026 KAPSCH-Group Beteiligungs GmbH, Vienna, held a share of 63.3% in Kapsch TrafficCom AG. KAPSCH-Group Beteiligungs GmbH is a 100%-subsidiary of DATAX HandelsgmbH, Vienna, which is the controlling entity of Kapsch TrafficCom AG and the ultimate parent of Kapsch Group. The shares of Kapsch TrafficCom AG are listed in the Prime Market segment of the Vienna Stock Exchange since June 26, 2007.

The consolidated group as well as changes in the scope of consolidation are included in note 30.

1.2 Basis of Preparation.

Pursuant to Section 245a Austrian Commercial Code (UGB), the consolidated financial statements as of March 31, 2025 have been prepared in accordance with International Financial Reporting Standards (IFRS) as well as the International Financial Reporting Standards Interpretations Committee (IFRS IC) as adopted by the European Union (EU).

For ease of presentation, amounts have been rounded and, unless indicated otherwise, are presented in thousands of Euros (EUR k). However, calculations are done using exact amounts, including the digits not shown, which may lead to rounding differences.

1.3 Accounting and valuation principles.

The accounting and valuation principles, which form the basis for these consolidated financial statements, were applied unchanged to the previous period and supplemented by new mandatory guidelines applicable from the financial year. Note 35 provides a detailed description of all accounting and valuation principles, including new accounting and valuation principles to be applied.

1.4 Information on the going concern assumption.

Management has assessed the Group's ability to continue as a going concern based on the current financing and liquidity plan as well as the measures envisaged to stabilize the economic situation. Based on this assessment, management expects that, despite the uncertainties associated with the implementation of these measures, the Group will have sufficient resources to continue its operations. Accordingly, the consolidated financial statements have been prepared on a going concern basis. The assessment of the going concern assumption represents a significant management judgment and is subject to uncertainty.

During the financial year 2025/26, revenues declined more significantly than planned due to substantial project postponements outside the Group's sphere of influence, delays in tender processes, and the continued depreciation of the US dollar against the euro. As a result, operating performance fell significantly short of budget expectations. The cost-saving measures initiated during the financial year across various areas of the business, including workforce-related measures, were not sufficient to offset the decline in revenue. In addition, the Group was not in compliance with the covenants agreed as part of the most recent refinancing as of the reporting date of March 31, 2026 (for further details, refer to note 24 Current and Non-current Financial Liabilities and note 34 Capital Management).

As of the reporting date of March 31, 2026, no waiver had been obtained from the financing banks. Accordingly, financial liabilities amounting to EUR 110.2 million are presented as current financial liabilities in the consolidated statement of financial position (March 31, 2025: EUR 22.0 million current and EUR 96.4 million non-current). As of March 31, 2026, current liabilities (EUR 263.1 million) exceeded current assets (EUR 234.3 million) by EUR 28.9 million. Cash and cash equivalents amounted to EUR 23.2 million as of March 31, 2026 (March 31, 2025: EUR 47.8 million).

To mitigate the adverse economic effects, the Group is working together with external advisers on a restructuring concept and an Independent Business Review ("Restructuring IBR"), which will subsequently form the basis of a refinancing concept to be agreed with the financing banks. In addition, the management team is being strengthened to ensure the swift and successful implementation of the restructuring measures. The measures already initiated primarily aim to further reduce the cost base through a more focused approach to the bidding process and efficiency improvements across the Group's global organization, thereby sustainably improving liquidity and profitability. In a subsequent step, the Group intends to dispose of assets and business activities that are not considered part of its core business through M&A processes.

A key element of the refinancing concept is the conclusion of agreements to restructure the outstanding financial liabilities of the parent company, Kapsch TrafficCom AG, amounting to EUR 90.5 million. This includes the suspension of the semi-annual repayment installments due on September 30, 2026, of approximately EUR 5 million, on March 31, 2027, of approximately EUR 5 million, and on September 30, 2027, of approximately EUR 5 million, as well as the refinancing of the promissory note loan outstanding as of the balance sheet date with a nominal amount of EUR 8.5 million until March 31, 2028.

Prior to the reporting date, negotiations were initiated with the financing banks and the holders of the promissory note bond regarding a standstill agreement and a renewed refinancing of the outstanding financial liabilities, including the promissory note loan. On July 1, 2026, a standstill agreement was entered into with the financing banks and the promissory note holders. 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 loan (see note 33.3 Liquidity Risk, note 34 Capital Management, and note 37 Events after the Reporting Date, for details regarding the structure, terms and key provisions of these agreements).

Management assumes that the restructuring concept will be implemented as planned and that the conditions and agreed covenants of the financing agreements will be complied with. Based on these assumptions, the Group expects that the measures described above will be sufficient to secure its liquidity requirements.

Based on this assessment, the Management Board considers the application of the going concern assumption to be appropriate. However, in addition to the current business situation, significant uncertainties exist with respect to the refinancing and restructuring measures, which had not yet been finally completed at the date of authorization of these consolidated financial statements and are, in part, subject to the fulfilment of conditions precedent. These circumstances may cast significant doubt on the Group's ability to continue as a going concern. Should management fail to implement the planned measures as expected, this could result in the refinancing steps not being realised or the related requirements not being fulfilled.

The Company's legal representatives assume that the planned measures, as well as the conditions and key terms agreed with the financing banks, can be implemented as scheduled. With respect to the conditions and milestones set out in the term sheet, reference is made to note 37 Events after the Reporting Date.

Further uncertainties relate to whether the refinancing and the measures initiated will be sufficient to sustainably secure the Group's liquidity in the future and to enable it to meet its payment obligations as they fall due. In particular, the material uncertainties are associated with the future ability to service the refinanced financial liabilities (including the promissory note bond) amounting to EUR 99.2 million, as agreed in the term sheet, the procurement of additional guarantee facilities required for the global business, the successful implementation and actual realization of the planned cost-reduction measures, as well as external factors beyond the Group's control, particularly in relation to ongoing and future projects and the disposal of assets that are not part of the Group's core business. The Company has engaged a restructuring adviser to support management in implementing the required measures. In addition, an independent restructuring expert will monitor the Group's ability to maintain adequate financing, the absence of obstacles to the restructuring process, compliance with minimum liquidity requirements, and adherence to other covenants throughout the term of the agreements.

Should the assumptions underlying the refinancing and restructuring measures not materialize as expected, there is a risk that the Group may not have sufficient liquidity available in the future to meet its financial obligations as they fall due.

1.5 Material accounting estimates and assumptions.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions regarding future developments. These influence the amount and presentation of assets and liabilities reported at the balance sheet date as well as income and expenses recorded during the reporting period. Estimates are made by the Executive Board to the best of their knowledge. Nevertheless, the actual values may differ from these estimates. All estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will generally differ from actual results.

In particular, estimates and assumptions regarding the following areas have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1.5.1 Revenue recognition for contract work.

The Group applies the rules of IFRS 15. Revenue for implementation projects, that fulfill the criteria of IFRS 15.35 for revenue recognition over time, is recognized in accordance with the corresponding stage of completion, with an expected profit margin already being assumed. The stage of completion is determined by an input orientated method using the ratio between the costs already incurred and the expected total costs of the corresponding contract. This requires to continuously estimate and update the planned costs arising from the contract as well as the risks arising from project management. This may result from technical difficulties, delays in the schedule or difficulties with sub-suppliers or other external general conditions, and which influence the profit margin of the project. Furthermore, these projects may also lead to damages or penalties that are to be considered during the project evaluation and which require an assessment of risks. For most contracts, contract revenue is defined and includes fixed elements and partly variable elements that are assessed by probability as to their amounts and timing. Large-scale orders of the Group are usually technically complex individual orders based on specific terms and conditions which therefore are to be critically assessed with regard to revenue recognition and project risks on an individual basis. Details to the revenue recognition are included in note 35.3 and sensitivity analysis is included in note 20.

1.5.2 Estimated impairment of goodwill.

In accordance with the accounting policies described in notes 13 and 35, the Group assesses at least annually whether goodwill is impaired. The recoverable amount of cash-generating units is determined based on value-in-use calculations. These calculations require management to make assumptions and estimates. The sensitivities relating to acquired goodwill are disclosed in Note 13.

In addition, the Group determines the fair value less costs of disposal (FVLCOD) for individual assets as a lower bound in impairment testing in accordance with IAS 36.105. This amount is used for the allocation of impairment losses and may not be undercut. The determination of FVLCOD involves significant estimates and judgments by management.

1.5.3 Recognition of deferred tax assets.

The Group reviews the recognition of deferred tax assets at least on an annual basis. These deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available to offset the temporary differences. Deferred taxes on loss carryforwards are recognized to the extent that it is probable that future taxable profits will be available and, in particular in the case of a history of losses, there is convincing substantial evidence that sufficient taxable profit will be available in the future to utilize these loss carryforwards. Assumptions must be made and used as a basis for this. The sensitivities are listed in note 17.

1.5.4 Other estimates and assumptions.

Other areas in which assumptions and estimates are critical to the consolidated financial statements include the write-down of inventories, the estimation of useful lives for intangible assets and property, plant and equipment, assumptions regarding the determination of fair values for financial instruments when no active market exists, the determination of fair value in connection with retained interests upon the deconsolidation of a subsidiary (including, among other things, the valuation of purchase price components), the assessment of whether the criteria for classifying assets and liabilities as “held for sale” are met, the accounting classification of liabilities related to supplier financing arrangements, as well as assumptions and discount rates used for obligations arising from post-employment benefits, assumptions and discount rates related to lease arrangements, and assumptions related to warranty and provision for onerous contracts, provisions for legal and litigation costs, and other legal risks. Sensitivity analyses of the assumptions made by the Management Board are provided in the respective notes.

2 Segment information.

An operating segment is a component of an entity that engages in business activities from which it may earn reve nues and incur expenses. The operating results of the segments are regularly reported to the Executive Board (chief operating decision maker). Resource allocation decisions are reviewed based on these segments. The Executive Board has identified two reportable segments (as described in note 1 and 35.4):

- Tolling
- Traffic Management

The segment results, as well as capital expenditure, depreciation and impairment and other non-cash-effective positions for the reporting period and the previous financial year are as follows:

	2024/25 adjusted			2025/26		
	Tolling	Traffic Manage-ment*	Total	Tolling	Traffic Manage-ment	Total
Invoiced sales	404,498	135,326	539,824	299,409	148,758	448,167
Accrued sales	-11,482	1,973	-9,509	-4,326	-13,272	-17,598
Revenues	**393,016**	**137,300**	**530,316**	**295,083**	**135,486**	**430,569**
Implementation	104,621	56,827	161,448	103,659	54,567	158,226
Operations	205,584	79,322	284,907	127,158	80,428	207,586
Components	82,811	1,151	83,961	64,266	491	64,757
Other operating income*	23,147	6,518	29,665	51,224	2,680	53,903
Changes in finished and unfinished goods	-3,089	4,511	1,422	-280	501	222
Cost of materials and other production services	-146,636	-52,013	-198,650	-112,809	-51,280	-164,089
Personnel expenses	-188,921	-61,661	-250,582	-168,677	-62,096	-230,773
Other operating expenses*	-56,136	-37,886	-94,021	-61,330	-25,017	-86,347
Proportional result of associates and joint ventures	4,893	755	5,648	17,063	90	17,152
Operating result before amortization, depreciation and impairment (EBITDA)*	**26,274**	**-2,477**	**23,797**	**20,274**	**363**	**20,637**
Amortization and depreciation	-14,250	-2,240	-16,489	-9,769	-3,228	-12,997
Impairment charge and write-up from impairments	0	0	0	-2,056	0	-2,056
Operating result (EBIT)*	**12,024**	**-4,717**	**7,308**	**8,449**	**-2,865**	**5,583**
EBIT margin	**3.1%**	**-3.4%**	**1.4%**	**2.9%**	**-2.1%**	**1.3%**
Capital expenditure[1)]	13,588	3,112	16,700	10,630	2,535	13,165
Other non-cash-effective positions	1,939	565	2,504	1,663	241	1,905

1) Capital expenditure includes also capital expenditure for right-of-use assets from leases (see note 12 and 13).
*) See note 30 regarding the retrospective adjustment resulting from an error in accordance with IAS 8

The business types implementation, operations and components also correspond to performance obligations pursuant to IFRS 15.

EBIT in the tolling segment declined to EUR 8.4 million (previous year: EUR 12.0 million). Other operating income increased significantly by EUR 28.1 million, primarily due to the agreement reached in Germany. However, neither this increase in other operating income nor the savings achieved in personnel expenses and other operating expenses were sufficient to offset the substantial decline in revenue.

Although revenues in the traffic management segment decreased slightly compared with the previous year, the segment's loss was significantly reduced in financial year 2025/26. Other operating income declined considerably year-on-year; however, substantial cost reductions were achieved at the same time. Lower costs for materials and purchased services (-1.4%), stable personnel expenses (+0.7%), and reduced other operating expenses (-34.0%, prior year adjusted) contributed to an improvement in EBIT.

The segment assets and liabilities on the balance sheet date are as follows:

	March 31, 2025 adjusted			March 31, 2026		
	Tolling	Traffic Manage-ment*	Total	Tolling	Traffic Manage-ment*	Total
Segment assets*	219,458	77,481	296,939	181,489	78,185	259,675
Interests in associates and joint ventures	18,677	0	18,677	23,006	0	23,006
Segment liabilities	181,699	58,481	240,180	144,909	55,460	200,369

*) See note 30 regarding the retrospective adjustment resulting from an error in accordance with IAS 8

The segment assets include property, plant and equipment, intangible assets, other non-current assets, non-current and current contract assets, non-current and current lease receivables, inventories, trade receivables and other current assets, as well as current tax receivables. Assets and liabilities classified as held for sale are fully allocated to the Tolling segment (previous year: Tolling) and are included in segment assets and liabilities, respectively.

The segment liabilities include liabilities from post-employment benefits to employees, non-current provisions, other non-current liabilities, non-current and current contract liabilities, non-current and current lease liabilities, trade payables, other liabilities and deferred income, current tax payables as well as current provisions.

In financial year 2025/26, as in the previous year, there was no customer that contributed more than 10% of the Group's revenues.

Information by region.

In addition to the reportable segments, the revenues and non-current non-financial assets (property, plant and equipment and intangible assets) are presented by geographical segment. Revenues are segmented by the location of the customer and balance sheet figures by the location of the company.

The figures for the reporting period and the previous financial year are as follows:

	Revenues		Non-current non-financial assets	
	2024/25	**2025/26**	**March 31, 2025**	**March 31, 2026**
Austria	14,940	15,982	24,906	21,599
EMEA (excluding Austria)[1]	242,418	164,049	5,102	3,264
Americas[2]	248,953	227,069	31,918	30,006
APAC[3]	24,004	23,470	8,268	9,096
Total	**530,316**	**430,569**	**70,194**	**63,965**

1) EMEA: Europe, Middle East, Africa
2) Americas: North, Central and South America
3) APAC: Asia-Pacific

3 Other operating income.

	2024/25 adjusted*	2025/26
Compensation claim from the Federal Republic of Germany	0	23,365
Exchange rate gains from operating activities	6,059	11,366
Income from purchase price adjustments from sold companies	0	6,376
Lease income from the rent of OBUs	1,108	5,853
Income from the deconsolidation of subsidiaries*	13,021	3,011
Income from the research tax credits	1,130	1,413
Income from the insurance refunds	170	1,213
Income from the sale of non-current assets	114	90
Income from the proportional reimbursement of consulting costs	2,760	0
Compensation from legal proceedings	2,194	0
Profit distribution of the joint operation	969	0
Sundry operating income	2,139	1,217
Total*	**29,665**	**53,903**

*) See note 30 regarding the retrospective adjustment resulting from an error in accordance with IAS 8 (EUR -1,772 k)

At the end of June 2025, a settlement agreement was reached with the Federal Republic of Germany in connection with the termination of the contract for the automatic monitoring of the infrastructure charge (passenger car toll) in 2019. The agreed payment of around EUR 27 million to the subsidiary MTS Maut & Telematik Services GmbH was made in July 2025 at the beginning of the second quarter. The resulting income of EUR 23,365 k was recognized under other operating income.

As in the previous financial year, the operational foreign currency gains mainly related to exchange rate fluctuations of the US Dollar against the Euro.

The income from purchase price adjustments from sold companies relate to additional time-based purchase price components and profit-dependent purchase price agreements that are dependent on the economic performance of the target company (Parat Ltd). The underlying receivable is a financial asset that is measured at fair value (FVTPL) on a recurring basis and is presented as a Level 3 instrument (see note 15).

Income from deconsolidation of subsidiaries in financial year 2025/26 primarily results from the disposal of Kapsch TrafficCom South Africa (Pty) Ltd., South Africa and in financial year 2024/25 from the disposal of Kapsch Telematic Services IOOO, Belarus, and Parat Ltd., Abu Dhabi.

Sundry operating income includes several recharges and deferrals.

4 Changes in finished and unfinished goods and work in progress.

	2024/25	2025/26
Change in unfinished goods and work in progress	-797	-1,826
Change in finished goods	2,219	2,048
Total	**1,422**	**222**

Details on inventories can be found in note 18.

5 Cost of materials and other production services.

	2024/25	2025/26
Cost of materials	-90,277	-70,055
Cost of purchased services	-108,372	-94,034
Total	**-198,650**	**-164,089**

Cost of materials and other production services decreased by EUR 34,561 k compared to the previous year. This decline was due, on the one hand, to a lower volume of implementation projects across all regions and, on the other hand, to the termination of the operation project in the South African province of Gauteng as well as the deconsolidation of Kapsch Telematic Services IOOO, which operates the tolling project in Belarus.

6 Personnel expenses.

	2024/25	2025/26
Wages, salaries, and other remunerations	-202,967	-184,157
Expenses for social security and payroll-related taxes and contributions	-32,089	-32,060
Expenses for termination benefits (see note 25)	-512	-867
Expenses for pensions (see note 25)	-15	-16
Contributions to pension funds and other external funds	-3,779	-3,366
Fringe benefits	-11,221	-10,308
Total	**-250,582**	**-230,773**

As of March 31, 2026, the number of staff amounted to 2,717 employees (March 31, 2025: 3,041) and averaged 2,827 employees in financial year 2024/25 (2024/25: 3,548).

Personnel expenses decreased by EUR 19,809 k in financial year 2025/26, primarily due to the removal of operational projects in South Africa and Belarus, as well as staff reductions (the related costs were already paid in financial year 2025/26).

Fringe benefits mainly refer to voluntary social benefits in the USA.

7 Other operating expenses.

	2024/25 adjusted*	2025/26
Communication and IT expenses	-16,143	-17,916
Exchange rate losses from operating activities	-8,650	-15,126
Legal and consulting fees	-10,605	-12,509
Travel expenses	-7,366	-6,454
License and patent expenses	-6,358	-3,700
Insurance expenses	-3,714	-3,625
Automobile expenses	-4,030	-3,564
Taxes and charges	-4,845	-3,546
Rental and other building expenses	-3,647	-3,372
Bank charges	-2,318	-3,175
Maintenance	-3,714	-2,583
Marketing and advertising expenses	-2,592	-2,212
Office expenses	-1,561	-1,535
Allowances on trade and other receivables	-2,601	-1,370
Training expenses	-801	-931
Membership fees	-542	-371
Warranties and guarantees	-313	-356
Damanges	-8	-29
Losses from deconsolidation of entities*	-12,120	0
Other	-2,093	-3,972
Total*	**-94,021**	**-86,347**

*) See note 30 regarding the retrospective adjustment resulting from an error in accordance with IAS 8 (EUR -3,475 k)

Communication and IT expenses increased by EUR 1,772 k compared to the previous year, primarily in Austria. Legal and consulting costs increased by EUR 1,904 k compared to the previous year.

The reduction in license and patent expenses is mainly due to the fact that software licenses will be reported as IT expenses starting in the 2025/26 financial year.

Operational foreign exchange losses amounted to EUR -15,126 k are higher than in the previous year (EUR -8,650 k). As in the previous year, these losses were mainly due to exchange rate fluctuations of the US Dollar against the Euro.

Travel expenses and vehicle costs were reduced compared to the previous year.

8 Expenses for amortization, depreciation and impairment.

	2024/25	2025/26
Depreciation of property, plant and equipment	-14,300	-11,217
Amortization of intangible assets	-2,189	-1,781
Impairment on intangible assets	-0	-796
Impairment on tangible assets	-0	-1,260
Total	**-16,489**	**-15,053**

Depreciation of property, plant and equipment also includes depreciation of right-of-use assets from leases (EUR 9,210 k). Details can be found in note 12. The decrease in depreciation of property, plant and equipment mainly relates to lower recurring depreciation charges on administrative buildings, office and IT equipment, as well as technical equipment and machinery.

9 Financial result.

	2024/25	2025/26
Interest income	1,121	941
Interest income from leases	20	228
Income from securities, recognized at fair value through profit or loss	115	76
Income from investments, recognized at fair value through profit or loss	193	365
Income from accrued interest of non-current receivables	124	50
Gains from derivative financial instruments	1,546	1,073
Exchange rate gains from financing activities	2,237	3,492
Finance income	**5,357**	**6,225**
Interest expense	-10,052	-7,942
Interest expenses from leases	-1,420	-1,097
Losses from financial instruments	-1,814	-631
Expenses from hyperinflation	-4,829	-2,000
Exchange rate losses from financing activities	-2,751	-5,737
Interest expense from liabilities from post-employment benefits to employees (see note 25)	-654	-588
Interest expense from liabilities from anniversary bonuses to employees (see note 25)	-46	-42
Expense from the disposal of financial assets	-694	-56
Reverse of impairment of financial assets	3	504
Finance costs	**-22,259**	**-17,591**
Financial result	**-16,902**	**-11,365**

Interest expenses were reduced from EUR -10,052 k to EUR -7,942 k, because in March 2025 a new financing arrangement was concluded under conditions that were more favorable overall for the Group, and higher repayments were made.

Argentina is classified as a hyperinflationary economy. The gains and losses arising from hyperinflation are presented net within the financial result under expenses from hyperinflation.

Foreign exchange gains and losses primarily resulted from currency fluctuations related to intragroup financing arrangements. These mainly affected subsidiaries in the USA (US Dollar against the Euro) and in the previous year the subsidiaries in Brazil (Brazilian Real against the Euro) and in Argentina (Argentinian Peso against US Dollar).

In financial year 2025/26 as in the previous year, the Group employs derivative financial instruments to hedge or minimize interest rate risk.

10 Income taxes.

	2024/25	2025/26
Current income taxes	-7,006	-5,071
Change in deferred taxes	8,250	-6,138
Total	**1,244**	**-11,209**
thereof income/expense from group taxation	0	0

The reasons for the difference between the arithmetic tax expense/income based on the Austrian corporate income tax rate of 23% (2024/25:: 23%) and the recognized tax expense/income are as follows:

	2024/25 adjusted*	2025/26
Result before income taxes*	-9,594	-5,782
Arithmetic tax expense/income*	2,207	1,330
Effects of different tax rates in the Group	-2,286	1,848
Unrecognized deferred tax assets on current tax losses and impairment of previously recognized tax losses	-5,914	-40,979
Recognition of deferred tax assets for unrecognized previous-year tax losses	19,245	23,173
Tax allowances claimed and other permanent tax differences	-9,484	1,250
Income and expenses not subject to tax and other differences*	-3,953	3,128
Tax effects from previous periods	1,430	-958
Recognized tax income/expense	**1,244**	**-11,209**

*) See note 30 regarding the retrospective adjustment resulting from an error in accordance with IAS 8 (EUR -5,247 k)

Deferred tax assets not recognized in respect of current-year tax losses primarily relate to unrecognized tax losses in Austria. Based on current business plans and forecasts for the coming years, these losses are not expected to be utilized. Deferred tax income arising from previously unrecognized tax losses in the financial year 2025/26 primarily related to tax loss carryforwards in the United States.

The tax effects relating to prior periods include adjustments to prior-year tax positions resulting from tax audits as well as adjustments made in the course of preparing and filing tax returns.

For further information on deferred tax assets and liabilities, refer to note 17.

11 Other comprehensive income.

	2024/25 adjusted*			2025/26		
	Before taxes	Tax expense/ income	After taxes	Before taxes	Tax expense/ income	After taxes
Remeasurements of liabilities from post-employment benefits	-1,147	224	-923	147	-34	113
Currency translation differences*	4,869	0	4,869	1,731	0	1,731
Currency translation differences from net investments in a foreign operation	-25	6	-19	-3,708	853	-2,855
Fair value changes recognized in equity*	**3,697**	**229**	**3,927**	**-1,830**	**819**	**-1,012**

*) See note 30 regarding the retrospective adjustment resulting from an error in accordance with IAS 8

The USD loans granted by Kapsch TrafficCom AG to a subsidiary in the USA were classified as net investments in a foreign operation in accordance with IAS 21, as the Executive Board of Kapsch TrafficCom AG does not plan to repay these loans in the foreseeable future and repayment is not probable. Exchange differences arising from these loans are recognized in other comprehensive income.

12 Property, plant and equipment.

	Land and buildings	Right-of-use from leases of buildings	Technical equip-ment and machinery	Con-struction in prog-ress	Other equipment, factory and office equipment	Right-of-use from other leases	Total
Carrying amount as of March 31, 2025	**2,406**	**31,410**	**2,826**	**162**	**4,750**	**1,503**	**43,058**
Currency translation differences	-41	-596	-24	-3	-33	-14	-712
Reclassification	0	0	0	32	0	0	32
Additions	1,679	5,314	393	7	1,442	1,023	9,858
Disposals	-25	-1,820	-36	-190	-240	-90	-2,401
Scheduled amortization	-372	-7,554	-760	0	-1,655	-875	-11,217
Impairment	-583	0	-531	0	-146	0	-1,260
Assets held for sale	0	0	0	0	-195	-6	-202
Carrying amount as of March 31, 2026	**3,065**	**26,754**	**1,868**	**9**	**3,921**	**1,540**	**37,157**
Acquisition/production costs	13,955	64,278	35,999	9	23,352	3,388	140,980
Accumulated depreciation	-10,890	-37,524	-34,131	0	-19,430	-1,848	-103,823
Carrying amount as of March 31, 2026	**3,065**	**26,754**	**1,868**	**9**	**3,921**	**1,540**	**37,157**

	Land and buildings	Right-of-use from leases of buildings	Technical equip-ment and machinery	Con-struction in prog-ress	Other equipment, factory and office equipment	Right-of-use from other leases	Total
Carrying amount as of March 31, 2024	**1,344**	**34,835**	**2,951**	**395**	**4,627**	**1,808**	**45,960**
Currency translation differences	-38	-127	-39	5	-28	-29	-257
Reclassification	418	-19	194	-600	259	-259	-7
Disposals relating to sale of subsidiaries [1)]	-64	-1,428	-3	0	-122	-24	-1,641
Additions	1,200	7,839	653	363	3,946	1,147	15,149
Disposals	-0	-880	-15	0	-70	-128	-1,093
Scheduled amortization	-453	-8,635	-901	0	-3,311	-1,000	-14,300
Assets held for sale	0	-175	-15	0	-550	-13	-753
Carrying amount as of March 31, 2025	**2,406**	**31,410**	**2,826**	**162**	**4,750**	**1,503**	**43,058**
Acquisition/production costs	12,842	70,008	38,812	162	27,106	3,270	152,200
Accumulated depreciation	-10,435	-38,598	-35,986	0	-22,356	-1,767	-109,142
Carrying amount as of March 31, 2025	**2,406**	**31,410**	**2,826**	**162**	**4,750**	**1,503**	**43,058**

1) In the previous year, disposals relating to sale of subsidiaries were not shown separately.

Right-of-use from other leases mainly concerns leases of cars and other vehicles. Lease liabilities are presented in note 25.

As at March 31, 2026, reclassifications of property, plant and equipment in the amount of EUR -202 k (March 31, 2025: EUR -753 k) were made to “assets held for sale” in accordance with IFRS 5. Information on this is presented in note 22.

For the CGU Tolling-EMEA, an impairment test was performed as at March 31, 2026, due to the carrying amount exceeding the value in use. The test covered property, plant and equipment and intangible assets allocated to the CGU and resulted in an impairment loss on property, plant and equipment of EUR 1,260 k (March 31, 2025: no impairment loss). Further details are provided in note 13.2.3 Results of the Impairment Test

13 Intangible assets.

	Capitalized development costs	Concessions and rights	Goodwill	Intangible assets in completion	Total
Carrying amount as of March 31, 2025	**1,339**	**1,334**	**22,735**	**1,728**	**27,136**
Currency translation differences	-4	-16	-1,007	0	-1,027
Reclassification	-1,320	2,983	0	-1,695	-32
Additions	0	1,357	0	1,950	3,307
Scheduled amortization	-16	-1,765	0	0	-1,781
Impairment	0	-796	0	0	-796
Carrying amount as of March 31, 2026	**0**	**3,097**	**21,727**	**1,983**	**26,807**
Acquisition/production costs	11,017	99,341	54,502	1,983	166,843
Accumulated depreciation	-11,017	-96,244	-32,774	0	-140,035
Carrying amount as of March 31, 2026	**0**	**3,097**	**21,727**	**1,983**	**26,807**

	Capitalized development costs	Concessions and rights	Goodwill	Intangible assets in completion	Total
Carrying amount as of March 31, 2024	**1,442**	**3,403**	**22,735**	**295**	**27,875**
Currency translation differences	1	1	-0	0	2
Reclassification	0	7	-0	-0	7
Disposals relating to sale of subsidiaries [1)]	0	-109	0	0	-109
Additions	0	119	0	1,432	1,551
Scheduled amortization	-103	-2,086	0	0	-2,189
Impairment			0		0
Carrying amount as of March 31, 2025	**1,339**	**1,334**	**22,735**	**1,728**	**27,136**
Acquisition/production costs	13,135	96,333	56,885	1,728	168,081
Accumulated depreciation	-11,796	-95,000	-34,150	0	-140,946
Carrying amount as of March 31, 2025	**1,339**	**1,334**	**22,735**	**1,728**	**27,136**

1) In the previous year, disposals relating to sale of subsidiaries were not shown separately.

13.1 Recoverability of intangible assets with finite useful lives

Intangible assets (excluding those with indefinite useful lives) are allocated to the individual companies. At this level, these assets are tested for impairment whenever there is an indication that they may be impaired.

For the CGU Tolling-EMEA, an impairment test was performed as at March 31, 2026, due to the carrying amount exceeding the value in use. The test covered property, plant and equipment and intangible assets allocated to the CGU and resulted in an impairment loss on intangible assets of EUR 796 k (March 31, 2025: no impairment loss). Further details are provided in note 13.2.3 Results of the Impairment Test.

13.2 Recoverability of goodwill.

Goodwill is allocated to the following six groups of cash-generating units (CGUs) and is tested for impairment at this level.

	March 31, 2025	March 31, 2026
CGU **Tolling-Americas**: Americas	11,771	11,655
CGU **Tolling-EMEA**: Europe, Middle East and Africa	0	0
CGU **Tolling-APAC**: Asia and Pacific	7,371	6,538
CGU **TM-Americas**: Americas	3,364	3,331
CGU **TM-EMEA**: Europe, Middle East and Africa	0	0
CGU **TM-APAC**: Asia and Pacific	230	204
Total Goodwill	**22,735**	**21,727**

The results of this impairment test are described below.

13.2.1 Key assumptions for impairment testing.

The following key assumptions for determining of the recoverable amount of the cash-generating units were made:

	2024/25	2025/26
Determination of recoverable amount	Value in use	Value in use
Detailed planning period	6 years	5 years
Terminal value growth rate	2,00 %	2,00 %
Market risk premium	5.64%	4.94%
Risk-free rate	2.61%	3.31%

In the case of all cash-generating units of the Group, the market side is generally based on projects involving the implementation of tolling or traffic management systems. In connection with these projects, long-term operation business can often be generated. In addition, system extensions (e.g. through additional routes or applications) and/or further ongoing component deliveries for customers can be provided under such long-term contracts. This characteristic of the project business is reflected in the market planning process of the individual cash-generating units.

The Group plans each customer project for each performance obligation as carefully as possible in its project planning tool. Projects, in which systems have already been set up and where there are still medium- and long-term operations business and several years of experience with customers, can be planned very reliable. In these cases, the further development and the potential for additional business can usually be planned very reliably over the entire remaining term. For new implementation projects, the uncertainties regarding technical implementation, timing and quantities are higher. In general, the closer the award dates of such implementation projects are, the more reliable planning is in this respect. Implementation projects for which the Group has already been selected as a supplier or which are even already in the implementation phase can also be planned with particular accuracy. Projects, which are unlikely to be won or executed at the time of budgeting, are not included in the budget or medium-term planning. Uncertainties, delays and deviations can never be completely ruled out in the project business, however such risks are minimized in the best possible way by professional project management and controlling. Furthermore, planning includes the sale of components that are not related to construction projects. This, too, can generally be estimated very well on the basis of many years of experience.

In general, increased market dynamics are expected, particularly in the traffic management segment with its three cash-generating units, as a result of climate change. An increasing number of economic regions, countries and cities are recognizing the challenges posed by climate change and are implementing measures and defining targets aimed at addressing these challenges. The transport sector is often a key focus in this context. In this segment, Kapsch provides solutions that help customers achieve these objectives, as efficient traffic management not only reduces congestion but also lowers emissions and, consequently, air pollution. At the same time, ongoing military conflicts and various geopolitical tensions have somewhat dampened the willingness to invest in this future-oriented market segment. Nevertheless, management expects that increased demand in the coming years will support the planned revenue development.

In addition, Kapsch TrafficCom takes this environmental trend into account particularly in its research and development activities and production processes. Targeted priorities are set to place greater emphasis on environmental protection as well as on the type and quantity of materials used in its solutions and products. Furthermore, Kapsch has always sought to engage with emerging topics, and this innovation focus increasingly includes the development and adoption of new environmentally friendly technologies. Another key objective of these development activities is to support customer requirements as effectively as possible through the latest technologies and to continuously implement corresponding optimizations in existing projects. These initiatives are also reflected in the planned development budgets.

In the **CGU Tolling-Americas,** there are a large number of projects and demand for tolling systems, primarily in the USA but also in Latin American countries, which are included in the planning where the probability of occurrence is considered high. Strong demand for traffic management projects, particularly for road safety and traffic monitoring systems, is also expected in the **CGU TM-Americas** and has been reflected accordingly in the planning.

The focus in the EMEA region is on Europe, although selected projects in the Middle East continue to be included in these CGUs. In the **CGU Tolling-EMEA,** Kapsch provides tolling systems for its customers, primarily public authorities and road operators, as well as selected private road operators. These systems enable customers to charge usage-based fees for the use of road infrastructure and help alleviate the budget constraints faced by many public-sector entities. Already won, prepared or potential implementation and operation projects, as well as their extensions, are included in the planning where the probability of occurrence is considered high. The current geopolitical situation and the numerous armed conflicts around the world are dampening public sector willingness to invest in non-military infrastructure. Management assumes that once the situation stabilizes, demand for tolling systems will increase accordingly, creating an upside potential that is currently not reflected in the planning assumptions. In the **CGU TM-EMEA**, management expects increasing demand for traffic management systems, particularly for traffic telematics solutions in urban areas. Especially in Europe, the implementation of climate-friendly measures and the achievement of defined climate targets are being strongly promoted, which is expected to result in a corresponding increase in demand within this CGU. This anticipated development has been appropriately reflected in the planning for this CGU.

The planning for the **CGU Tolling-APAC** is based on implementation projects to be delivered, ongoing operation projects and their extensions, as well as on the fact that tenders in this region are either in preparation or already underway. Road telematics solutions are a key component of the planning in the **CGU TM-APAC**, as they are in the other regions. Various projects in the field of road safety and traffic monitoring systems are expected and have been reflected accordingly in the planning.

Delivery of components represents an integral and, in some cases, significant part of the planning in all tolling CGUs.

With regard to the hostilities in the Middle East and their potential impact on the Group's business activities in the surrounding countries, it should be noted that, based on the current assessment, no material effects are expected.

13.2.2 Peer Group.

The peer group used for the impairment test comprises eleven companies, of which only six were ultimately relevant for determining the parameters in the financial year 2025/26 (2024/25: eleven companies, thereof six relevant). The composition of the companies relevant for calculating the parameters within the peer group remained unchanged compared to the previous year. The debt/equity ratio of the peer group in the financial year 2025/26 was 11.3% (2024/25: 16.8%); the unlevered beta factor was 0.80 (2024/25: 0.88).

13.2.3 Results of the impairment test.

2025/26	Tolling- Americas	Tolling- EMEA	Tolling- APAC	TM- Americas	TM- EMEA	TM- APAC
Carrying amount of goodwill allocated to the CGU	11,655	0	6,538	3,331	0	204
Value in use of the CGU	67,337	6,739	17,288	25,384	11,125	7,802
Carrying amount of the CGU	60,612	21,696	14,975	24,446	10,888	558
Discount rate	8.3%	8.5%	7.7%	11.0%	8.5%	7.7%
Discount rate before tax	11.1%	5.4%	10.0%	14.9%	11.4%	10.0%
Break-even discount rate before tax	12.1%	n/a [1]	12.0%	15.5%	11.6%	38.3%

[1] Value not determined mathematically.

The impairment tests confirmed the recoverability of all goodwill as at March 31, 2026. For the CGU Tolling-EMEA, which does not carry any goodwill, an impairment test was performed due to the carrying amount exceeding the value in use (negative headroom of EUR 15.0 million). The test covered the property, plant and equipment and intangible assets allocated to the CGU and resulted in an impairment loss of EUR 2.1 million. The impairment losses mainly related to certain items of machinery within property, plant and equipment and to intangible assets for which no market value could be determined. No further impairment losses were recognized for this CGU, as the floor prescribed by IAS 36.105, determined as fair value less costs of disposal, was applied. This value was derived by the Group based on external market data and did not indicate any impairment risk.

Should the discount rate for the CGU Tolling-EMEA increase by more than 10% within the 12 months following the reporting date of March 31, 2026, the value in use of the CGU Tolling-EMEA would change only marginally. The same applies to a reduction of the perpetual growth rate by 0.5 percentage points.

2024/25	Tolling- Americas	Tolling- EMEA	Tolling- APAC	TM- Americas	TM- EMEA	TM- APAC
Carrying amount of goodwill allocated to the CGU	11,771	0	7,371	3,364	0	230
Value in use of the CGU	92,710	67,330	34,422	37,699	30,295	40,994
Carrying amount of the CGU	56,346	65,231	11,630	20,762	25,024	1,303
Discount rate	8.9%	9.5%	8.1%	14.2%	8.9%	8.0%
Discount rate before tax	11.8%	14.5%	10.6%	19.4%	11.7%	10.4%
Break-even discount rate before tax	17.0%	15.5%	32.7%	35.6%	12.1%	172.7%

13.2.4 Sensitivity analysis with impact of changes to the value in use of the CGUs.

The table below shows the development of the value in use if one parameter changes by +/- 10% or the growth in the perpetual annuity by +/- 0.5 percentage points.

2025/26	Increase in assumption	Tolling- Americas	Tolling- APAC	TM- Americas	TM- APAC
Discount rate	+ 10%	-7,941	-1,343	-2,175	-1,145
Revenue growth	+ 10%	2,505	694	336	895
EBITDA margin in detailed planning	+ 10%	2,681	417	891	196
Terminal value growth rate	+ 0,5%p	4,950	868	860	786
	Decrease in assumption	**Tolling- Americas**	**Tolling- APAC**	**TM- Americas**	**TM- APAC**
Discount rate	- 10%	10,372	1,742	2,758	1,508
Revenue growth	- 10%	-2,470	-675	-333	-847
EBITDA margin in detailed planning	- 10%	-2,681	-417	-891	-196
Terminal value growth rate	- 0,5%p	-4,219	-727	-769	-658

2024/25	Increase in assumption	Tolling-		TM-	
		Americas	APAC	Americas	APAC
Discount rate	+ 10%	-12,345	-3,547	-3,540	-4,842
Revenue growth	+ 10%	4,288	835	2,170	5,215
EBITDA margin in detailed planning	+ 10%	4,901	1,165	2,001	1,245
Terminal value growth rate	+ 0,5%p	6,671	2,035	845	2,845
	Decrease in assumption	Tolling-		TM-	
		Americas	APAC	Americas	APAC
Discount rate	- 10%	16,090	4,608	4,436	6,315
Revenue growth	- 10%	-4,198	-820	-2,085	-4,823
EBITDA margin in detailed planning	- 10%	-4,901	-1,165	-2,001	-1,245
Terminal value growth rate	- 0,5%p	-5,766	-1,729	-779	-2,410

A sensitivity analysis of the goodwill-carrying CGUs described above indicates that changes in the key assumptions (an increase in the discount rate of 10%, a reduction in revenue of 10%, a decrease in the EBITDA margin in the detailed planning period of 10%, and a reduction in the perpetual growth rate of 0.5 percentage points) would not result in the carrying amounts of the CGUs exceeding their recoverable amounts. An exception applies to the CGUs Tolling-Americas and TM-Americas, where a 10% increase in the discount rate would result in a slight shortfall of headroom for the CGU Tolling-Americas and a shortfall of approximately EUR 1 million for the CGU TM-Americas.

13.3 Capitalized development costs.

Development costs relate to expenses which, in accordance with IAS 38, are capitalized and amortized over 3 to 15 years once the assets are available for commercial use.

Additional research and development costs of the Group in the financial year 2025/26 amounted to EUR 72,261 k (2024/25: EUR 70,247 k). Of this amount, EUR 42,313 k (2024/25: EUR 44,768 k) were customer-specific development costs that were charged to customers. The remaining amount of EUR 29,948 k (2024/25: EUR 25,479 k) was recognized as an expense.

14 Interests in associates and joint ventures.

	2024/25	2025/26
Carrying amount as of March 31 of previous year	**3,592**	**18,677**
Additions	12,020	0
Disposals	0	-5
Reclassification	0	-21
Proportional result of the period from core business	5,631	17,152
Adjustments for elimination of intercompany transactions	17	-166
Dividend received JV and assoc.	-2,500	-12,718
Currency translation differences	-82	86
Carrying amount as of March 31 of financial year	**18,677**	**23,006**
thereof interests in associates	16,247	20,801
thereof interests in joint ventures	2,430	2,205

There were no additions in financial year 2025/26. Disposals in financial year 2025/26 related to a reduction in the Company’s shares in Electolling ETC Del. Ecuador. Additions in financial year 2024/25 included the associated companies Parat Ltd, Abu Dhabi, Kapsch Telematic Services IOOO, Belarus, and Electolling ETC Del. Ecuador, as well as the joint venture Copiloto Colombia S.A.S., Colombia.

Associated companies.

The associated companies include Parat Ltd, Abu Dhabi and Kapsch Telematic Services IOOO, Belarus. These companies are accounted for using the equity method.

Electolling ETC Del. Ecuador.
As of March 31, 2026, Kapsch TrafficCom held a 19% interest (March 31, 2025: 23%). The decrease in the shares led to the loss of significant influence, resulting in a reclassification from associates to other financial assets and investments. As of March 31, 2026, the carrying amount was measured at fair value.

Parat Ltd, Abu Dhabi.
Parat Ltd., Abu Dhabi, was founded by Kapsch TrafficCom in September 2024. Subsequently, Kapsch TrafficCom sold 75.5% of the shares in Parat Ltd. Since January 6, 2025, the shares in Parat Ltd., Abu Dhabi, have been recognized as an associate using the equity method in the consolidated financial statements of Kapsch TrafficCom. At that date, the retained interest of 24.5% in Parat Ltd., Abu Dhabi, was measured at fair value, derived from the present value of expected future cash flows, and initially recognized at EUR 9,357 k. The comparison with the underlying proportionate net assets at the time of initial recognition of the equity-method investment resulted in an excess amount, which is attributable to goodwill.

The following table presents the summarized financial information of the company (excluding acquisition and consolidation effects):

	March 31, 2025	March 31, 2026
Non-current assets	0	9
Current assets	4,208	6,631
Non-current liabilities	0	0
Current liabilities	-961	-2,012
Net assets	**3,248**	**4,628**
Cash and cash equivalents	1,738	4,470
Financial liabilities (non-current and current)	0	0
	2024/25	**2025/26**
Revenues	4,578	20,266
Result for the period	3,248	17,367
Total comprehensive income	**3,248**	**17,367**

The total comprehensive income of Parat Ltd. amounted to EUR 17,367 k (2024/25: EUR 3,248 k for the months of January to March 2025), of which EUR 13,025 k (2024/25: EUR 2,436 k for the months of January to March 2025) was attributable to Kapsch TrafficCom. The activities of Parat Ltd. are reported under operating income in the line item “Result from associates and joint ventures.” The share of profit attributable to the investment does not correspond to the ownership interest, as a 75% share in the results was contractually agreed with the buyer, while Kapsch TrafficCom capital share amounts to only 24.5%.

Kapsch Telematic Services IOOO, Belarus.
With the disposal of 75.5% of the shares in Parat Ltd., Abu Dhabi, Kapsch TrafficCom also lost majority ownership and control over Kapsch Telematic Services IOOO, Belarus. Previously, Kapsch Telematic Services IOOO was a fully consolidated subsidiary, owned 33.45% by Kapsch TrafficCom and 66.45% by Parat Ltd. As a result of the sale of shares in Parat Ltd. the Group now directly and indirectly holds a total of 49.75% of the shares and classifies its interest in this company as an investment in associates. Upon initial recognition of the equity-method investment in Kapsch Telematic Services IOOO a fair value of the remaining shares amounting to EUR 2,554 k was determined. The calculated fair value of the retained shares was allocated in full to the pro rata net assets, no goodwill was identified.

The following table presents the summarized financial information of the company:

	March 31, 2025	March 31, 2026
Non-current assets	1,777	1,998
Current assets	8,483	12,283
Non-current liabilities	-953	-888
Current liabilities	-4,001	-4,843
Net assets	**5,307**	**8,549**
Cash and cash equivalents	2,780	5,408
Financial liabilities (non-current and current)	0	0
	2024/25	**2025/26**
Revenues	39,328	39,840
Result for the period	3,634	5,128
Total comprehensive income	**3,634**	**5,128**

The total comprehensive income for the financial year 2024/25 from April 1, 2024, until the date of deconsolidation as a subsidiary in January 2025 amounted to EUR 1,389 k. From the date of recognition as an associate, the activities of Kapsch Telematic Services IOOO, Belarus, are reported under operating income in the line item “Result from associates and joint ventures”. The share of profit amounted to EUR 4,275 k (2024/25: from January to March 2025 EUR 1.872 k). This amount consists of the direct share attributable to Kapsch TrafficCom in the amout of EUR 1.715 k (2024/25: EUR 751 k) and the indirect share held through Parat Ltd. in the amout of EUR 2.560 k (2024/25: EUR 1,121 k).

The following presentation illustrates the developments in the carrying amounts of Parat Ltd. and Kapsch Telematic Services IOOO combined:

Reconciliation	**March 31, 2025**	**March 31, 2026**
Carrying amount of Kapsch TrafficCom at Parat Ltd. and Kapsch Telematic Services IOOO	11,911	16,219
Proportional total comprehensive income Parat Ltd. (in financial year 2024/25 from January to March 2025)	2,436	13,025
Direct proportional total comprehensive income Kapsch Telematic Services IOOO (in financial year 2024/25 from January to March 2025)	751	1,715
Indirect proportional total comprehensive income Kapsch Telematic Services IOOO (in financial year 2024/25 from January to March 2025)	1,121	2,560
Dividend payments	0	-12,718
Carrying amount as of March 31 of financial year	**16,219**	**20,801**

Joint ventures.

The joint ventures include autoTicket GmbH, Germany, Copiloto Colombia S.A.S., Colombia, and NATRAS AG, Switzerland. These companies are also accounted for using the equity method.

autoTicket GmbH, Germany

As of August 13, 2018, the company autoTicket GmbH, Germany, (autoTicket) was acquired together with CTS EVENTIM AG & Co. KGaA as a shell company. Kapsch TrafficCom holds 50% of the shares and accounts for the company as a joint venture using the equity method. As the activities and strategy of autoTicket are part of Kapsch TrafficCom’s core business, the proportional results (2025/26: EUR -169 k and 2024/25: EUR 1,191 k) are disclosed separately in the operating result (item: “Proportional result from associates and joint ventures”). The carrying amount as of March 31, 2026, was EUR 683 k (March 31, 2025: EUR 852 k).

Further information is provided in note 29.

The financial data of the entity as of the latest balance sheet date is as follows:

	March 31, 2025	March 31, 2026
Non-current assets	362	420
Current assets	1,493	1,123
Non-current liabilities	-19	0
Current liabilities	-133	-177
Net assets	**1,703**	**1,366**
Cash and cash equivalents	1,461	1,111
Financial liabilities (non-current and current)	-19	0
	2024/25	**2025/26**
Revenues	28	20
Result for the period	2,382	-338
Total comprehensive income	**2,382**	**-338**

Reconciliation	**March 31, 2025**	**March 31, 2026**
Net assets at beginning of financial year	4,321	1,703
Total comprehensive income	2,382	-338
Dividend payments	-5,000	0
Capital Reduction	0	0
Net assets as of March 31 of financial year	**1,703**	**1,366**
Share of Kapsch TrafficCom (50%)	852	683
Carrying amount as of March 31 of financial year	**852**	**683**

Copiloto Colombia S.A.S., Colombia.
In financial year 2019/20, the company Copiloto Colombia S.A.S., Colombia, was established jointly with a partner, with each party holding a 50% interest. The proportional results amounted to EUR 157 k in financial year 2025/26 (2024/25: EUR 106 k). As the activities and strategies of Copiloto are part of Kapsch TrafficCom's core business, the proportional results are reported under operating result. The carrying amount as of March 31, 2026, was EUR 1,397 k (March 31, 2025: EUR 1,155 k).

The financial data of the entity as of the latest balance sheet date is as follows:

	March 31, 2025	March 31, 2026
Non-current assets	998	1,637
Current assets	2,844	3,981
Non-current liabilities	-60	0
Current liabilities	-1,472	-2,824
Net assets	**2,310**	**2,794**
Cash and cash equivalents	1,571	2,549
Financial liabilities (non-current and current)	-1,441	-1,832
	2024/25 angepasst*	**2025/26**
Revenues*	1,862	2,600
Result for the period	212	313
Total comprehensive income	**212**	**313**

*) The prior-year figures have been revised based on subsequently updated data; the original figures reported in the consolidated financial statements 2024/25 were EUR 381 k.

Reconciliation	March 31, 2025	March 31, 2026
Net assets at beginning of financial year	2,105	2,310
Increase of nominal capital and capital reserve	157	0
Total comprehensive income	212	313
Currency translation differences	-165	171
Net assets as of March 31 of financial year	**2,310**	**2,795**
Share of Kapsch TrafficCom (50%)	1,155	1,397
Carrying amount as of March 31 of financial year	**1,155**	**1,397**

NATRAS AG, Switzerland.
NATRAS AG, Switzerland, was established in the fourth quarter of financial year 2023/24 together with the Swiss company LOSTnFOUND AG (part of the AddSecure Group). The company was awarded the contract by the Swiss Federal Office for Customs and Border Security (BAZG) for the supply of hardware and services for the national truck tolling system. Kapsch TrafficCom holds a 50% interest and accounts for the company as a joint venture using the equity method. The carrying amount of the investment as of March 31, 2026, was EUR 0 k (31.03.2025: EUR 298 k).

	March 31, 2025	March 31, 2026
Non-current assets	337	326
Current assets	1,484	1,809
Non-current liabilities	0	0
Current liabilities	-1,225	-1,803
Net assets	**596**	**331**
Cash and cash equivalents	801	1,294
Financial liabilities (non-current and current)	-7	-13
		2025/26
Revenues	1,233	5,056
Result for the period	56	-265
Total comprehensive income	**56**	**-265**

Reconciliation	March 31, 2025	March 31, 2026
Net assets at beginning of financial year	540	596
Total comprehensive income	56	-265
Net assets as of March 31 of financial year	**596**	**331**
Share of Kapsch TrafficCom (50%)	298	166
Adjustments for elimination of intercompany transactions	0	-166
Carrying amount as of March 31 of financial year	**298**	**0**

Joint Arrangements.
In the financial year 2025/26, Kapsch TrafficCom was involved in several joint arrangements, primarily related to installation and maintenance projects. These are classified as joint operations. The company MoKA SAS, France, is also included in the consolidated financial statements as a joint operation. None of these joint operations were individually material to the Group in the financial year 2025/26. Proportionate revenues of EUR 13,627 k (2024/25: EUR 14,261 k) and proportionate results of EUR 946 k (2024/25: EUR 1,049 k) are included in the respective line items of the consolidated financial statements.

15 Financial instruments.

Financial instruments by category		March 31, 2025 adjusted*		March 31, 2026	
	Fair Value Level	Carrying amount	Fair value	Carrying amount	Fair value
Trade receivables and other current and non-current assets		**121,084**	**–**	**126,001**	**–**
At amortized cost		**84,872**	**–**	**85,698**	**–**
Trade receivables (current and non-current)[1)]*	Level 3	79,780	–	82,836	–
Non-current trade receivables		5,092	–	2,862	–
At fair value through profit or loss[1)4)]		**4,174**	**4,174**	**7,516**	**7,516**
Derivative financial instruments	Level 2	0	0	391	391
Receivable from disposal of companies[4)]	Level 3	4,174	4,174	7,125	7,125
Other non-financial assets[2)4)]*		**32,038**	**–**	**32,787**	**–**
Contract assets (non-current and current) at amortized cost[1)4)]	**Level 3**	**73,884**	**–**	**46,082**	**–**
Other financial assets and investments (non-current and current)		**4,777**	**–**	**4,752**	**–**
At fair value through profit or loss		**2,473**	**2,473**	**2,461**	**2,461**
Securities	Level 1	2,411	2,411	2,392	2,392
Investments	Level 3	62	62	69	69
Investments (with option to fair value through OCI)	Level 3	0	–	0	–
At amortized cost[1)]		**2,304**	**–**	**2,291**	**–**
Other financial assets and loans (non-current)	Level 3	946	–	1,025	–
Other financial assets and loans (current)	Level 3	1,358	–	1,266	–
Cash and cash equivalents at amortized cost[1)]	**Level 3**	**47,806**	**–**	**23,249**	**–**
Financial liabilities (non-current and current) at amortized cost		**118,390**	**107,463**	**110,156**	**110,219**
Promissory note bond	Level 2	8,494	8,358	8,494	8,494
Project financing	Level 2	1,102	1,104	3,766	3,769
Operating loans	Level 2	100,440	89,643	90,647	90,706
Other financial liabilities	Level 2	8,354	8,358	7,249	7,249
Lease liabilities (non-current and current) at amortized cost		**32,254**	**–**	**27,760**	**–**
Lease liabilities (non-current and current)[3)]	–	32,254	–	27,760	–
Trade payables at amortized cost[1)]	**Level 3**	**58,794**	**–**	**55,294**	**–**
Other liabilities and deferred income (non-current and current)		**47,052**	**–**	**37,767**	**–**
At amortized cost[1)]		**255**	**–**	**236**	**–**
Other financial liabilities	Level 3	255	–	236	–
At fair value through profit or loss		**319**	**–**	**0**	**–**
Derivative financial instruments	Level 2	319	–	0	–
Other non-financial liabilities[2)]		**46,478**	**–**	**37,531**	**–**

1) No disclosure of fair value, as the carrying value of this item measured at amortized cost is a reasonable approximation in accordance with IFRS 7.29(a).
2) Non-financial receivables and liabilities are only included for reconciliation with the respective balance sheet item.
3) Lease liabilities belong to financial liabilities, but do not underly the disclosure requirements of IFRS 7.
4) In the previous year, the item "Other non-financial assets" included a financial receivable arising from the disposal of a company. This presentation was retrospectively revised in financial year 2025/26 and the receivable is now presented separately.
*) See note 30 regarding the retrospective adjustment resulting from an error in accordance with IAS 8

Changes and fair value.
No reclassifications between the hierarchy levels were made in the financial year 2025/26.

As in the previous year, the securities as of March 31, 2026 relate to government and bank bonds as well as shares in investment funds.

Fair value-hierarchies and determination of fair value.
Financial assets and liabilities must be classified to one of the three following fair value-hierarchies:

- Level 1: There are quoted prices in active markets for identical assets and liabilities. In the Group, listed equity instruments are attributed to level 1.
- Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on direct or indirect observable market data. This category comprises securities that are not regularly traded on a stock market, derivative financial instruments and financialliabilities. Specific valuation techniques used to value financial instruments include:
  - Quoted market prices are used for securities.
  - The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
  - The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted to present value.
  - The fair value of financial liabilities classified as level 2 was derived through discounting the gross cash flows over the contracted term at a risk-adjusted observable interest rate.
- Level 3: Financial instruments whose valuation information is not based on observable market data are classified to this category. Variable purchase price components (earn-out) fall into this category, for example. They are based on agreed conditions and the expectation of the future sales/earnings development of the respective subsidiaries. Long-term purchase price components are discounted using a risk-adjusted interest rate.

Statement of comprehensive income.
Financial instruments are recognized in the statement of comprehensive income with the following net results:

	2024/25	2025/26
Loans and receivables recognized at (amortized) cost	-4,768	-2,579
Financial liabilities recognized at (amortized) cost	-11,473	-9,040
At fair value through profit or loss	-7	841
Total	**-16,248**	**-10,778**

The significant decrease in finance costs related to financial liabilities measured at amortized cost is attributable to new financing—concluded in March 2025—on terms that are overall more favorable for the Group, and to higher repayments.

The item "Fair value through profit or loss" also includes gains and losses from derivative financial instruments used to hedge foreign currency and interest rate risks, amounting to EUR 1,073 k and to EUR -631 k, respectively (2024/25: EUR 1,546 k and EUR -1,814 k). The gains and losses included in the financial result are presented in note 9.

Derivative financial instruments.
Derivative financial instruments that are measured at fair value through profit or loss are shown in the financial result.

As of March 31, 2026 receivables from derivative financial instruments in the amount of EUR 391 k (March 31, 2025: EUR 0 k) are included in "Trade receivables and other current receivables", and liabilities from derivative financial instruments in the amount of EUR 0 k (March 31, 2025: EUR 319 k) are included in "Other liabilities and deferred income", which will be fully cash-effective in the next financial year.

To hedge foreign currency risk, derivative financial instruments may be designated as hedges, primarily in the form of forward exchange contracts with varying maturities and currencies. As of March 31, 2026, as in the previous year, there were no open cash flow hedges.

Receivable from disposal of companies.
The following table shows the development of the receivable arising from the disposal of companies:

	2024/25	2025/26
Carrying amount as of March 31, 2025	**0**	**4,174**
Additions	4,174	0
Changes	0	6,376
Payment	0	-3,425
Carrying amount as of March 31, 2026	**4,174**	**7,125**

Factoring
Trade receivables as of March 31, 2026, include receivables arising from factoring agreements with Spanish municipalities amounting to EUR 723 k. During the 2025/26 financial year, payments totaling EUR 723 k were received from the factor; the corresponding liability for these payments is reported under current financial liabilities.

Trade payables.
In some subsidiaries, supplier financing arrangements are in place. After analyzing the respective contracts, no substantial changes to the original contractual payment terms compared to the initial trade payables were identified. Therefore, Kapsch TrafficCom continues to report these liabilities under trade payables. As of March 31, 2026, supplier financing arrangements included in trade payables amounted to EUR 1,260 k (March 31, 2025: EUR 4,217 k), of which EUR 503 k (March 31, 2025: EUR 896 k) had already been reimbursed by banks to the suppliers. In addition, current financial liabilities as of the reporting date include supplier financing arrangements in the amount of EUR 1,948 k (March 31, 2025: EUR 1,538 k) This reclassification results from individual agreements.

Reclassification to “Assets and liabilities held for sale”
As of March 31, 2026, a portion of the investments measured at fair value through profit or loss in the amount of EUR 1 k (March 31, 2025: EUR 1 k), a portion of other non-current financial receivables and loans in the amount of EUR 27 k (March 31, 2025: EUR 37 k), a portion of trade receivables in the amount of EUR 1,709 k (March 31, 2025: EUR 2,530 k), a portion of other non-financial assets in the amount of EUR 849 k (March 31, 2025: EUR 1,346 k), a portion of cash and cash equivalents in the amount of EUR 184 k (March 31, 2025: EUR 265 k), a portion of the non-current lease liabilities in the amount of EUR 3 k (March 31, 2025: EUR 87 k), a portion of current lease liabilities in the amount of EUR 89 k (March 31, 2025: EUR 122 k), a portion of trade payables in the amount of EUR 2,642 k (March 31, 2025: EUR 1,570 k), a portion of the current provisions in the amount of EUR 183 k (March 31, 2025: EUR 73 k), a portion of the current tax liabilities in the amount of EUR 1 k (March 31, 2025: EUR 1 k) and a portion of other non-financial liabilities in the amount of EUR 1,062 k (March 31, 2025: EUR 1,626 k) were reclassified to “Assets and liabilities held for sale” in accordance with IFRS 5. Further information is provided in note 22.

16 Other non-current assets.

	March 31, 2025	March 31, 2026
Non-current trade receivables	4,888	2,680
Non-current lease receivables	615	3,151
Other non-current receivables	204	4,488
Total	**5,707**	**10,319**

Non-current trade receivables relate to receivables from Bulgaria, Germany, Mexico and the Dominican Republic.

The increase in non-current lease receivables mainly relates to the OBU leasing arrangement with a joint venture.

Other non-current receivables include rental guarantees for buildings of the Spanish companies. The remaining term is more than one year but less than three years from the balance sheet date. Furthermore, this also includes the long-term receivable from disposal of companies amounting to EUR 4,306 k.

Gross cash flows of other non-current assets with maturities of up to two years amounted to EUR 6,533 k (March 31, 2025: EUR 4,549 k), between two and three years EUR 526 k (March 31, 2025: EUR 753 k), and more than three years EUR 719 k (March 31, 2025: EUR 0 k).

17 Deferred tax assets/liabilities.

	March 31, 2025	March 31, 2026
Deferred tax assets to be recovered after more than 12 months	47,770	39,537
Deferred tax assets to be recovered within 12 months	5,589	7,874
Deferred tax assets	**53,359**	**47,412**
Deferred tax liabilities to be recovered after more than 12 months	868	624
Deferred tax liabilities to be recovered within 12 months	490	653
Deferred tax liabilities	**1,358**	**1,277**
Deferred tax assets net (+)/deferred tax liabilities net (-)	**52,002**	**46,135**

Deferred tax assets due to tax loss carryforwards and other temporary differences deductible in the future are only recognized to the extent that they are likely to be realized. In the current consolidated financial statements, tax loss carryforwards of EUR 343,565 k (March 31, 2025: EUR 305,331 k) were not recognized due to uncertain realization through future taxable profits. The unrecognized deferred tax on loss carryforwards relates to Austria, where no deferred taxes were recognized in the 2025/26 fiscal year, but also to foreign subsidiaries in Spain, the USA, Brazil, and Chile. Most of these will not expire, or not until 2032. All other deferred tax assets were recognized as future deductible items in the respective group companies.

Sensitivity analyses suggest that the deferred tax assets would deviate by about EUR +4,094 k or EUR -4,094 k from the previously assumed estimates if the pre-tax results changed by +/-10%.

Deferred tax assets and liabilities are offset, taking maturities into account, when there is a legally enforceable right to set off and when the deferred tax assets and liabilities relate to income taxes levied by the same tax authority on the same taxpayer.

Deferred tax assets/liabilities are attributable to the following positions:

	March 31, 2025	Disosal resulting from sale of entities	Through profit or loss of the period	Through other compre-hensive income	Currency trans-lation differ-ences	Reclas-sification and off-set	March 31, 2026
Tax loss carry-forwards	44,872	0	-120	-5	-402	45	44,390
Provisions disallowed for tax purposes	1,740	0	-1,029	0	-18	-57	636
Depreciation disallowed for tax purposes	3,108	0	-711	0	0	-2,397	0
Other (active deferred income)	3,644	-2	-6,065	795	-128	4,141	2,386
Deferred tax assets	**53,364**	**-2**	**-7,926**	**790**	**-548**	**1,733**	**47,412**
Special depreciation/amortization of non-current assets	98	0	-485	0	-12	399	0
Gains from recognition at fair value	971	0	0	0	0	0	971
Other (passive deferred income)	289	0	-1,303	0	-13	1,334	306
Deferred tax liabilities	**1,358**	**0**	**-1,788**	**0**	**-25**	**1,733**	**1,277**
Total net	**52,006**	**-2**	**-6,138**	**790**	**-522**	**0**	**46,135**

	March 31, 2024	Disosal resulting from sale of entities	Through profit or loss of the period	Through other compre-hensive income	Currency trans-lation differ-ences	Reclas-sification and off-set	March 31, 2025
Tax loss carry-forwards	36,863	0	8,047	0	7	-45	44,872
Provisions disallowed for tax purposes	1,827	0	-336	224	26	0	1,740
Depreciation disallowed for tax purposes	1,144	0	1,964	0	0	0	3,108
Other (active deferred income)	5,734	-1,544	344	6	-208	-687	3,644
Deferred tax assets	**45,568**	**-1,544**	**10,018**	**229**	**-175**	**-733**	**53,364**
Special depreciation/amortization of non-current assets	-143	0	40	0	7	194	98
Gains from recognition at fair value	971	0	0	0	0	0	971
Other (passive deferred income)	436	-10	1,728	0	0	-1,865	289
Deferred tax liabilities	**1,263**	**-10**	**1,768**	**0**	**7**	**-1,671**	**1,358**
Total net	**44,305**	**-1,534**	**8,250**	**229**	**-182**	**939**	**52,006**

In both the previous year and the current fiscal year, the item ‘reclassification and offsetting’ does not include any reclassification of deferred tax assets on assets held for sale.

18 Inventories.

	March 31, 2025	March 31, 2026
Purchased parts and merchandise, at acquisition cost	16,608	16,515
Unfinished goods and work in progress, at production cost	3,694	4,300
Finished goods, at production cost	27,933	18,160
Prepayments on inventories	797	887
Total	**49,032**	**39,862**

Inventories decreased by EUR 9,170 k and are primarily located in Austria, the USA, and Canada. Impairments to net realizable value were recognized for certain inventory items. As of March 31, 2026, cumulative write downs of EUR 9,022 k (March 31, 2025: EUR 10,728 k) have been accounted for in inventories. The decrease in write-downs is primarily due to the delivery of existing stocks in large projects and improved inventory management. If the assumptions used to determine inventory impairments had been 10% higher or lower, the impact would have been EUR EUR -3,986 k or EUR +3,986 k respectively (March 31, 2025: EUR -4,903 k or EUR +4,903 k).

As at March 31, 2026, a portion of the inventories in the amount of EUR 28 k (March 31, 2025: EUR 15 k) was reclassified to “ Assets held for sale” in accordance with IFRS 5. Information on this is presented in note 22.

19 Trade receivables and other current assets.

	March 31, 2025 adjusted*	March 31, 2026
Trade receivables*	81,778	86,153
Allowance for bad debt	-1,998	-3,316
Trade receivables – net*	**79,780**	**82,836**
Receivables from tax authorities (other than income tax)	15,889	11,627
Current lease receivables	148	1,796
Other receivables and prepaid expenses*	19,559	19,423
Total*	**115,377**	**115,682**

*) See note 30 regarding the retrospective adjustment resulting from an error in accordance with IAS 8

For details on current lease receivables, see note 25.

Other receivables and deferred items mainly include current receivable from disposal of companies in amount of EUR 2,819 k (March 31, 2025: EUR 4,174 k), prepaid expenses in the amount of EUR 13,856 k (March 31, 2025: EUR 12,176 k), other advance payments received in the amount of EUR 1,008 k (March 31, 2025: EUR 1,352 k) and deposits in the amount of EUR 967 k (March 31, 2025: EUR 1,366 k).

As of March 31, 2026, a portion of trade receivables and other current assets in the amount of EUR 2,558 k (March 31, 2025: EUR 3,877 k) was reclassified to “Assets held for sale” in accordance with IFRS 5. Further information is provided in note 22.

The development of impairment losses on trade receivables is as follows:

	Allowances	ECL according to IFRS 9	March 31, 2025	Allowances	ECL according to IFRS 9	March 31, 2026
Balance as of March 31 of previous year	**-1,574**	**-1,096**	**-2,670**	**-1,107**	**-892**	**-1,998**
Changes of scope of consolidation	317	0	317	0	0	0
Additions	-783	-39	-822	-1,786	-499	-2,285
Utilization	832	203	1,034	32	83	115
Disposals	50	0	50	504	0	504
Currency translation differences	21	0	21	-13	0	-13
Reclassification assets held for sale	31	40	71	368	-7	361
Balance as of March 31 of financial year	**-1,107**	**-892**	**-1,998**	**-2,002**	**-1,314**	**-3,316**

Maturity structure of trade receivables:

	March 31, 2025 adjusted*	March 31, 2026
Not yet due*	56,188	52,584
Overdue		
1-30 days	6,604	14,773
31-60 days	2,814	3,858
61-90 days	4,765	4,788
91-180 days	3,757	2,958
181-270 days	552	2,018
More than 271 days*	7,098	5,172
Total*	**81,778**	**86,153**

*) See note 30 regarding the retrospective adjustment resulting from an error in accordance with IAS 8

Of the total receivables, 78,2 % were not yet due or were overdue by less than 30 days (March 31, 2025: 76,8 %). There is no concentration of credit risk, as the Group generally has a large number of customers worldwide.

20 Contract assets and contract liabilities.

Contract assets and liabilities are composed as follows:

	March 31, 2025	March 31, 2026
Current contract assets	73,419	45,142
Allowance on current contract assets	-382	-206
Total current contract assets	**73,037**	**44,936**
Non-current contract assets	847	1,146
Allowance on non-current contract assets	0	0
Total non-current contract assets	**847**	**1,146**
Total contract assets	**73,884**	**46,082**
Current contract liabilities	43,569	32,713
Non-current contract liabilities	8,745	9,342
Total contract liabilities	**52,315**	**42,055**

Impairments on contract assets amounted to EUR 206 k as of March 31, 2026 (March 31, 2025: EUR 382 k) and related to expected credit losses in accordance with IFRS 9. An income of EUR 176 k (2024/25: EUR 0 k) was recognized in the income statement for 2025/26.

Of the contract liabilities as of March 31, 2025, in the amount of EUR 52,315 k, EUR 31,566 k was recognized as revenues in financial year 2025/26 (2024/25: EUR 45,158 k).

The future revenues from performance obligations not yet fulfilled as of the reporting date amounted to:

	2024/25	2025/26
Future revenues	**1,248,867**	**1,286,439**
Total up to 1 year	322,602	328,556
Between 1 and 2 years	139,892	182,836
Between 2 and 3 years	95,010	113,238
Between 3 and 4 years	65,830	75,628
Between 4 and 5 years	184,473	45,164
More than 5 years	441,060	541,017

Sensitivity analyses indicate that operating profit (EBIT) would deviate from the previously assumed estimates by approximately EUR +8,160 k or EUR –7,214 k in the event of a +/-10% change in margins (2024/25: EUR +5,168 k or EUR –4,704 k).

21 Cash and cash equivalents.

	March 31, 2025	March 31, 2026
Cash on hand	40	93
Deposits held with banks	47,766	23,156
Total	**47,806**	**23,249**

The carrying amounts of this item represent cash and cash equivalents at the end of the reporting period as presented in the cash flow statement.

As of 31 March 2026, cash and cash equivalents in the amount of EUR 184 k (March 31, 2025: EUR 265 k) was reclassified to assets held for sale in accordance with IFRS 5. Information on this is provided in note 22.

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22 Assets and Liabilities held for sale.

The Group intends to sell 60%, and thus the majority, of its shares in tolltickts GmbH, Germany. Due to the progress of negotiations as of the reporting date, the company's assets and liabilities are classified as assets and liabilities held for sale in accordance with IFRS 5. Management considers the sale to be highly probable, and the transaction is expected to be completed within 12 months. The criteria of IFRS 5 were met on the reporting date. As of the reporting date, there were no indications of impairment of non-current assets.

As of July 8, 2026, a transaction agreement was signed for the sale of 60% of the shares in tolltickets GmbH, headquartered in Rosenheim, Germany. The transaction is expected to close by the end of the year (see also note 37, Events after the reporting period).

An overview of the assets and liabilities held for sale is provided in the following table:

	March 31, 2025	March 31, 2026
Property, plant and equipment	753	955
Other non-current financial assets and investments	38	28
Inventory	15	28
Trade receivables and other current assets	3,877	2,558
Cash and cash equivalents	265	184
Assets held for sale	**4,948**	**3,753**
Non-current lease liabilities	87	3
Current lease liabilities	122	89
Trade payables	1,570	2,642
Current provisions	73	183
Current tax liabilities	1	1
Other liabilities and deferred income	1,626	1,062
Liabilities held for sale	**3,478**	**3,980**

23 Equity.

Share capital.

The company's registered share capital amounts to EUR 14,300,000 (March 31, 2025: EUR 14,300,000). The share capital has been fully paid up and is divided into 14,300,000 shares (March 31, 2025: 14,300,000 shares). Each share entitles the holder to one vote. There are no caps or restrictions regarding the exercise of voting rights or the transfer of shares. The proportionate amount of share capital per share is EUR 1.00.

Authorized capital.

At the 2021 Annual General Meeting, the creation of a new authorized capital of up to 10% of the share capital was approved, excluding shareholders' subscription rights. The management board was authorized until September 28, 2026, with the approval of the supervisory board, to increase the company's share capital in one or more tranches by up to 10% and to determine the issue price and conditions. Shareholders' subscription rights for the new shares issued from the authorized capital were excluded. Currently, the company has neither authorized capital nor conditional capital that would allow the management board, with the approval of the supervisory board, to issue shares without (renewed) approval from the general meeting.

Authorization of repurchase of shares.

An authorization to repurchase shares granted by the Annual General Meeting on September 10, 2019, expired on March 10, 2022. As of March 31, 2026, Kapsch TrafficCom, as in the previous year, held no own shares, no shares reserved for options, and no conversion rights.

Capital reserve.
Capital reserve includes those reserves that have not been established from results of prior periods.

Other reserves.
The other reserves include effects from changes in the ownership interest in subsidiaries as well as reserves from other consolidated income, such as the reserve for differences from currency translation, revaluations of obligations from employee benefits after the end of employment after deducting deferred taxes, and changes in the cash flow hedge reserve after deducting deferred taxes.

Consolidated retained earnings.
Retained earnings include accumulated results of the period attributable to the equity holders of the company less dividends paid.

Dividends paid.
In financial year 2025/26, as in the previous year, no dividend was distributed by Kapsch TrafficCom AG. Likewise, no dividends were distributed to non-controlling interests in financial year 2025/26, as in the previous year.

Non-controlling interests.
These include the non-controlling interests in the equity of fully consolidated subsidiaries. Changes in non-controlling interests resulting from acquisitions, incorporations, liquidations, or disposals of subsidiaries are presented, as in the previous year, in a single line item “Change in scope of consolidation” in the statement of changes in equity for financial year 2025/26. Details on changes in subsidiaries are provided in note 30.

24 Current and non-current financial liabilities.

	March 31, 2025	March 31, 2026
Non-current financial liabilities	96,413	0
Current financial liabilities	21,977	110,156
	118,390	**110,156**

Movements are as follows:

	March 31, 2025	Disposal from sale of entities	Reclas-sification	Addi-tions	Repay-ment	Currency transla-tion differ-ences and interest accrued	March 31, 2026
Promissory note bond	8,494	0	-8,494	0	0	0	0
Operating loans	87,919	0	-87,917	0	0	-2	0
Non-current financial liabilities	**96,413**	**0**	**-96,411**	**0**	**0**	**-2**	**0**
Promissory note bond	0	0	8,494	0	0	0	8,494
Loans for acquisitions	2,721	0	0	0	-2,721	0	0
Loans for project financing	1,102	0	0	3,574	-908	-2	3,766
Operating loans	12,520	0	87,874	1,429	-11,654	476	90,647
Other current loans	5,633	0	43	1,895	-322	0	7,249
Current financial liabilities	**21,977**	**0**	**96,411**	**6,898**	**-15,604**	**474**	**110,156**
Total	**118,390**	**0**	**0**	**6,898**	**-15,604**	**472**	**110,156**

	March 31, 2024	Disposal from sale of entities [1]	Reclassification	Additions	Repayment	Currency translation differences and interest accrued	March 31, 2025
Promissory note bond	8,494	0	0	0	0	0	8,494
Loans for acquisitions	3,159	0	-5,880	2,721	0	0	0
Loans for project financing	24,050	0	-24,204	0	0	154	0
Operating loans	56,203	-338	-10,718	44,390	0	-1,617	87,919
Loans from affiliated companies	0	0	0	0	0	0	0
Non-current financial liabilities	**91,906**	**-338**	**-40,802**	**47,111**	**0**	**-1,463**	**96,413**
Promissory note bond	0	0	0	0	0	0	0
Loans for acquisitions	0	0	5,880	0	-3,159	0	2,721
Loans for project financing	4,618	0	24,204	0	-27,665	-54	1,102
Operating loans	1,644	0	10,716	352	-689	498	12,520
Other current loans	6,489	-196	2	5,281	-5,962	18	5,633
Current financial liabilities	**12,751**	**-196**	**40,802**	**5,633**	**-37,475**	**462**	**21,977**
Total	**104,657**	**-533**	**0**	**52,743**	**-37,475**	**-1,002**	**118,390**

[1] In the previous year, the disposal from the sale of entities was not shown separately.

Proceeds and repayments are cash-effective. Reclassifications between non-current and current financial liabilities are non-cash-effective and relate to reclassifications based on planned repayments or remaining maturities.

As of March 31, 2026, the Group was unable to comply with the financial covenants agreed with the syndicate banks. Since no waiver had been obtained by the reporting date, all financial liabilities as of March 31, 2026 had to be classified as current and were therefore reclassified accordingly.

The following table provides information on the maturity and interest rate of the remaining tranche of the promissory note bond placed in June 2016:

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

The repayment due 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.

The gross cash flows (including interest) of current and non-current financial liabilities are as follows:

2025/26	Promis-sory note bond	Loans for acquisi-tions	Loans for project financing	Operating loans	Other loans	Total
In the next 1 to 3 months	8,542	0	3,853	1,620	6,214	20,229
In the next 4 to 6 months	0	0	0	91,095	3	91,098
In the next 7 to 12 months	0	0	0	686	1,071	1,757
Gross cash flows up to one year	**8,542**	**0**	**3,853**	**93,402**	**7,287**	**113,084**
Between 1 and 2 years	0	0	0	0	0	0
Between 2 and 3 years	0	0	0	0	0	0
Between 3 and 4 years	0	0	0	0	0	0
Between 4 and 5 years	0	0	0	0	0	0
Gross cash flows more than 5 years	0	0	0	0	0	0
Total	**8,542**	**0**	**3,853**	**93,402**	**7,287**	**113,084**

2024/25	Promis-sory note bond	Loans for acquisi-tions	Loans for project financing	Operating loans	Other loans	Total
In the next 6 months	96	517	1,040	9,098	4,590	15,342
In the next 7 to 12 months	96	2,349	93	9,238	1,095	12,871
Gross cash flows up to one year	**192**	**2,867**	**1,133**	**18,336**	**5,685**	**28,213**
Between 1 and 2 years	8,542	0	0	10,218	0	18,760
Between 2 and 3 years	0	0	0	10,032	0	10,032
Between 3 and 4 years	0	0	0	10,173	0	10,173
Between 4 and 5 years	0	0	0	62,274	0	62,274
Gross cash flows more than 5 years	0	0	0	0	0	0
Total	**8,734**	**2,867**	**1,133**	**111,033**	**5,685**	**129,452**

In the table above regarding gross cash flows, repayments and interest payments for operating loans and the promissory note bond in the first two quarters of financial year 2026/27 are reported in accordance with IFRS 7, Appendix B.11.C, even though they differ from the original payment schedules and due dates (see note 33.3 Liquidity Risk).

Interest rates on current and non-current financial liabilities are as follows:

	2024/25	2025/26
Carrying fixed interest rates	14,559	16,872
Carrying variable interest rates	103,832	93,285
Total financial liabilities:	**118,390**	**110,156**
Average interest rates:		
Promissory note bond	2.26%	2.26%
Loans for acquisitions	6.09%	-
Loans for project financing	13.5%	9.25%
Operating loans[1]	5.38-12.94%	2.26-8,75%
Other loans[1]	1.25-5.50%	1.25-5.50%

[1] The higher interest rates relate also to financial liabilities in countries outside Europe, mostly with high inflation.

On March 21, 2025, Kapsch TrafficCom AG reached an agreement with its financing banks on a new long-term financing arrangement running until March 29, 2030. The syndicated refinancing was completed in the amount of EUR 104.6 million. Approximately half of the total volume is due in a lump sum on March 29, 2030, while the other half is to be repaid to the banks through semi-annual instalments of approximately EUR 5 million, starting on September 30, 2025.

In financial year 2025/26, Kapsch TrafficCom AG made repayments amounting to EUR 14.1 million. In addition to the scheduled repayment in March 2026, a mandatory special repayment of EUR 9.0 million was made in September 2025 in accordance with the financing agreement, following the cash inflow received in Germany (see note 3 Other Operating Income and note 29 Contingent Liabilities and Other Obligations as well as Information on the German Infrastructure Charge).

Due to the unexpectedly sharp decline in revenues, the failure to meet budget targets, and the fact that cost savings from the restructuring measures have not yet materialized to a sufficient extent, the Group's earnings and liquidity position deteriorated. As a result, the covenants agreed as part of the 2025 refinancing (equity ratio and net debt to EBITDA ratio, see note 34 Capital Management for details) could not be complied with as of the reporting date of March 31, 2026.

As the financing banks had not granted a waiver before the reporting date of March 31, 2026, the financial liabilities, including promissory note bond, had to be classified as current financial liabilities in the amount of EUR 110.2 million (previous year: EUR 22.0 million current and EUR 96.4 million non-current).

Based on the discussions held with the financing banks and the information available as of March 31, 2026, management assumed that an agreement with the financing banks would be reached. Accordingly, under IFRS 9 Appendix B5.4.6, no significant modification gains or losses were required to be recognized for the financial liabilities measured at amortized cost (including promissory note bond). Consequently, there remains a difference between the carrying amount and the settlement amount, the latter being EUR 1.5 million higher than the carrying amount.

For details regarding the Standstill Agreement concluded on July 1, 2026 and the binding term sheet agreed on July 26, 2026 concerning the extension of the Standstill Agreement and the refinancing of the outstanding financial liabilities (including promissory note bond), reference is made to note 37 Events after the Reporting Date. For information on liquidity impacts, reference is made to note 33.3 Liquidity Risk, and for information on covenants, reference is made to note 34 Capital Management.

25 Lease liabilities.

	March 31, 2025	March 31, 2026
Non-current lease liabilities	24,580	20,696
Current lease liabilities	7,674	7,065
	32,254	**27,760**

Movements of right-of-use assets from leases and classifications are included in note 12 Property, plant and equipment. The Group acts as lessor in the context of the rental of On-Board Units. Furthermore, the Group has concluded sublease agreements and shows receivables from these leases instead of right-of-use from leases. As of March 31, 2026, non-current receivables from leases amounted to EUR 3,151 k (March 31, 2025: EUR 615 k) and current receivables from leases to EUR 1,796 k (March 31, 2025: EUR 85 k).

The movements are as follows:

	2024/25	2025/26
Balance as of April 1 of previous year	**36,090**	**32,254**
Disposal resulting from the sale of subsidiaries	-1,254	0
New leases (non-cash relevant additions)	9,028	6,293
Disposal from termination of leases	-1,015	-2,024
Repayments (included in financing cashflow)	-9,973	-8,097
Interest payments (included in financing cashflow)	-1,814	-1,091
Interest expenses	1,420	1,094
Currency translation differences	-21	-669
Liabilities held for sale	-209	0
Balance as of March 31 of financial year	**32,254**	**27,760**
thereof non-current lease liabilities	24,580	20,696

The cash flows of lease liabilities are as follows:

	March 31, 2025	March 31, 2026
In the next 6 months	4,010	3,763
In the next 7 to 12 months	3,665	3,301
Gross cash flows up to one year	**7,674**	**7,065**
Between 1 and 2 years	6,181	5,676
Between 2 and 3 years	5,093	5,008
Between 3 and 4 years	4,545	3,412
Between 4 and 5 years	3,145	3,015
More than 5 years	5,616	3,585
Total	**32,254**	**27,760**

The weighted average incremental borrowing rate applied for the valuation of lease liabilities as of March 31, 2026 amounted to 3.78% (March 31, 2025: 4.19%). In case the incremental borrowing rate would change by +0.5 pp compared to the current one, the lease liabilities would change by approximately EUR -317 k (March 31, 2025: EUR -395 k); In case the incremental borrowing rate would change by -0.5 pp, the lease liabilities would change by approximately EUR +325 k (March 31, 2025: EUR +404 k).

The Group applies the exemptions regarding "short-term leases with a term of not more than twelve months" and leases of "low-value assets". Those leases are not recognized in the balance sheet, instead, payments made for such leases continue to be recognized as expenses.

Details of these expenses are as follows:

	2024/25			2025/26		
	Rental expenses	IT expenditures	Automobile expenses	Rental expenses	IT expenditures	Automobile expenses
Expenses of low value assets	758	4,118	1,189	330	5,234	901
Expenses of short term leases	257	190	247	369	57	158
Variable lease payments and service part	1,563	9,240	2,594	1,874	11,197	2,504
Total	**2,578**	**13,547**	**4,030**	**2,573**	**16,488**	**3,564**

26 Liabilities from post-employment benefits to employees.

	March 31, 2025	March 31, 2026
Termination benefits	8,425	8,291
Pension benefits	11,177	10,441
Obligations from anniversary bonuses	1,651	1,631
Total	**21,253**	**20,363**

Parameters.
Termination benefits obligations were valued based on an interest rate of 3.25 % (2024/25: 3.00–3.10 %) and in Mexico on an interest of 8.81 % (2024/25: 10.41 %) and a percentage rate of 3.00–5.50 % for the salary increases (2024/25: 3.00–6.00%). Retirement benefit obligations were valued based on an interest rate of 3.40 % (2024/25: 3.10%%) for the Euro zone and based on an interest rate of 4.35 % (2024/25: 4.80%) for Canada as well as compensation increases based on a rate of 2.50%–3.50% (2024/25: 2.50%–3.50%). An interest rate of 3.40 % (2024/25: 3.10%–3.15%) was used for the obligations from anniversary bonuses and 8.81 % in Mexico (2024/25: 10.41 %) and a value of 3.00–5.50 % (2024/25: 3,00–6,00 %) for salary increases. In addition, the calculation was based on the earliest possible statutory retirement age including transition provisions and using the mortality tables AVO 2018-P ANG (2024/25: AVO 2018-P ANG) by Pagler & Pagler for Austria and the 2014 Canadian Pension Mortality Private Tables for Canada.

Termination benefits.
This item essentially comprises legal and contractual claims of employees in Austria or their dependents on one-time severance payments. These may arise, in particular, on the basis of an employer's notice, amicable solution to the employment relationship, retirement or death of the employee. In the case of severance payments, the Group bears the risk of inflation resulting from salary adjustments, which simultaneously lead to higher severance payments. For employees who have joined Kapsch TrafficCom in Austria after December 31, 2002, payments into an external employee benefit fund are made on a monthly basis so that the Group does not normally incur any severance payments. Similar severance obligations also exist in other countries, such as in Mexico.

The following amounts are recognized in the balance sheet and the statement of comprehensive income for **termination benefits**:

	2024/25	2025/26
Carrying amount as of March 31 of previous year	**8,119**	**8,425**
Remeasurements (actuarial gains / losses)	460	-125
Current service cost	512	867
Interest expense	238	225
Payments	-802	-1,125
Currency translation differences	-103	24
Carrying amount as of March 31 of financial year	**8,425**	**8,291**
Total, included in the staff costs (note 6)	512	867
Total, included in the financial result (note 9)	238	225

Remeasurements of liabilities from post-employment benefits to employees are attributable to the following positions:

	2024/25	2025/26
Remeasurements from changes in financial assumptions	211	-73
Remeasurements from other changes (experience adjustments)	249	-52
Total	**460**	**-125**

The expected allocation for termination benefits for the next financial year 2026/27 amounts to EUR 322 k. The weighted average duration amounts to 6.2 years.

In the following sensitivity analysis for termination benefit obligations, the impacts resulting from changes in significant actuarial assumptions were stated, whereas the other impact parameters were kept constant. However, in reality, it will be rather likely that several of these parameters will change.

Sensitivities	Changes in assumption	Decrease in assumption	Increase in assumption
Impact of changes in the discount rate			
Defined benefit obligation (DBO)	± 0,5 pp	-212	202
Expected annual interest expenses (IC)	± 0,5 pp	28	-26
Expected annual service costs (CSC)	± 0,5 pp	-2	2
Impact of changes in salary increases			
Defined benefit obligation (DBO)	± 0,5 pp	187	-194
Expected annual interest expenses (IC)	± 0,5 pp	6	-6
Expected annual service costs (CSC)	± 0,5 pp	2	-2
Impact of changes in fluctuation			
Defined benefit obligation (DBO)	± 5%	1	-1
Expected annual interest expenses (IC)	± 5%	0	0
Expected annual service costs (CSC)	± 5%	-0	0

Pension benefits.
Liabilities for pension benefits recognized at the balance sheet date relate mainly to retirees. All pension agreements are based on the final salary, are granted as fixed monthly pension payments and are not covered by external plan assets (funds). In addition, contributions are paid to an external pension fund for employees of the Group (see note 6). For retirement benefits the Group bears the risk of longevity and inflation due to pension increases.

The following amounts are recognized in the balance sheet and the statement of comprehensive income for **pension benefits:**

	2024/25	2025/26
Carrying amount as of March 31 of previous year	**11,224**	**11,177**
Remeasurements of employee benefit obligations after termination of the employment relationship	687	-22
Current service cost	15	16
Interest expense	416	363
Payments	-1,052	-1,034
Currency translation differences	-112	-59
Carrying amount as of March 31 of financial year	**11,177**	**10,441**
Total, included in the staff costs (note 6)	15	16
Total, included in the financial result (note 9)	416	363

The remeasurements of employee benefit obligations after termination of the employment relationship are as follows:

	2024/25	2025/26
Remeasurements from changes in financial assumptions	295	-177
Remeasurements from other changes	392	155
Total	**687**	**-22**

The expected allocation for pension benefits for the next financial year 2026/27 amounts to EUR 292 k. The weighted average duration amounts to 8.8 years.

In the following sensitivity analysis for pension obligations, the impacts resulting from changes in significant actuarial assumptions were stated, whereas the other parameters were kept constant. However, in reality it will be rather likely that several of these parameters will change.

Sensitivities	**Changes in assumption**	**Decrease in assumption**	**Increase in assumption**
Impact of changes in the discount rate			
Defined benefit obligation (DBO)	± 0,5 pp	-277	262
Expected annual interest expenses (IC)	± 0,5 pp	35	-33
Expected annual service costs (CSC)	± 0,5 pp	0	0
Impact of changes in salary increases			
Defined benefit obligation (DBO)	± 0,5 pp	0	0
Expected annual interest expenses (IC)	± 0,5 pp	0	0
Expected annual service costs (CSC)	± 0,5 pp	0	0

Anniversary bonuses.
The provision for anniversary bonuses (jubilee benefit obligations) relates to long-term claims of employees based on collective bargaining provisions of collective bargaining agreements.

The following amounts are recognized in the balance sheet and in the statement of comprehensive income for **anniversary bonuses**:

	2024/25	**2025/26**
Carrying amount as of March 31 of previous year	**1,819**	**1,651**
Remeasurements of employee benefit obligations after termination of the employment relationship	107	-20
Current service cost	106	135
Interest expense	46	42
Payments	-362	-193
Currency translation differences	-66	14
Carrying amount as of March 31 of financial year	**1,651**	**1,631**
Total, included in the staff costs (note 6)	214	116
Total, included in the financial result (note 9)	46	42

The expected allocation for obligations from anniversary bonuses for the financial year 2026/27 amounts to EUR 146 k, the weighted average duration is 7.8 years.

In the following sensitivity analysis for anniversary bonuses, the effects of changes in significant actuarial influencing factors were presented, while the other influencing factors were kept constant. In reality, however, it is more likely that several of these influencing variables will change.

Sensitivities	Changes in assumption	Decrease in assumption	Increase in assumption
Impact of changes in the discount rate			
Defined benefit obligation (DBO)	± 0,5 pp	-50	47
Expected annual interest expenses (IC)	± 0,5 pp	5	-5
Expected annual service costs (CSC)	± 0,5 pp	-3	3
Impact of changes in salary increases			
Defined benefit obligation (DBO)	± 0,5 pp	38	-40
Expected annual interest expenses (IC)	± 0,5 pp	1	-1
Expected annual service costs (CSC)	± 0,5 pp	3	-3
Impact of changes in fluctuation			
Defined benefit obligation (DBO)	± 5%	-24	23
Expected annual interest expenses (IC)	± 5%	-1	1
Expected annual service costs (CSC)	± 5%	-2	2

Analysis of expected maturity of undiscounted benefits.

	2026/27	2027/28	2028/29	2029/30	2030/31	over 5 years	Total
Termination benefits	1,171	650	393	746	859	5,856	9,674
Pension benefits	1,055	1,039	1,021	998	970	8,832	13,915
Obligations from anniversary bonuses	160	168	115	119	212	2,538	3,312

27 Provisions.

	March 31, 2025	March 31, 2026
Non-current provisions	1,565	735
Current provisions	20,388	12,393
Total	**21,953**	**13,128**

The provisions changed as follows:

	March 31, 2025	Addition	Utilization	Disposal	Reclassification to ‘liabilities held for sale’	Reclassification	Currency translation differences	March 31, 2026
Warranties	209	0	0	0	0	23	0	233
Provision for losses from onerous contracts	105	0	0	0	0	-105	0	0
Other non-current provisions	1,250	196	-38	-848	0	-43	-15	503
Non-current provisions	**1,565**	**196**	**-38**	**-848**	**0**	**-125**	**-15**	**735**
Warranties	1,150	394	0	-437	0	-23	-9	1,075
Provision for losses from onerous contracts	15,408	5,054	-683	-13,869	0	105	-151	5,864
Projects (excluding impending losses)	2,059	2,671	-25	-541	0	-0	-173	3,991
Legal fees, costs of litigation and contract risks	1,062	905	-1,061	0	0	0	0	905
Other current provisions	710	977	-813	-227	-110	43	-21	558
Current provisions	**20,388**	**10,001**	**-2,582**	**-15,074**	**-110**	**125**	**-355**	**12,393**
Total	**21,953**	**10,198**	**-2,620**	**-15,922**	**-110**	**0**	**-369**	**13,128**

	March 31, 2024	Addition from accumu-lation	Addition	Utiliza-tion	Disposal	Reclas-sification to 'liabil-ities held for sale'	Reclassi-fication	Currency transla-tion dif-ferences	March 31, 2025
Warranties	323	0	0	0	0	0	-113	0	209
Provision for losses from onerous contracts	0	0	105	0	0	0	0	0	105
Projects (excluding impend-ing losses)	25	0		0	0	0	-25	0	0
Other non-current provi-sions	1,462	124	341	-52	-498	0	-8	-119	1,250
Non-current provisions	**1,810**	**124**	**446**	**-52**	**-498**	**0**	**-146**	**-119**	**1,565**
Warranties	1,303	0	0	0	-250	0	113	-17	1,150
Provision for losses from onerous contracts	17,326	0	5,060	-678	-6,319	0	0	20	15,408
Projects (excluding impend-ing losses)	1,541	0	108	-25	-588	0	1,108	-85	2,059
Legal fees, costs of litigation and contract risks	1,145	0	964	-1,045	-1	0	0	0	1,062
Other current provisions	1,133	0	1,635	-248	-560	-73	-1,075	-102	710
Current provisions	**22,447**	**0**	**7,767**	**-1,996**	**-7,719**	**-73**	**146**	**-184**	**20,388**
Total	**24,257**	**124**	**8,213**	**-2,047**	**-8,217**	**-73**	**0**	**-303**	**21,953**

As a manufacturer, trader, and service provider, the Group grants product warranties to customers at the time of sale. Usually, in accordance with the warranty terms, the Group has the obligation to repair or replace manufacturing or software defects that become apparent during the warranty period. If the Group expects warranty claims on products sold or services rendered during the period under guarantee, a corresponding provision is set up in the financial statements. Based on the expectation that the majority of the expenditure will be incurred in the short or medium term, the best estimate for the cost of warranty is used for the recognition of the provision. Likewise, historical data is taken into account in the calculation of the provision amount. According to past experience, it is probable that there will be claims under the warranties. It is expected that an amount of EUR 81 k will be used in the first half of financial year 2026/27, EUR 994 k in the second half, and the remaining EUR 233 k in the following financial years.

Current provisions for losses from onerous contracts amounting to EUR 5,864 k were recognized in financial year 2025/26. A significant amount relates to various implementation and operation projects in the EMEA region as well as of an American subsidiary that cannot be completed with a profit. Utilization of the provision is expected in the amount of EUR 3,343 k in the first half of financial year 2026/27 and in the amount of EUR 2,520 k in the second half.

Provisions for projects (excluding onerous contracts) primarily relate to current costs and repair work for existing tolling and traffic management projects. It is expected that an amount of EUR 1,956 k will be used in the first half and EUR 2,035 k in the second half of financial year 2026/27.

Provisions for legal fees, litigation expenses, and contract risks primarily relate to ongoing legal proceedings and consulting costs. It is expected that an amount of EUR 454 k of these provisions will be used in the first half and EUR 451 k in the second half of financial year 2026/27.

Other provisions mainly include provisions for taxes and duties, provisions and bonuses. It is expected that an amount of EUR 364 k will be used in the first half of financial year 2026/27, EUR 194 k in the second half, and the remaining EUR 502 k in the following financial years.

The reclassification of other current provisions to liabilities held for sale is presented in a separate column. Information on this is provided in note 22.

28 Other liabilities and deferred income.

	March 31, 2025	March 31, 2026
Other employee liabilities	24,521	21,720
Liabilities to tax authorities (other than income tax)	12,206	7,487
Other prepayments received	5,745	2,702
Refund Liabilities	114	107
Sundry liabilities and deferred income	4,211	5,516
Total	**46,797**	**37,531**

Other employee liabilities comprise liabilities to employees and board members, including liabilities for outstanding vacation and accruals for special payments as well as other liabilities related to personnel expenses (social security contributions, etc.).

The decrease in other prepayments received is primarily attributable to advanced prepayments in connection with projects in Brazil.

The sundry liabilities and deferred income essentially include provisions for invoices not yet received or passive accruals of invoices.

As of March 31, 2026, other liabilities and deferred income in the amount of EUR 1,062 k was reclassified to liabilities held for sale in accordance with IFRS 5. Further information is provided in note 22.

29 Contingent liabilities and other commitments as well as disclosure to German infrastructure charge.

The Group's contingent liabilities primarily arise from large-scale projects. In the course of its operations, the Group is required to provide extensive bank guarantees for such projects as security for bid obligations (bid bonds) or to cover potential warranty claims (performance bonds). These guarantees are issued by banks and credit insurance companies. If Kapsch TrafficCom fails to meet its contractual obligations, there is a risk that these guarantees may be called upon. In such cases, the bank or insurer would have a recourse claim against the Group.

Contingent liabilities and other commitments include, in accordance with industry practice, exclusively obligations to third parties. These are presented as follows:

	March 31, 2025	March 31, 2026
North America (toll collection systems)	38,671	36,373
Australia (toll collection systems)	8,378	24,687
Total	**47,049**	**61,060**

The increase in Australia is due to a new guarantee in favor of an Australian customer.

Further performance and bid bonds from financial institutes or insurance companies, for which an outflow of resources is deemed unlikely, are not recognized in the balance sheet or as contingent liabilities. As of March 31, 2026 these amounted to EUR 198,655 k (2024/25: EUR 176,508 k). The amount has increased compared to the previous year because several guarantees expired and many new guarantees were issued in the previous financial year.

Assets of Kapsch TrafficCom AB, Sweden, in the amount of EUR 10,966 k (March 31, 2025: EUR 11,061 k) were pledged as collateral for contingent liabilities in favor of a Swedish bank.

German infrastructure charge.

In 2018, the joint venture autoTicket GmbH (autoTicket), Germany, was awarded the contract for the collection of the infrastructure charge (passenger car toll) in Germany. In addition, the Group company MTS Maut & Telematik Services GmbH (MTS), Germany, had previously been mandated as the sole service provider for the “automated enforcement of the passenger car toll” in a separate tender process.

On June 18, 2019, the European Court of Justice (ECJ) issued a surprising ruling with far-reaching consequences: the planned German infrastructure charge (passenger car toll), combined with a tax relief for vehicles registered in Germany, was declared incompatible with EU law. As a result, the client terminated the contracts related to the implementation and operation of the toll system effective September 30, 2019.

The operator parties to the terminated toll collection contract were Kapsch TrafficCom, CTS EVENTIM, and auto Ticket. In December 2019, they jointly filed claims totaling approximately EUR 560,000 k against the Federal Republic of Germany. However, the competent minister denied this claim, leading to arbitration proceedings.

MTS Maut & Telematik Services GmbH (MTS) is a fully consolidated 100% subsidiary of Kapsch TrafficCom AG. As a result of the termination of the contract for automated toll enforcement, claims are also being asserted against the Federal Republic of Germany by the contracting parties (Kapsch TrafficCom AG and MTS). At the end of June 2025, a settlement agreement was reached with the Federal Republic of Germany. The agreed payment of around EUR 27 million to the subsidiary MTS Maut & Telematik Services GmbH was made in July 2025 at the beginning of the second quarter.

With this payment to MTS Maut & Telematik Services GmbH, the arbitration proceedings have come to a close.

30 Interests in subsidiaries.

Consolidated group.

Apart from Kapsch TrafficCom AG, Vienna, the consolidated financial statements include 55 companies (March 31, 2025: 56 companies) that are fully consolidated and directly or indirectly controlled by Kapsch TrafficCom AG and 5 companies (March 31, 2025: 6 companies) included at equity. The consolidated group changed as follows:

	2024/25	2025/26
Amount of entities at the beginning of the financial year	62	62
Initial consolidation	5	0
Deconsolidations	-5	-2
Amount of entities in the consolidated group	**62**	**60**

The regional distribution of the consolidated group was as follows:

	2024/25	2025/26
Austria	5	5
EMEA (excluding Austria)	30	29
Americas	24	23
APAC	3	3
Total	**62**	**60**

Overview of the 2026 consolidation group on a company basis:

Entity, headquarter of entity	March 31, 2025 Group's share	March 31, 2025 Non-controlling interests	March 31, 2025 Type of consolidaton	March 31, 2026 Group's share	March 31, 2026 Non-controlling interests	March 31, 2026 Type of consolidaton
Consorcio ITS Parques del Rio (Consortium), Bogotá, Colombia	60.0%	40.0%	F	60.0%	40.0%	F
Consorcio Medellin al Mar (Consortium), Bogotá, Colombia	51.0%	49.0%	F	51.0%	49.0%	F
Consorcio Peaje AGR (Consortium), Quito, Ecuador	51.0%	49.0%	F	51.0%	49.0%	F
Consorcio Túneles Al Nus (Consortium), Bogotá, Colombia	51.0%	49.0%	F	51.0%	49.0%	F
Kapsch TrafficCom South Africa (Pty) Ltd (former: Electronic Toll Collection (PTY) Ltd.), Centurion, South Africa	100.0%	–	F	100.0%	–	F
Kapsch Components GmbH & Co KG, Vienna, Austria	100.0%	–	F	100.0%	–	F
Kapsch Components GmbH, Vienna, Austria	100.0%	–	F	100.0%	–	F
Kapsch Road Services Sp. z o.o. (in Liquidation), Warsaw, Poland	100.0%	–	F	100.0%	–	F
Kapsch Telematic Services GmbH Deutschland, Rosenheim, Germany	100.0%	–	F	100.0%	–	F
Kapsch Telematic Services GmbH, Vienna, Austria	100.0%	–	F	100.0%	–	F
Kapsch Telematic Services Sp. z o.o., Warsaw, Poland	100.0%	–	F	100.0%	–	F
Kapsch Telematic Services spol. s r.o., Prague, Czech Republic	100.0%	–	F	100.0%	–	F
Kapsch Telematik Technologies Bulgaria EAD, Sofia, Bulgaria	100.0%	–	F	100.0%	–	F
Kapsch Traffic Solutions (Consortium), Sofia, Bulgaria	100.0%	–	F	100.0%	–	F
Kapsch TrafficCom - Rowing - UTE (Consortium), Buenos Aires, Argentina[1)]	50.0%	50.0%	F	50.0%	50.0%	F
Kapsch TrafficCom AB, Jonkoping, Sweden	100.0%	–	F	100.0%	–	F
Kapsch TrafficCom Arce Sistemas S.A.U., Bilbao, Spain	100.0%	–	F	100.0%	–	F
Kapsch TrafficCom Argentina S.A., Buenos Aires, Argentina	100.0%	–	F	100.0%	–	F
Kapsch TrafficCom Australia Pty Ltd, Melbourne, Australia	100.0%	–	F	100.0%	–	F
Kapsch TrafficCom B.V., Amsterdam, Netherlands	100.0%	–	F	100.0%	–	F
Kapsch TrafficCom Canada Inc., Mississauga, Canada	100.0%	–	F	100.0%	–	F
Kapsch TrafficCom Chile S.A., Santiago de Chile, Chile	100.0%	–	F	100.0%	–	F
Kapsch TrafficCom Dominican Republic S.R.L., Santo Domingo, Dominican Republic	100.0%	–	F	100.0%	–	F
Kapsch TrafficCom France SAS, Paris, France	100.0%	–	F	100.0%	–	F
Kapsch TrafficCom Guatemala S.A., Guatemala City, Republic of Guatemala[4)]	100.0%	–	F	100.0%		F
Kapsch TrafficCom Holding Corp., Duluth, USA	100.0%	–	F	100.0%	–	F
Kapsch TrafficCom Holding II US Corp., Duluth, USA	100.0%	–	F	100.0%	–	F
Kapsch TrafficCom Inc., Duluth, USA	100.0%	–	F	100.0%	–	F
Kapsch TrafficCom Ireland Limited, Dublin, Ireland	100.0%	–	F	100.0%	–	F
Kapsch TrafficCom Ltd., Middlesex, United Kingdom	100.0%	–	F	100.0%	–	F
Kapsch TrafficCom México, S.A.P.I. de C.V., Mexico City, Mexico	100.0%	–	F	100.0%	–	F
Kapsch TrafficCom New Zealand Ltd., Auckland, New Zealand	100.0%	–	F	100.0%	–	F
Kapsch TrafficCom Peru S.A.C., Lima, Peru	100.0%	–	F	100.0%	–	F
Kapsch TrafficCom PTE. LTD.,The Heeren, Singapore	100.0%	–	F	100.0%	–	F
Kapsch TrafficCom Riyadh Limited, Jeddah, Saudi Arabia[4)]	100.0%	–	F	100.0%	–	F
Kapsch TrafficCom S.A.S., Bogotá, Colombia	100.0%	–	F	100.0%	–	F
Kapsch TrafficCom Saudi Arabia Co. Lt., Jeddah, Saudi Arabia	100.0%	–	F	100.0%	–	F

Entity, headquarter of entity	March 31, 2025			March 31, 2026		
	Group's share	Non-controlling interests	Type of consolidaton	Group's share	Non-controlling interests	Type of consolidaton
Kapsch TrafficCom Services Ukraine LLC (in Liquidation), Kyiv, Ukraine	100.0%	–	F	100.0%	–	F
Kapsch TrafficCom Services USA, Inc., Duluth, USA	100.0%	–	F	100.0%	–	F
Kapsch TrafficCom South Africa (Pty) Ltd., Sunninghill, South Africa	100.0%	–	F	–	–	–
Kapsch TrafficCom South Africa Holding (Pty) Ltd., Cape Town, South Africa	100.0%	–	F	100.0%	–	F
Kapsch TrafficCom Transportation Argentina S.A., Buenos Aires, Argentina	100.0%	–	F	100.0%	–	F
Kapsch TrafficCom Controle de Tráfico e de Transportes do Brasil Ltda., São Paulo, Brazil	100.0%	–	F	100.0%	–	F
Kapsch TrafficCom Transportation Colombia S.A.S., Bogotá, Colombia	100.0%	–	F	100.0%	–	F
Kapsch TrafficCom Transportation S.A.U., Madrid, Spain	100.0%	–	F	100.0%	–	F
Kapsch TrafficCom USA, Inc., Duluth, USA	100.0%	–	F	100.0%	–	F
Kapsch TrafficCom Zagreb d.o.o, Zagreb, Croatia	100.0%	–	F	100.0%	–	F
KTC-ZA HOLDING (Pty) Ltd, Cape Town, South Africa	100.0%	–	F	100.0%	–	F
Kapsch Security GmbH (former: KTS Beteiligungs GmbH), Vienna, Austria	100.0%	–	F	100.0%	–	F
Mobiserve (Pty) Ltd., Cape Town, South Africa[3]	100.0%	–	F	100.0%	–	F
MTS Maut & Telematik Services GmbH, Rosenheim, Germany	100.0%	–	F	100.0%	–	F
tolltickets GmbH, Rosenheim, Germany	100.0%	–	F	100.0%	–	F
Traffic AI Solutions sp. z o.o., Warsaw, Poland[5]	80.0%	20.0%	F	80.0%	20.0%	F
Transport Telematic Systems L.L.C - S.P.C (former: Transport Telematic Systems - LLC), Abu Dhabi, United Arab Emirates[2]	49.0%	51.0%	F	49.0%	51.0%	F
Trust South Africa, Cape Town, South Africa[3]	100.0%	–	F	100.0%	–	F
ELECTOLLING ETC DEL ECUADOR CIA. LTDA., Quito, Ecuador[6]	23.0%	–	E-AS	–	–	–
Kapsch Telematic Services IOOO, Minsk, Belarus	49.8%	–	E-AS	49.8%	–	E-AS
PARAT LTD, Abu Dhabi, United Arab Emirates	24.5%	–	E-AS	24.5%	–	E-AS
autoTicket GmbH (in Liquidation), Berlin, Germany	50.0%	–	E-JV	50.0%	–	E-JV
NATRAS AG, Adliswil, Switzerland	50.0%	–	E-JV	50.0%	–	E-JV
Copiloto Colombia S.A.S., Bogotá, Colombia	50.0%	–	E-JV	50.0%	–	E-JV

1) Consolidation due to voting-right-agreements.
2) Power over the relevant activities of the entity based on substantive rights.
3) IFRS 10 control of Trust South Africa and thus full consolidation with 100%.
4) Foundation in financial year 2024/25.
5) Acquisition of minor significance in financial year 2024/25.
6) From financial year 2025/26 Other investment.

In December 2025, Kapsch TrafficCom South Africa (Pty) Ltd. Sunninghill, South Africa was liquidated.

For all entities mentioned above the headquarter of the company complies with the country of incorporation. The Group's share shows the share at which the companies are included in the consolidated financial statements. Only the following entities do not report at balance sheet date as of March 31 due to legal restrictions or other reasons, but present interim financial statements:

- Kapsch Telematik Technologies Bulgaria EAD, Sofia, Bulgaria (31st, December)
- Kapsch Traffic Solutions (Consortium), Sofia, Bulgaria (31st, December)
- Kapsch TrafficCom Saudi Arabia Co. Ltd., Jeddah, Saudi-Arabia (31st, December)
- Kapsch TrafficCom Controle de Tráfico e de Transportes do Brasil Ltda., São Paulo, Brazil (31st, December)
- Consorcio ITS Parques del Rio (Consortium), Bogotá, Colombia (31st, December)
- Consorcio Medellin al Mar (Consortium), Bogotá, Colombia (31st, December)
- Consorcio Túneles Al Nus (Consortium), Bogotá, Colombia (31st, December)
- Kapsch TrafficCom Transportation Colombia S.A.S., Bogotá, Colombia (31st, December)
- Kapsch TrafficCom S.A.S., Bogotá, Colombia (31st, December)

- Consorcio Peaje AGR (Consortium), Quito, Ecuador (31st, December)
- Kapsch TrafficCom Guatemala S.A., Guatemala City, Republic of Guatemala (31st, December)
- Kapsch TrafficCom México, S.A.P.I. de C.V., Mexico City, Mexico (31st, December)
- Kapsch TrafficCom Peru S.A.C., Lima, Peru (31st, December)

Deconsolidations.

The following companies were no longer fully consolidated as of the end of financial year 2025/26 and were therefore deconsolidated:

Kapsch TrafficCom South Africa (Pty) Ltd. Sunninghill, South Africa.
Kapsch TrafficCom South Africa (Pty) Ltd., Sunninghill, South Africa, was liquidated and deconsolidated in December 2025. The profit from the deconsolidation amounted to EUR 3,011 k, which was recognized under other operating income. The deconsolidation is presented as follows:

	December, 2025
Deferred tax assets	2
Non-current assets	**2**
Trade receivables and other current assets	1
Cash and cash equivalents	48
Current assets	**49**
TOTAL ASSETS	**50**
Non-current liabilities	**0**
Other liabilities and deferred income	12
Current liabilities	**12**
TOTAL LIABILITIES	**12**
	50
NET ASSETS	**38**
Carrying amount of disposed net assets	-38
Reclassification of currency translation reserve	3,049
Profit from the disposal of the company	**3,011**

In financial year 2024/25, the following companies were deconsolidated, resulting in the following effects: TMT Services and Supplies Proprietary Limited, South Africa (EUR -7,545 k), Kapsch TrafficCom Russia OOO, Russia (EUR -1,091 k), ArtiBrain Software Entwicklungsgesellschaft mbH, Vienna (EUR -9 k), and Intelligent Mobility Solutions Limited, Zambia, which is described in more detail in the next section. Furthermore, the disposal of the net assets of Kapsch Telematic Services IOOO, Belarus, resulted in a positive effect of TEUR 3,064. Further information on this is included in the 2024/25 Group Report.

Adjusted result from the deconsolidation of Intelligent Mobility Solutions Limited, Zambia.
During the 2025/26 financial year, it was identified that a group journal entry amounting to EUR 5,182 k should have been derecognized in the 2024/25 financial year. A retrospective correction was therefore made in the 2024/25 financial year.

The adjusted deconsolidation is as follows:

	2024/25 adjusted*
Trade receivables and other current assets	125
Current assets	**125**
TOTAL ASSETS	**125**
Non-current financial liabilities	8,377
Non-current liabilities	**8,377**
Current financial liabilities	394
Trade payables	4,200
Current provisions	1
Other liabilities and deferred income	331
Current liabilities	**4,926**
TOTAL LIABILITIES	**13,303**
NET ASSETS	**-13,178**
Carrying amount of net assets sold	13,178
Reclassification of the currency translation reserve	3,914
Derecognition of the previous Non-controlling interest	-6,835
Reversal recognized in profit or loss group postings	-8,485
	-5,247
Loss from the disposal of the company	**-3,475**

*) Retrospective adjustment resulting from an error in accordance with IAS 8

As a result of the retrospective correction of an error in accordance with IAS 8, the following adjustments were made to the consolidated statement of financial position and the consolidated statement of profit or loss:

	March 31, 2025 as reported	Adjustments	March 31, 2025 adjusted
Trade receivables and other current assets	120,559	-5,182	115,377
Current assets	302,219	-5,182	297,037
TOTAL ASSETS	454,422	-5,182	449,240
Retained earnings and other reserves	-52,941	-5,182	-58,123
TOTAL EQUITY	91,016	-5,182	85,834
Other operating income	31,437	-1,772	29,665
Other operating expenses	-90,546	-3,475	-94,021
Operating result before amortization, depreciation and impairment (EBITDA)	29,044	-5,247	23,797
Operating result (EBIT)	12,555	-5,247	7,308
Result for the period	-3,103	-5,247	-8,350
Equity holders of the company	-6,858	-5,247	-12,106
Earnings per share from the result for the period attributable to the equity holders of the company	-0.48	-0.37	-0.85

31 Non-controlling interests.

The non-controlling interests represent the third party shares in the equity of consolidated subsidiaries.

Information on the balance sheet.
The balance sheet of the consolidated subsidiaries with material non-controlling interests and the carrying amount of material non-controlling interests are presented below:

	Amounts before intercompany eliminations					
2025/26	**Non-current assets**	**Current assets**	**Non-current liabilities**	**Current liabilities**	**Net assets**	**Carrying amount of non-controlling interests**
Consorcio ITS Parques del Rio, Colombia	0	3	11	156	-163	-65
Consorcio Medellin al Mar, Colombia	0	370	0	2,462	-2,092	-1,025
Consorcio Peaje AGR, Ecuador	2	189	0	142	49	24
Consorcio Túneles Al Nus, Colombia	0	247	0	53	194	88
Kapsch TrafficCom - Rowing - UTE, Argentina	64	9,805	-0	973	8,895	4,447
Kapsch Traffic Solutions, Bulgaria	0	24,672	0	19,144	5,528	12
Traffic AI Solutions, Poland	19	72	0	221	-130	-26
Carrying amount as of March 31, 2026						**3,455**

	Amounts before intercompany eliminations					
2024/25	**Non-current assets**	**Current assets**	**Non-current liabilities**	**Current liabilities**	**Net assets**	**Carrying amount of non-controlling interests**
Consorcio ITS Parques del Rio, Colombia	0	260	10	344	-95	-38
Consorcio Medellin al Mar, Colombia	0	418	0	2,425	-2,007	-983
Consorcio Peaje AGR, Ecuador	2	114	0	104	12	6
Consorcio Túneles Al Nus, Colombia	0	377	0	11	366	173
Kapsch TrafficCom - Rowing - UTE, Argentina	170	6,856	91	1,293	5,643	2,821
Kapsch Traffic Solutions, Bulgaria	0	25,690	0	20,606	5,084	6
Traffic AI Solutions, Poland	219	22	0	308	-68	-14
Carrying amount as of March 31, 2025						**1,971**

Information on the statement of comprehensive income.
The statement of comprehensive income of the consolidated subsidiaries with material non-controlling interests are presented below (amounts before intercompany elimination):

2025/26	Amounts before intercompany eliminations				Amounts attributable to non-controlling interests		
	Revenues	Result for the period	Other comprehensive income	Total comprehensive income	Result for the period	Other comprehensive income	Total comprehensive income
Consorcio ITS Parques del Rio, Colombia	0	-58	-10	-69	-23	-4	-27
Consorcio Medellin al Mar, Colombia	140	40	-126	-86	20	-62	-42
Consorcio Peaje AGR, Ecuador	342	37	-1	37	18	-0	18
Consorcio Túneles Al Nus, Colombia	27	-182	10	-172	-89	5	-84
Kapsch TrafficCom - Rowing - UTE, Argentina	9,153	3,596	-343	3,253	1,798	-171	1,626
Kapsch Traffic Solutions, Bulgaria	11,563	444	0	444	6	0	6
Traffic AI Solutions, Poland	390	-64	2	-62	-13	0	-12
Total					**1,716**	**-232**	**1,484**

2024/25	Amounts before intercompany eliminations				Amounts attributable to non-controlling interests		
	Revenues	Result for the period	Other comprehensive income	Total comprehensive income	Result for the period	Other comprehensive income	Total comprehensive income
Consorcio ITS Parques del Rio, Colombia	0	0	8	8	0	3	3
Consorcio Medellin al Mar, Colombia	455	-878	104	-774	-430	51	-379
Consorcio Peaje AGR, Ecuador	527	93	-1	92	46	-0	45
Consorcio Túneles Al Nus, Colombia	121	81	-25	56	40	-12	28
Intelligent Mobility Solutions Limited, Zambia	0	0	-3,045	-3,045	3,761	-3,335	426
Kapsch TrafficCom - Rowing - UTE, Argentina	10,605	702	2,743	3,445	351	1,372	1,722
Kapsch Traffic Solutions, Bulgaria	12,350	486	0	486	6	-0	6
Traffic AI Solutions, Poland	91	-87	-1	-88	-17	-0	-18
Total					**3,755**	**-1,921**	**1,834**

Information on the cash flow statement and dividends.
The cash flow statement and dividends of the consolidated subsidiaries with material non-controlling interests are presented below (amounts before intercompany elimination):

2025/26	Cash flow from Operating activities	Cash flow from Investing activities	Cash flow from Financing activities	Cash net increase/ decrease	Dividends paid to non-controlling interests
Consorcio ITS Parques del Rio, Colombia	1	0	0	1	0
Consorcio Medellin al Mar, Colombia	-68	0	39	-29	0
Consorcio Peaje AGR, Ecuador	8	0	0	8	0
Consorcio Túneles Al Nus, Colombia	213	-81	-136	-4	0
Kapsch TrafficCom - Rowing - UTE, Argentina	-149	0	-134	-283	0
Kapsch Traffic Solutions, Bulgaria	-521	0	-0	-521	0
Traffic AI Services, Poland	-54	0	93	39	0
Total					**0**

2024/25	Cash flow from Operating activities	Cash flow from Investing activities	Cash flow from Financing activities	Cash net increase/ decrease	Dividends paid to non-controlling interests
Consorcio Medellin al Mar, Colombia	-298	0	293	-5	0
Consorcio Peaje AGR, Ecuador	-51	50	0	0	0
Consorcio Túneles Al Nus, Colombia	-48	0	40	-8	0
Kapsch TrafficCom - Rowing - UTE, Argentina	387	0	-153	234	0
Kapsch Traffic Solutions, Bulgaria	466	389	-2	853	0
Traffic AI Services, Poland	28	-102	44	-29	0
Total					**0**

32 Related parties.

The related parties of Kapsch TrafficCom include, in particular, Kapsch Group companies, including their subsidiaries, joint ventures and associated companies, their executive bodies (Executive Board and Supervisory Board, if present) as well as close members of the bodies' families and companies over which they have control or significant influence.

The direct parent company of the reporting entity is KAPSCH-Group Beteiligungs GmbH, Vienna. Subsidiaries of this company are referred to as affiliated companies if they are not part of the Group of Kapsch TrafficCom AG.

Balances and transactions between Kapsch TrafficCom AG and its fully consolidated subsidiaries were eliminated in the course of consolidation and are not explained any further.

Services with related parties take place on the arm's length principle. Goods are bought and sold at normal market conditions.

The following table provides an overview of revenues and expenses in relation to related parties:

	2024/25	2025/26
Parent company		
Revenues	70	72
Expenses	-104	-27
Income (+) / Expense (-) from tax allocation	-36	0
Affiliated companies		
Revenues	262	188
Expenses	-3,178	-2,336
Associated companies		
Revenues	0	161
Expenses	0	0
Joint ventures		
Revenues	1,836	7,221
Expenses	0	-50
Other related parties		
Revenues	0	0
Expenses	-93	0

The following table provides an overview of receivables and liabilities to the related parties at the respective balance sheet dates:

	March 31, 2025 adjusted*	March 31, 2026
Parent company		
Trade receivables and other assets	234	320
Trade payables and other liabilities	-3,788	-117
Affiliated companies		
Trade receivables and other non-current and current assets	770	995
Trade payables and other liabilities	-6,243	-4,953
Associated companies		
Trade receivables and other non-current and current assets	51	51
Joint ventures		
Trade receivables and other non-current and current assets*	739	5,435
Other related parties		
Trade receivables and other non-current and current assets	1	1
Trade payables and other payables including pension benefits	-9,182	-8,576

*) The prior-year figures have been revised; the original figures reported in the consolidated financial statements 2024/25 were EUR 182 k.

Parent company.
The parent company serves as the tax group head of the tax group formed in March 2005. Members of the group include Kapsch TrafficCom AG and its Austrian subsidiaries. Accordingly, all income tax effects arising from the group taxation regime for group members are to be considered transactions with a related party. The positive tax allocation from Kapsch TrafficCom to the Austrian tax group head, KAPSCH-Group Beteiligungs GmbH, was adjusted in financial year 2020/21. Since then, deferred tax assets from tax loss carryforwards have been recognized instead of current tax receivables. Currently, Kapsch TrafficCom AG hasn't set up any active deferred tax on loss carryforwards, since using them in the coming years isn't seen as very likely.

Expenses towards the parent company dropped by EUR 77 k due to the new insurance policy. The decrease in trade payables and other liabilities by EUR 3,671 k to EUR 117 k is, as in the previous year, due to the repayment of trade payables to KAPSCH-Group Beteiligungs GmbH.

Affiliated companies.
The reduction of both expenses and trade payables related to license fee with Kapsch Aktiengesellschaft.

In connection with the use of the Kapsch trademark and logo, the Group is charged license fees by Kapsch Aktiengesellschaft, Vienna. These amount to 0,5 % of the Group's total net sales with third parties. The resulting expenses in financial year 2025/26 EUR 2,153 k (previous year: EUR 2,959 k).

The Group's expenses from transactions with sister companies also included insurance contracts in amount of EUR 11 k (previous year: EUR 10 k) and the costs for providing the central consolidation system by Kapsch Aktiengesellschaft in amount of EUR 167 k (previous year: EUR 138 k).

The Group's sales from transactions with sister companies mainly involved other deliveries and services.

Associated companies and joint ventures.
Revenues from joint ventures increased in financial year 2025/26 to EUR 7,221 k (previous year: EUR 1,836 k) due to rental income from leasing on-board units as well as various goods deliveries.

Trade receivables and other non-current and current assets with joint ventures amounting to EUR 5,435 k (previous year: EUR 739 k) mainly relate to the leasing of on-board units.

Trade receivables and other non-current and current assets with associated companies amounting to EUR 51 k (previous year: EUR 51 k) include other receivables and accruals relating to Parat Ltd., Abu Dhabi.

Other related parties.
The pension obligations to other related parties are included in trade payables and other liabilities including pension obligations and comprise a pension obligation (currently being paid) to the widow of Karl Kapsch, former member of the Executive Board of Kapsch Aktiengesellschaft, as well as to other former senior employees and their dependents, in the amount of EUR 8,576 k (previous year: EUR 9,182 k).

Details of compensation and other payments to executive bodies are presented in note 38.

33 Risk management.

In regard to the risks of the Group as well as risk management, we refer to item 2.2 in the management report for the Group. The impact of financial risks as described in the management report for the Group, in particular foreign exchange risk, interest rate risk, liquidity risk, credit risk, climate-related risk and geopolitical risks are disclosed in the following:

33.1 Foreign exchange risk.

Kapsch TrafficCom operates internationally and is exposed to foreign exchange risk. This risk originates from business transactions that are executed in a currency which is not in conformity with the functional currency of the respective subsidiary (hereinafter referred to as “foreign currency”). The foreign exchange risk exists in relation to assets and liabilities as well as net investments of foreign business locations not in the Euro zone. During the consolidation process these positions have to be translated to the Group currency Euro.

From Group perspective, the most relevant foreign currency was the US Dollar in the financial year 2024/25. Because the terms of agreement are defined in Euro, no foreign exchange risk arises in the Group with regard to the Belorussian ruble.

Customer orders are mainly invoiced in the local currencies of the respective Group companies. Only in cases in which the Group expects to be exposed to significant foreign exchange risk, major orders denominated in foreign currencies are hedged by forward foreign exchange contracts.

Argentina has been classified as a hyperinflationary economy since July 1, 2018. The remeasurement is performed in accordance with IAS 29. The financial statements and comparative figures for prior periods have been adjusted to reflect changes in the general purchasing power of the Argentine peso. In the financial year 2025/26, losses resulting from hyperinflation amounted to EUR 2,000 k (2024/25: EUR 4,829 k).

The following table simulates the effect of changes in the exchange rate on the result before taxes. To do so a changein exchange rate of ceteris paribus +/-10% relating to current and non-current receivables and payables as of March 31, 2025 and March 31, 2024 has been assumed. The line „EUR“ in the table below shows the total impact ceteris paribus of the change to the Euro on the result before taxes for all subsidiaries whose functional currency is not the Euro. The impact on equity would be insignificantly different.

	Effect on result before taxes			
	2024/25		2025/26	
Currency	**Volatility +10%**	**Volatility -10%**	**Volatility +10%**	**Volatility -10%**
USD	-454	555	-5,572	6,810
ZAR	198	-242	347	-425
SEK	608	-743	105	-128
GBP	-314	384	-50	61
BGN[1)]	1,136	-1,388	n/a	n/a
EUR	-623	762	4,212	-5,148

1) No disclosure is required, as the Bulgarian entities adopted EUR as their functional currency effective 1 January 2026.

33.2 Interest rate risk.

Interest rate risk is the risk arising from fluctuations in the value of financial instruments, other balance sheet items (e.g. receivables and payables) and/or cash flows due to fluctuations in the market interest rates. For fixed interest balance sheet items, the risk comprises the present value risk. In case the market interest rate for the financial instrument fluctuates, either a profit or a loss may result if the financial instrument is sold prior to maturity.

In the case of variable-interest balance sheet items, the risk relates to cash flows. With variable-interest financial instruments, adjustments in interest rates may result from changes in market interest rates. Such changes would entail corresponding changes in interest payments. The portion of variable-interest financial liabilities (financial liabilities and lease liabilities) amounts to 88%. If market interest rates had been 50 basis points higher (lower) (+/-0.5%) as of March 31, 2026, this, as in the previous year, would not have had any material impact on the Group’s results. The Group uses derivative financial instruments to hedge the interest rate risk arising from financial liabilities.

33.3 Liquidity risk.

The Group ensures sufficient liquidity primarily by maintaining adequate financial reserves, utilizing credit facilities, issuing bonds, obtaining customer prepayments, and continuously matching the maturities of receivables, payables and financial assets. To this end, cash flow forecasts are prepared on a regular basis for the short term (covering 13 weeks), the medium term (current financial year, updated quarterly), and the long term (in line with long-term payment obligations, particularly from borrowings). Appropriate measures to ensure sufficient liquidity are derived from these forecasts.

Kapsch TrafficCom avoids becoming dependent on individual banks by making sure that the financial structure is always distributed over several partner financial institutions. Major repayment obligations of typically long-term contracts (such as corporate bonds or maturing repayments of long-term loans) are monitored on an ongoing basis and appropriate measures are initiated at an early stage (either cash flow monitoring or timely refinancing) to ensure agreed payment obligations.

As a result of the adverse economic development, the non-compliance with financial covenants, and the agreements concluded with the financing banks and the holders of the promissory note bond, in particular the standstill agreement dated July 1, 2026, and the binding term sheet concluded on July 26, 2026, liquidity forecasting and planning will, at least for the duration of the financial restructuring process, be supplemented by a rolling 13-week liquidity forecast and cash flow plan updated every two weeks, as well as by a rolling guarantee facility forecast. On a monthly basis, a detailed overview of banking relationships and collateral positions, including credit facilities, maturities of existing financing lines and financing agreements, utilizations, and available funding sources, must be prepared. In addition, an actual-versus-plan analysis against the restructuring plan is performed. Furthermore, a balance sheet, income statement, and full-year forecast are prepared on a monthly basis. On a quarterly basis, the financing banks are provided with a confirmation of compliance with the restructuring path, including confirmation of adequate funding and confirmation that no obstacles to the restructuring process exist. These reports and analyses will be provided to the financing banks on a recurring basis throughout the restructuring period and will be reviewed by an independent restructuring advisor.

To further improve the liquidity situation, the Group is also entering into arrangements with suppliers regarding outstanding trade payables, which may include deferrals of payment obligations or installment payment agreements.

In addition, the Group makes limited use of supplier financing arrangements in certain subsidiaries (see note 15 for details of the supplier financing arrangements). Furthermore, the Group participates, to a limited extent, in a factoring program within one of its subsidiaries, under which selected receivables are sold to a factor. As substantially all risks and rewards associated with the receivables are retained, the receivables do not qualify for derecognition and therefore continue to be recognized within trade receivables. Cash proceeds received under the factoring arrangement were received prior to the balance sheet date of March 31, 2026. The corresponding liability arising from these payments is presented under current financial liabilities.

Kapsch TrafficCom AG pursues a risk-averse investment strategy. Cash and cash equivalents are managed in a manner that ensures they are generally available at short notice and can be deployed quickly when required. With regard to securities held to fund and hedge pension obligations, the Group generally invests in conservative, actively managed investment funds with an appropriate proportion of fixed-income securities. Nevertheless, turbulence in international financial markets may adversely affect the performance of financial investments or, in extreme cases, result in certain securities becoming illiquid or non-tradable. This may lead to impairments and valuation adjustments, which could have a negative impact on the financial result and equity of Kapsch TrafficCom AG. Such market disruptions may also increase the default risk associated with individual issuers of securities. In addition, the Group may, for strategic reasons, acquire equity interests in selected companies. If the performance of such investments develops unfavorably, impairment charges may become necessary, which could likewise have a negative effect on the financial result and equity of Kapsch TrafficCom AG.

Cash flows (gross cash flows including interest) show the liquidity risk of future periods and are split in:

- Between 1 and 3 months of the following financial year
- Between 4 and 6 months of the following financial year
- Second half year of the next financial year
- Between 1 and 2 years
- Between 2 and 3 years
- Between 3 and 4 years
- Between 4 and 5 years
- More than 5 years

This information is included in notes 24 and 25.

To ensure the availability of sufficient liquidity to finance its operating business activities, the Group entered into negotiations with its financing banks and the holders of the promissory note bond and concluded a standstill agreement on July 1, 2026, as well as a binding term sheet on July 26, 2026 regarding the extension of the standstill agreement and the refinancing of its financial liabilities (see note 37 Events after the reporting period).

33.4 Credit risk.

Kapsch TrafficCom AG maintains business relationships only with third parties that are classified as creditworthy and has implemented policies to ensure that the Group supplies only customers with appropriate credit ratings. In addition, receivable balances are monitored to limit the risk of default. Kapsch TrafficCom strives to minimize the risk of customer payment defaults as much as possible through mandatory credit checks before contract signing and, in the case of large projects, additionally through securing payments. Nevertheless, individual payment defaults cannot be completely ruled out. In the event of such occurrences, they may have a significant negative impact on the earnings and liquidity development of Kapsch TrafficCom AG.

In large toll system installation projects, credit risk primarily arises during the construction phase of the toll system. There is no concentration of credit risk with respect to trade receivables, as the Group generally has a large number of customers worldwide. Based on the Group's experience, the default risk of trade receivables can be considered low. Impairments of financial assets are disclosed in notes 19 and 20:

	March 31, 2025 adjusted*	**March 31, 2026**
Other non-current financial assets and investments	3,419	3,487
Non-current contract assets	847	1,146
Non-current lease receivables	615	3,151
Other non-current assets	5,092	7,168
Other current financial assets	1,358	1,266
Current contract assets	73,037	44,936
Trade receivables and other current assets*	115,229	113,886
Current lease receivables	148	1,796
Current income tax receivables	5,480	5,533
Cash and cash equivalents	47,806	23,249
Total*	**253,030**	**205,617**

*) See note 30 regarding the retrospective adjustment resulting from an error in accordance with IAS 8

33.5 Climate-related risks.

Kapsch TrafficCom pursues an ambitious sustainability strategy with the goal of systematically reducing environmental impacts. The Company aims to reduce its company-wide CO_2 emissions by 42% by 2030 compared to the baseline year 2019/20 and to demonstrate taxonomy alignment for 50% of its product and service portfolio.

Since 2021, the sustainability strategy has been continuously developed to achieve CO_2 reductions both within the Company and across its portfolio, to lower traffic-related emissions, and to promote sustainable innovation.

A comprehensive analysis of environmental, social, and governance (ESG) aspects was first conducted in financial year 2023/24 and has been updated annually since then. Key ecological and social impacts as well as financial opportunities and risks were identified. No short-term material financial risks were identified that would require an adjustment of the business model or financial provisions.

There are no business activities or assets deemed incompatible with a climate-neutral economy. To achieve the sustainability goals, concrete measures have been defined along the entire value chain.

All measures were developed in line with customer interests and are an integral part of the core business, and therefore do not result in significant additional costs. The publication of the "Sustainability Vision" on the Company's website ensures that all relevant stakeholders have access to the information and can understand the Company's strategic direction.

For further information on climate-related risks, the materiality analysis, and derived risks and measures, please refer to Chapter 4, "Consolidated Non-Financial Statement."

Consideration of Climate-related Estimates and Judgements as of March 31, 2026.

33.5.1 Property, Plant and Equipment and Intangible Assets

As of the reporting date, there were no indications of adjustments to useful lives or residual values due to changes in assumptions related to sustainability goals, stricter environmental regulations, or emerging environmental impacts.

33.5.2 Impairment of Assets

Climate-related opportunities and risks have been incorporated into corporate planning based on the information available as of the balance sheet date. The focus is primarily on measures that contribute to achieving the defined sustainability ambition and goals.

In addition to risks, Kapsch TrafficCom's business model also includes significant opportunities. These are expected to support the business performance and have therefore been included in sales and revenue planning. Particular emphasis is placed on the development of solutions and products with a reduced carbon footprint.

Other climate-related factors – such as stricter environmental regulations or market conditions influenced thereby – may affect planning assumptions and, as a result, also have an impact on the recoverability of long-term assets in the business segments. Currently, however, no climate-related indicators of impairment have been identified.

33.5.3 Emission Certificates

As Kapsch TrafficCom does not belong to an energy-intensive industry, there is currently no obligation to participate in emissions trading in Austria. Furthermore, Kapsch TrafficCom does not hold any other CO_2 certificates.

33.5.4 Trade Receivables

In the area of trade receivables and other receivables, no customers were identified as being affected by climate-re lated events or corresponding regulatory measures, nor was their creditworthiness negatively impacted. Accordingly, there were no effects on impairment allowances.

33.5.5 Provisions for Employee Benefits

Executive remuneration includes, in addition to fixed compensation, variable components that also incorporate non-financial criteria. For employees, there are no target agreements linked to sustainability goals that would affect the amount of provisions or personnel expenses upon achievement.

33.5.6 Other Provisions and Contingent Liabilities

As of the reporting date, no obligations related to climate-related matters were identified that would have required the recognition of a provision or the disclosure of a contingent liability.

33.5.7 Liabilities to Financial Institutions

As of the reporting date, Kapsch TrafficCom does not hold any financing agreements that are linked to climate targets.

33.6 Influence of Geopolitical Developments.

Developments in the Ukraine war, the Middle East conflict, and other geopolitical tensions are continuously monitored to enable timely and appropriate responses to potential impacts on Kapsch TrafficCom. Currently, however, these developments do not have any material effects on the Group's discretionary decisions and estimates.

34 Capital management.

Capital management follows a value-oriented and sustainable corporate governance approach based on the income statement in the individual business segments. Balance sheet indicators and other economic criteria, as well as the long-term development of the Group, are also monitored and incorporated into management control. Capital management is regarded as a key element in ensuring the Group's medium- and long-term going concern. An important indicator of the capital structure is the equity ratio, calculated as the ratio of equity (including non-controlling interests) to total assets. The capital management strategy at Kapsch TrafficCom also aims, among other things, to ensure that Group companies have an equity base that meets local requirements. At the Group level, the objective is for the equity ratio to remain within a range of approximately 25% to 35% on average during the financial year.

In addition, the Group pursues short- and medium-term objectives with regard to liquidity management, taking into account repayment and refinancing requirements. These objectives are intended to ensure, on the one hand, the servicing of financial liabilities and, on the other hand, the Group's medium- and long-term growth path while maintaining an optimal capital structure.

On March 21, 2025, Kapsch TrafficCom AG concluded a strategically important long-term refinancing agreement with its financing banks in the amount of EUR 104.6 million (see note 24). This agreement secured financing until 2030, with one half due at maturity and the other half to be repaid in semi-annual installments of approximately EUR 5 million. An amount of EUR 35 million from the new total volume can be repaid and re-drawn flexibly as needed. The Group continuously monitors compliance with all covenants related to loan agreements, and all covenants were complied with until December 31, 2025.

During the past financial year, repayments totaling EUR 14.1 million were made, consisting of scheduled repayments and a mandatory extraordinary repayment of EUR 9.0 million resulting from the cash inflow from the German proceedings.

Under the agreements concluded with the financing banks during the past financial year, the equity ratio was defined as a financial covenant, which must be complied with annually as of March 31, starting on March 31, 2026. From March 31, 2026, the threshold was set at 22.5%, and from March 31, 2027, a minimum threshold of 25.0% applies. In financial year 2025/26, the Group's equity ratio declined to 17.7%, compared to the adjusted prior-year level of 19.1%. Consequently, the respective covenant as of March 31, 2026, was not met.

Another key performance indicator, which is also frequently used in the covenants of the Group's loan agreements, is the "net debt in relation to EBITDA." This indicator reflects whether there is a balanced relationship between the Company's net debt and its operating earnings power. For the purpose of calculating EBITDA relevant for compliance with the current covenants under the syndicated loan refinanced in the previous year, certain adjustments to EBITDA are required as defined in the appendix to the syndicated loan agreement. Among other things, the positive one-off effect related to the compensation payment from the Federal Republic of Germany must be excluded. The Group is required to comply with this covenant on a quarterly basis. The threshold started at 4.25 at the beginning of financial year 2025/26 and was subsequently reduced on a quarterly basis. As of March 31, 2026, the agreed threshold was 3.75. In the medium term, the Group aims to achieve a value of around 2.0, which is well below the current threshold. As of the balance sheet date, net debt in relation to EBITDA, as defined for covenant purposes, amounted to 12.48 (previous year: 4.26). Consequently, this covenant was also not met as of March 31, 2026.

Several factors contributed to this development. First, the Group experienced an unexpected and significant decline in revenue during the past financial year and therefore reported weak operating results. The necessary cost-reduction measures were implemented during the second half of the financial year; however, their effects have not yet materialized. Second, the positive one-off effect related to the compensation payment from the Federal Republic of Germany had to be excluded from the covenant calculation. With regard to net debt, financial liabilities were reduced by EUR 8.2 million and lease liabilities by EUR 4.5 million. However, cash and cash equivalents decreased by EUR 24.6 million to EUR 23.2 million (March 31, 2025: EUR 47.8 million).

Net debt, net debt in relation to EBITDA as adjusted in accordance with the appendix to the syndicated loan agreement, the gearing ratio, and the equity ratio as of March 31, 2026, and March 31, 2025, were as follows:

	March 31, 2025 adjusted*	March 31, 2026
Non-current financial liabilities	96,413	0
Current financial liabilities	21,977	110,156
Non-current lease liabilities	24,580	20,696
Current lease liabilities	7,674	7,065
Total financial liabilities	**150,644**	**137,916**
Cash and cash equivalents	-47,806	-23,249
Other current financial assets	-1,358	-1,266
Net debt	**101,481**	**113,402**
Equity*	85,834	67,832
Gearing*	**118.2%**	**167.2%**
EBITDA in accordance with the definition for calculating the covenants within the meaning of the syndicated loan*	23,797	9.085
Gearing in relation to EBITDA*	**4.26**	**12.48**
Equity ratio*	**19.1%**	**17.7%**

*) See note 30 regarding the retrospective adjustment resulting from an error in accordance with IAS 8

Due to the binding term sheet, the financial covenants from the current financing agreements will be suspended for the duration of the restructuring agreement. Additional covenants will be introduced based on the restructuring IBR. On one hand, a minimum liquidity of EUR 20 million, which is to be monitored and confirmed monthly by the independent restructuring advisor; and two further financial covenants that are acceptable within the range of the restructuring IBR. Regarding agreements with the banks after the balance sheet date of March 31, 2026, reference is made to note 37 on events after the balance sheet date.

In the medium term, or after the restructuring agreement expires, the group expects that the previous covenants will become relevant again and that they will be able to comply with them accordingly.

Ensuring sufficient liquidity, both in the short and long term, to support the successful going concern of the Group is the overarching objective of the restructuring concept (see note 1.4 regarding going concern disclosures, risks that could threaten the Company's ability to continue as a going concern, mitigating measures, and existing uncertainties).

As in previous years, the Group also placed the highest importance on active liquidity management in financial year 2025/26, both through daily monitoring of Group-wide liquidity levels and by means of weekly 13-week cash flow forecasts. Payment management was further professionalized during the past financial year, and appropriate payment agreements were concluded with key long-standing suppliers and business partners (see note 15 regarding supplier financing arrangements in subsidiaries).

Overall, however, the significant decline in revenue not only resulted in a negative operating result but also led to a strained liquidity situation.

As of the balance sheet date, the Group's cash position amounted to EUR 23.2 million. The decrease compared to the previous year (March 31, 2025: EUR 47.8 million) is attributable, on the one hand, to the drawdown of credit facilities in the previous year and, on the other hand, to the scheduled and extraordinary repayments of the syndicated loan. The promissory note loan due on June 16, 2026, was not repaid. As a result of the covenant breaches and the strained liquidity situation, negotiations were initiated with the financing banks. These negotiations led to the signing of a standstill agreement on July 1, 2026, and, on July 26, 2026, to the signing of a binding term sheet regarding the extension of the standstill agreement and the refinancing of the outstanding financial liabilities, including the promissory note bond (see note 37 Events after the Reporting period for details regarding the structure, prerequisites, and conditions of these agreements, as well as the new covenants).

35 Accounting and valuation principles.

The accounting and valuation principles, which form the basis for these consolidated financial statements, were applied unchanged to the previous period and supplemented by new mandatory IFRS and IFRIC applicable from the financial year.

35.1 Consolidation.

35.1.1 Subsidiaries.

Subsidiaries are all companies (including structured companies) where the Group exerts its control. The control in this sense means that the Group is exposed to fluctuating returns arising from its interest in the subsidiary, is in possession of entitlements to these returns and has the ability to influence such returns by virtue of its position of power with respect to the associated company. Subsidiaries are included within the consolidated financial state ments (full consolidation) as from the time when the parent company has acquired control over the subsidiary. They are deconsolidated at the time when such control is relinquished.

All Group internal assets and liabilities, equity, expenses and income as well as unrealized gains and losses from transactions between Group companies are completely eliminated in the course of Group consolidation. In case of consolidation processes affecting profit or loss, income tax effects are taken into consideration and deferred taxes are recognized.

If the Group loses its control over any of the companies, the assets and liabilities of the former subsidiary are to be removed from the consolidated balance sheet. The remaining interest is to be remeasured at fair value and regarded as the initially recognized value of a financial asset pursuant to IFRS 9, Financial Instruments: Recognition and meas urement or as acquisition costs in case of the addition of an interest in an associated company or joint venture. Any resulting gains or losses which are attributable to the controlling interest are recognized in the income statement. In addition, any amounts previously recognized in other comprehensive income with respect to the former subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities. This means that amounts previously recognized in other comprehensive income are reclassified from equity to the result for the period.

35.1.2 Transactions with non-controlling interests.

Transactions with non-controlling interests are treated as transactions with equity owners of the Group. Depending on the ownership structure, the Group splits the gains or losses as well as all components of the comprehensive income to the interests of the parent company and the non-controlling interests. Even in the event of a negative balance of the non-controlling interests, the total comprehensive income is attributed to the parent company and the non-controlling interests. For purchases of non-controlling interests, the difference between any consideration paid and the relevant interest acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity, unless a change in the percentage of shares held leads to a loss of control of the interest.

35.1.3 Joint arrangements.

The Group applies IFRS 11 to all joint arrangements.

The Group differentiates according to the contractual arrangements at which decisions are made unanimously, concerning rights and obligations of the controlling parties between joint ventures and joint operations. Parties belonging to a joint venture enjoy rights to net assets. In the consolidated financial statements, the result, assets and liabilities are included subject to the equity method.

In the case of the equity method, the interests in joint ventures are initially recognized at acquisition costs. After this, the carrying value of the interests goes up or down according to the share of the Group in profit or loss as well as in any changes in the other comprehensive income of the joint venture. If the share in the (cumulative) losses of a joint venture exceeds the carrying value of the joint venture (including all long-term interests which are to be allocated to the commercial substance after the net investment of the Group in the joint venture), then the Group is not to recognize the excessive loss share unless it has entered into legal or constructive obligations for the joint venture orhas made liabilities or provisions for the joint venture. In the case of accumulated losses, a positive carrying amount is only recognised after the accumulated losses have been offset.

Unrealized gains or losses from transactions between Group companies and joint ventures are to be eliminated in the consolidated financial statements in the amount of the share of the Group in the joint venture. Unrealized lossesare not eliminated if the transaction gives any indication that there may be an impairment of the asset transferred.

The accounting and valuation principles of joint ventures correspond to those of the parent company.

Proportional results from joint ventures are split in the presentation in the income statement. Results from joint ventures whose activities and strategic alignments are part of Kapsch TrafficCom's core business are reported in the operating result. Results from other joint ventures are reported in the result before income taxes after the financial result.

If there are rights to assets and obligations for liabilities as a result of a contractual agreement it is a joint operation. Recognition in the consolidated financial statements is proportional.

35.1.4 Associated companies.

Associated companies are entities in which the Group has a significant but not a controlling influence, generally accompanied by a shareholding of between 20% and 50% of the voting rights. Associated companies are reported using the equity method and initially recognized at acquisition costs. Following the acquisition date, the share of the Group in the result of the associate is recorded in the statement of comprehensive income and the share of changes in other comprehensive income is recognized in other comprehensive income, with a corresponding adjustment being made to the carrying amount of the interest. Dividends received from the associated company reduce the carrying amount of the interest. Goodwill arising on acquisition of associated companies is not separately shown but recorded as part of the carrying amount of associated companies.

If the percentage of shares held in an associated company is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to the profit or loss for the period where appropriate.

The cumulative shares of the Group in the profits and losses as well as in the other comprehensive income of the associated company after the acquisition are offset against the carrying amount of the investment. If the Group's share in the losses of an associate, including any unsecured receivables, equals or exceeds its interest in that associated company, the Group will not disclose any additional losses. A liability or provision is only recognized if the Group has entered into legal or constructive obligations for the associated company or has made payments forthe associated company.

At each balance sheet date, the Group checks whether there are any indications showing that the investment in an associate is impaired. If this is the case, the impairment requirement is determined as the difference arising from the carrying amount of the interest of the associate and the corresponding recoverable amount and recognized separately in the income statement. Significant unrealized gains from transactions between the Group and associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Proportionate results from associated companies are split in the presentation in the income statement. Results from associated companies whose activities and strategic directions are part of the core business of Kapsch TrafficCo-mare reported in the operating result. Results from other associated companies are reported in the result before income taxes after the financial result.

The accounting and valuation principles of associated companies correspond substantially to those of the parent company.

35.1.5 Business combinations.
Business combinations are recognised by the Group using the acquisition method as of the acquisition date. The acquisition date relates to the date of transfer of control to the Group.

The consideration transferred for the acquisition is the fair value of the assets transferred, the equity interests issuedby the Group and the liabilities incurred or assumed as at the transaction date. In addition, they include the fair value of any recognized assets or liabilities resulting from a contingent consideration arrangement. Acquisition-related costs are expensed in full as incurred.

In accordance with IFRS 3, any assets acquired and liabilities (including contingent liabilities) assumed in a business combination are measured at their full fair values as of the acquisition date, irrespective of the extent of any non-controlling interests. Intangible assets are recognized separately from goodwill if they are separable from the entity or result from statutory, contractual or other legal rights. No new restructuring provisions may be recognized within the scope of the purchase price allocation. Any remaining positive differences, which compensate the sell-erwith market opportunities that cannot be identified more closely and with development potential, are capitalized as goodwill in the respective cash generating units (CGUs).

Any contingent consideration to be transferred by the Group is recognized at fair value as of the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is measured in accordance with IFRS 9 and a resulting profit or loss recognized in the statement of comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Any hidden reserves and liabilities uncovered are carried forward in line with the corresponding assets and liabilities.

The determination of the fair values requires certain estimates and assumptions, in particular of the acquired intangible assets and property, plant and equipment, of the liabilities assumed as well as of the useful lives of the acquired intangible assets and property, plant and equipment.

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's net assets.

The Group determines the goodwill at the acquisition date as:

- the fair value of the consideration transferred – plus
- the value recognized of all recognized non-controlling interests in the acquiree – plus
- the fair value of the acquirer's previously held equity interest in the acquiree if the combination is achieved in stages – less
- the net amount (in general of the fair values) of the identifiable assets acquired and liabilities assumed and contingent liabilities

If the excess is negative, a gain on a bargain purchase is recognized only upon re-examination of the allocation directly in the result for the period.

35.1.6 Foreign currency translation.
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Euro, which is Kapsch TrafficCom's presentation currency.

Translation of foreign financial statements.
In accordance with IAS 21, financial statements of foreign subsidiaries (except for foreign entities from hyperinflationary countries) that have a functional currency different from the Euro which are included in the consolidated financial statements are translated as follows:

The statement of comprehensive income of foreign entities is translated into the Group's presentation currency at average exchange rates of the financial year, balance sheets at the prevailing closing exchange rate at the balance sheet date. The reference rates of the European Central Bank (ECB) and Deutsche Bundesbank, which are accessible via the Austrian Central Bank's (Österreichische Nationalbank) website, serve as the basis for the translation. If no current exchange rates are available, this will result in the use of the exchange rates as disclosed by the national banks that are derived from market information providers (Bloomberg, Thomson Reuters). Differences arising from the currencytranslation of foreign operations into Euro are recognized in other comprehensive income and collected in equity. If control of the foreign entity is lost, exchange rate differences accumulated in equity are reclassified and presented as part of the gain/loss from the disposal.

Pursuant to IAS 29, a separate measurement is required for hyperinflationary countries. As in accordance with IAS 21, monetary items are translated into the reporting currency of the Group using the prevailing closing exchange rate at the balance sheet date. All non-monetary assets and liabilities are measured either at adjusted cost, or at net real izable value or at fair value. Argentina has been classified as a hyperinflationary country since July 1, 2018. All items in the statement of comprehensive income are to be restated as of the date of initial recognition of the income and expenses in the financial statements, using the general price index. A restatement in accordance with IAS 29 applies. Effects from hyperinflation are included in the financial result and in equity.

Goodwill and adjustments to the fair value in connection with the acquisition of a foreign company are treated as the assets and liabilities of the foreign company in question and converted in the course of initial consolidation at the transaction rate and subsequently converted with the key date exchange rate as at the financial statements key date of the business operation.

The main exchange rates used during the financial year are shown below:

	2024/25		2025/26	
	Average exchange rate	Exchange rate as at balance sheet date	Average exchange rate	Exchange rate as at balance sheet date
AUD	1.65	1.73	1.75	1.67
CAD	1.49	1.55	1.60	1.60
GBP	0.84	0.84	0.86	0.87
SEK	11.42	10.85	10.92	10.94
USD	1.07	1.08	1.16	1.15
ZAR	19.63	19.88	20.04	19.63

Foreign currency transactions.
Transactions in foreign currencies are translated into the functional currency at the exchange rate as of the trans action date or, in case of new measurements, as at the time of the measurement. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income. Non-monetary items in the balance sheet, which are capitalized at costs in a foreign currency are translated with the exchange rate applicable at the day of the transaction; non-monetary items which were recognized at the fair value in a foreign currency are translated at the exchange rate prevailing at the time of measurement.

Foreign exchange gains and losses which are attributable to the translation of cash and cash equivalents as well as financial receivables and financial liabilities are presented in the statement of comprehensive income within the financial result. All other foreign exchange gains and losses are presented in the statement of comprehensive income in other operating income or other operating expenses.

This excludes foreign exchange gains and losses from monetary items to be received from/to be paid to foreign operations which are designated as part of a hedge of a net investment in a foreign operation. Such foreign exchange gains and losses are initially recognized in other comprehensive income and are then reclassified from equity to profit or loss if the net investment is sold (see note 11).

35.2 Fair value measurement.

The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In measuring the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date.

To the greatest extent possible, the Group uses observable market data for the fair value measurement of assets orliabilities. Depending on the availability of observable input factors and their impact on the fair value measurement as a whole, the fair value is assigned to one of 3 levels in the following fair value-hierarchy:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: Inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs at this level are unobservable inputs for the asset or liability.

35.3 Revenue recognition.

Revenue is recognized in accordance with IFRS 15 “Revenue from Contracts with Customers”. Assessment of each contract is based on the five-step model:

- Identify the contract with a customer
- Identify the performance obligations
- Determine the transaction price
- Allocate the transaction price to the performance obligations
- Recognize revenue either over time or at a point in time

A customer is defined as a party that has contracted with an entity to obtain goods or services that are an output of the entity’s ordinary activities in exchange for a consideration. It is assessed if the contracts meet the criteria in accordance with IFRS 15.9, in particular the enforceable right to consideration. It is furthermore assessed if the consideration the identity is entitled to is enforceable and revenue is probable (see note 33.4. Credit risk).

The Group identified the following performance obligations:

Implementation projects include the construction of toll collection systems for both individual road sections and nation-wide road networks as well as the construction of systems for traffic monitoring, traffic control and traffic safety. Components such as on-board units which are necessary for putting the system into a condition ready for operation, are considered part of the implementation projects. Major software upgrades that are agreed in operation projects as well as implementation within the context of service concession arrangement also fall under this performance obligation.

Implementation projects meet the criteria for “satisfaction of the performance obligation over time”, as the Group creates assets that do not have an alternative use and the Group thus has an enforceable right to payment for the performance completed to date. The stage of completion is derived from the ratio of the costs already incurred and the estimated total costs of the corresponding order.

Operation projects mainly include the operation and maintenance of toll collection systems for both individual road sections and nation-wide road networks as well as the operation and maintenance of systems for traffic monitoring, traffic control and traffic safety. Operation within the context of service concession contracts also falls under this performance obligation.

Revenue from operation projects is recognized over time since the customer receives the benefits as the entity performs.

The sale of components that are not made under an implementation or operation project also constitutes a separate performance obligation. As for the sale of components, revenue is recognized as the control of the component is transferred.

There are no warranty obligations beyond those required by law.

The transaction price is mostly fixed but some contracts may also contain elements of variable consideration which are usually bonuses or penalties. They are taken into account if and to the extent that the payment is probable or if penalties are improbable. The transaction price typically refers to the price of the individual performance obligation as the price is set on basis of the costs including a reasonable margin. Cross-subsidizations are not part of the business model of Kapsch TrafficCom. It is therefore for most contracts not necessary to allocate the transaction price to the performance obligations. For service concession arrangements, the transaction price is estimated for each performance obligation. In such cases, allocation is made based on the expected-cost-plus-margin approach. For contracts with a significant financing component, the consideration is adjusted by the interest component.

Contract assets are capitalized if the services are rendered before the consideration is received. Contract liabilities are recognized if the amount of consideration exceeds the amount of performance rendered. Service concession arrangements including the concession right to receive fees result in an intangible asset. That intangible asset increases with construction progress, thus revenue is recognized according to the stage of completion.

Certain costs arising in the course of initiating or performing a contract have to be recognized under IFRS 15 if the criteria are met. Those costs to obtain or fulfill a contract are amortized on a straight-line basis over the contract term of the project.

Other income is recognized by the Group as follows:

- Revenue from recharged expenses is recognized on the basis of the accumulated amounts in accordance with the respective agreements,
- Interest income is recognized on a time-proportion basis using the effective interest method,
- Dividend income is recognized when the right to receive payment is established.

35.4 Segment information.

The reporting on operating segments is consistent with the internal reporting provided to the chief operating decision-maker (management approach). The chief operating decision-maker is responsible for allocating resources to the operating segments and assessing their performance. The Executive Board of Kapsch TrafficCom has been identified as the chief operating decision-maker.

35.5 Property, plant and equipment.

Property, plant and equipment are recognized at acquisition and production cost less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected useful lives of the assets in accordance with the group policies.

Properties are not subject to scheduled depreciation. The useful lives generally range between 5 to 26 years for plants and buildings on leasehold land, 4 to 20 years for technical equipment and machinery, and 3 to 10 years for other equipment, factory, and office equipment. The assets' useful lives and residual values are reviewed, and adjusted if appropriate, in case of evidence leading to an adjustment. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The impairment test is carried out in accordance with IAS 36 and is described in chapter 35.7.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of those assets which were replaced is derecognized. Expenses for repairs and maintenance which do not necessitate a significant replacement investment (i.e. day-today servicing) are charged to the income statement during the financial period in which they are incurred.

The difference between the proceeds from the disposal of property, plant and equipment and the carrying amount is recognized as profit or loss in the result from operating activities.

35.6 Intangible assets.

35.6.1 Goodwill.

Goodwill arises on the acquisition of subsidiaries. It represents the excess of the consideration transferred for the acquisition beyond the Group's interest in net fair value of the identifiable assets, liabilities, and contingent liabilities.

Goodwill impairment reviews are undertaken at least annually or more frequently if events or changes in circumstances indicate a potential impairment. The Group carries out the annual goodwill impairment review in the fourth quarter. In addition, the Group carries out impairment tests during the year if a triggering event occurs that may cause the asset to be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the cash generating units (CGUs) or groups of cash generating units which are expected to benefit from the synergies of the business combination and have reported the goodwill. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

The impairment loss of goodwill is recognized in the statement of comprehensive income. No write-ups on goodwill are made.

35.6.2 Concessions and rights.

Computer software, trademarks, and similar rights are capitalized on the basis of the costs incurred for acquisition and amortized linearly over their estimated useful lives of 4 to 15 years. Acquired customer agreements (toll contracts, maintenance agreements) are recognized at acquisition costs and amortized over estimated useful lives that generally range between 2 and 10 years.

35.6.3 Research and development costs.

Research expenditures are recognized as an expense. Costs incurred for development projects (relating to the design and testing of new or improved products) are recognized as intangible assets if the following criteria are fulfilled:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an opportunity to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial, and other resources are available to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognized as an expense. The costs for producing the intangible asset are capitalized as from the point in time when the above criteria are initially met. Development costs previously recognized as an expense cannot be subsequently capitalized. Capitalized development costs are amortized, as soon as they are available for use, using the straight-line method on the basis of the normal useful life, which generally ranges between 3 and 15 years.

Capitalized development assets are tested for impairment annually in accordance with IAS 36 as long as they are not yet available for use.

35.7 Impairment of non-financial assets.

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready for use – are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the asset might be impaired.

An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and its value in use. At entity level an impairment is posted if there is any indication that an asset may be impaired and, if necessary, an impairment loss is recognised. Hereon at the level for cash generating units the goodwill is tested. First, the goodwill is amortized by the amount of the impairment. If the impairment is higher than the carrying amount of the goodwill, the carrying amounts of the other assets of these cash-generating units (CGUs) are proportionately reduced.

The value in use of a cash generating unit corresponds to the present value, calculated using the discounted cash flow method, of the future cash flows which the entity will receive from the cash generating unit. In order to determine the value in use, the expected future cash flows plus taxes based on the post-tax discount rate that reflects the current market expectations with regard to the interest effect and the specific risks of the cash generating units, are discounted to their present values. In the process, the current planning, covering a period of five years (previous year: six years) (detailed forecast period) and approved by Management, is used as the basis with subsequent transition to perpetuity. The growth rates according to the detailed forecast period are based on historical growth rates and on external studies on the future medium-term market development.

The fair value less costs to sell is determined using an appropriate valuation model which is based on the medium-term planning.

The difference between the recoverable amount of assets and their carrying value is reported as profit (in the case of a reversal of an impairment loss) or loss in the operating result. Profits are not reported as revenues. For assets (other than goodwill) for which an impairment loss has been recognized in the past, a check is carried out on each subsequent balance sheet date to determine if any reversal of impairment is required.

The residual carrying values and useful lives are reviewed at each balance sheet date and adjusted as necessary.

35.8 Borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. A qualifying asset is an asset that requires a substantial period of time (with regard to the Group at least twelve months) to be made ready for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization within a specific period.

In the financial year 2025/26, the criteria for a qualified asset were not fulfilled for any assets.

All other borrowing costs are expensed in the period in which they are incurred.

35.9 Government grants.

Government grants with regard to purchased non-current assets are deferred and taken through profit or loss over the estimated useful life of the respective asset. Government grants are recognized at their fair value, provided it is virtually certain that the Group will comply with all attached conditions and the grant will be received.

Due to materiality considerations, government grants are not disclosed separately in the financial statements but are included in other current liabilities and deferred income.

Other grants received as compensation for expenses or losses already incurred are immediately taken through profit or loss and included in other operating income.

Also grants referring to the COVID-19-pandemic and for reliefs of the effects of the pandemic fall under this point and thus are included in other operating income in the statement of comprehensive income.

35.10 Leasing.

IFRS 16 “Leases” specifies the recognition, measurement, presentation as well as disclosure requirements with regard to leases in financial statements. As for Kapsch TrafficCom, this mainly relates to buildings, motor vehicles and IT equipment. A lessee recognizes a right-of-use asset on the underlying asset and a liability that represents its liability to lease payments. Extension and termination options are recognized if virtually certain.

The lessor continues to distinguish between finance or operating leases for accounting purposes. Kapsch Traffic Com has subleasing contracts which are classified as finance leases.

The Group applies exemptions regarding short-term leases with a term of not more than twelve months and leases of low-value assets (around EUR 5 k). Those leases will not be recognized in the balance sheet, instead, payments made for such leases will continue to be recognized as expenses.

For the calculation of the present value of liabilities from leasing contracts the incremental borrowing rate according to the corresponding maturity is calculated and applied. The incremental borrowing rate is derived from a risk free rate of the corresponding maturity, adjusted for country, currency and enterprise risks.

35.11 Financial instruments.

Financial instruments include financial assets (such as securities, investments, loans, trade receivables, and cash and cash equivalents) as well as financial liabilities (such as bonds and loans, trade payables, and derivative financial instruments).

Financial instruments are first recognized at fair value.

35.11.1 Financial assets.

In accordance with IFRS 9, financial assets are subdivided as follows:

- amortized cost,
- fair value through profit or loss or
- fair value through other comprehensive income.

The classification is based on whether the instrument is classified as equity or debt.

Investments in equity instruments are generally recognized at fair value through profit or loss. For equity instruments that are not held for trading, there is the option to classify them at initial recognition as fair value through other comprehensive income (without recycling) under IFRS 9. The gains and losses from these assets are recorded in other comprehensive income without recycling.

Fair values are determined by transactions in an active market or, where there is no active market, by applying valuation techniques.

All purchases or sales are recognised on the settlement date. The cost of acquisition includes transaction costs, provided the assets are financial assets acquired at amortized cost. For financial assets measured at fair value, the acquisition cost is recognized as an expense.

In the case of investments in debt instruments, the classification is based on the company's business model or managing financial assets and the characteristics of the contractual cash flows of the financial assets.

Financial assets are measured at amortized cost if they meet the following two conditions and are not designated as at fair value through profit or loss:

- they are held in a business model whose objective is to hold financial assets to collect the contractual cash flows and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest of the principal amount outstanding.

These financial assets are subsequently measured at amortized cost using the effective interest rate method. If not material, they are not discounted. Cash and cash equivalents, trade receivables and parts of other financial receivables and assets fall into this category.

Financial assets that are neither held in the business model to collect the contractual cash flows nor held in the business model to collect and sell the contractual cash flows are measured at fair value through profit or loss. Assets may be designated or also fall into this category if the contractual cash flows are not solely payments of principal and interest of the principal amount outstanding. The assets are measured at fair value, with gains or losses recognized in the income statement. The fair values are determined through transactions on an active market or, if there is no active market, by using valuation techniques. Debt instruments that do not include solely payments of principal and interest of the principal amount outstanding, and derivative financial instruments fall into this category.

Financial assets that are measured at fair value through other comprehensive income (FVOCI) are such debt instruments that are held in the business model hold to collect the contractual cash flows and sell, and that are solely payments of principal and interest of the principal amount outstanding. Those financial assets that fulfill the requirement of the FVOCI-business model and that are not optional designated at fair value through profit or loss are measured at fair value through other comprehensive income. The assets are measured at fair value, with gains or losses recognized in other comprehensive income. The fair values are determined through transactions on an active market or, if there is no active market, by using valuation techniques. When financial assets are disposed, the difference between the proceeds from the disposal and the carrying amount is recognized as expense or income in the statement of comprehensive income. The amount stated in equity is additionally recognized through profit or loss in the statement of comprehensive income.

Financial instruments whose maturity does not exceed twelve months after the balance sheet date are stated as current assets, all others are stated as non-current assets.

35.11.2 Cash and cash equivalents.

Cash and cash equivalents include cash and cash equivalents, short-term bank deposits held at call and other bank balances, which are convertible to known amounts of cash and subject to insignificant risk of changes in value. Changes in cash and cash equivalents are presented in the cash flow statement. Overdrafts are reported in the balance sheet under current financial liabilities.

35.11.3 Financial liabilities.

Financial liabilities are recognised at amortised cost or at fair value through profit or loss in accordance with IFRS 9.

Financial liabilities are non-derivative financial assets with fixed or determinable payments. They are initially recognized at fair value less transaction costs incurred and subsequently at amortized cost, taking into account the effective interest method. Financial liabilities with a remaining term of up to one year are reported as current liabilities; if the remaining term is longer, they are reported under non-current liabilities. Liabilities from current accounts are disclosed under current financial liabilities on the balance sheet. Borrowing costs are recognized as an expense in the statement of comprehensive income on an accrual basis. Liabilities denominated in foreign currencies are measured at the current rate at the balance sheet date.

Financial liabilities include non-current and current financial liabilities, lease liabilities, trade payables, as well as portions of other liabilities.

There are no liabilities that were designated at fair value through profit or loss.

35.11.4 Derivative financial instruments.

Derivatives are only used for economic hedging purposes and not as speculative investments. Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into. They are subsequently remeasured at their fair value at each reporting date. The method of recognizing gains or losses depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Kapsch TrafficCom has a group-wide treasury policy in place to generally regulate hedging transactions. If necessary the Group documents and recognizes the hedging transactions in accordance with IAS 39. As of March 31, 2026 no cash flow hedges nor fair value hedges are recognized in the financial statements.

In addition to that, the Group has derivatives that hedge an asset or a liability. They are therefore measured at fair value through profit or loss. The fair value corresponds to the value which the relevant entity would receive or have to pay upon liquidation of the deal on the balance sheet date. Positive fair values at the balance sheet date are recognized under financial assets and negative fair values under financial liabilities. Changes in the fair value of these derivative financial instruments are recognized immediately in the statement of comprehensive income within the financial result. The full fair value of a hedging derivative is classified as non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. The fair values of derivative financial instruments are presented in note 15. In the case of net investments in a foreign operation, exchange rate differences are recognized in other comprehensive income and are reclassified from equity to profit or loss on the sale or partial disposal of the foreign operation or the repayment of the amounts owed.

35.11.5 Impairment of financial assets.

In accordance with IFRS 9, recognition of expected credit losses applies to the following financial assets:

- Trade receivables
- Contract assets
- Lease receivables
- Cash and cash equivalent

The Group uses for trade receivables as well as for contract assets without a significant financing component and for lease receivables the simplified impairment model and accordingly calculates impairment at the amount of the lifetime expected credit losses (expected credit loss model) based on a provision matrix in which financial assets are structured according to ageing and the respective default rates are determined for different maturity bands. The age structure breaks down as follows: not past due, 1–30 days, 31–60 days, 61–90 days, 91–180 days, 181–270 days, more than 270 days past due. For financial assets Kapsch TrafficCom expects a loss if contractual payments are past due 270 days or more.

In preparing the provision matrix, historical data on actually incurred defaults as well as forward-looking information and expectations are taken into account by overall estimating a potential loss by Kapsch TrafficCom. For forward-looking information and expectations changes in country specific CDS spreads are taken into account as the CDS-market represents all publicly available information and expectations in regard of market-related changes. The financial assets are allocated to different regions and credit risk and/or the changes to credit risk for the corresponding region are taken into account. Contract assets represent receivables not yet invoiced and do not significantly differ from trade receivables from comparable contracts as regards the risk criteria. Therefore, the same default rates as for receivables not past due are applied. The impairment of lease receivables is not material as of March 31, 2026 Financial assets are written off if no reasonable expectation of recovery exists. For example the debtor is insolvent or no agreement is possible and therefore the cash inflow cannot be anticipated anymore.

Any impairment on cash and cash equivalents would be insignificant and was thus not taken into consideration.

The Group assesses at each balance sheet date whether there is objective evidence of impairment of each significant individual financial asset or group of financial assets. If such evidence exists, the Group accounts for that impairment, and the proportionate loss previously recognized in equity for debt instruments measured at fair value through other comprehensive income is removed from equity and recognized through profit or loss in the statement of comprehensive income. The cumulative loss reclassified from equity to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

If in subsequent periods the fair value of the impaired financial instrument increases and that increase is directly related to an event occurring after the impairment was recognized through profit or loss in the statement of comprehensive income, the Group reverses the impairment loss.

35.12 Assets and liabilities held for sale.

Kapsch TrafficCom classifies non-current assets and liabilities as “held for sale” when the benefits embodied in the carrying amount are expected to be realized predominantly through sale rather than through continued use. This classification applies when management considers the sale highly probable and expects it to occur within 12 months.

At the time of being classified as ‘held for sale,’ the assets are measured in accordance with the relevant IFRS rules before reclassification, as per IFRS 5. Subsequent measurement is done at the lower of carrying amount and fair value minus disposal costs. The Group follows the approach of assigning any potential impairment loss to the long-term assets (IFRS 5.23). So, the maximum impairment to be recognized is basically the carrying amount of these assets.

35.13 Inventories.

Inventories are stated at cost or, if lower, at net realizable value. Cost is determined using the weighted average price method. Production cost includes all directly attributable expenses and fixed and variable overheads (based on normal operating capacity) incurred in connection with production. It excludes, however, borrowing costs as they cannot be allocated to a qualifying asset. Net realizable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

35.14 Employee benefits.

The Group provides various post-employment benefits to employees and other long-term benefits either based on individual agreements or in accordance with local labor law provisions.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate nongroup entity (fund). The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Next to the defined contribution plans, there are defined benefit plans. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service, and compensation.

The projected unit credit method is used for the calculation of liabilities arising from pension obligations and termination benefits in accordance with IAS 19. According to this method, post-employment costs for employee benefits are recognized in the statement of comprehensive income in such a way that scheduled costs are spread over the employees' years of service on the basis of an expert opinion by a qualified actuary, who completely remeasures the schemes annually. The obligations for pension payments are calculated at the present value of future benefits using interest rates of high-quality corporate bonds whose term roughly equals the term of the liability. The liability recognized on the balance sheet with respect to defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

Costs arising from defined benefit plans from pension obligations and termination benefits include the following components:

- Service costs include current as well as past service costs as well as gains or losses from benefit changes or curtailments. Service costs are recognized in profit or loss within personnel expenses.
- The net interest cost on the defined benefit obligation or plan asset. This component is included in interest expense in the statement of comprehensive income.
- Remeasurements of the net defined benefit obligation or net asset. These are charged or credited to other comprehensive income in the period in which they arise.

Contributions paid by the Group under a defined contribution pension scheme are charged to the statement of comprehensive income under personnel expenses in the period in which they occur.

For the calculation of liabilities arising from obligations for anniversary bonuses in accordance with IAS 19, the projected unit credit method is used. Anniversary bonuses are special lump-sum payments stipulated in the collective agreement and dependent on compensation and years of service. Eligibility is determined by a certain number of service years. The calculation of liabilities arising from obligations for anniversary bonuses is performed in a similar way as the calculation for liabilities arising from termination benefits. Current service costs are recognized within personnel expenses, net interest costs are recognized in interest expense in the statement of comprehensive income. Remeasurements are recognized within personnel expenses.

35.15 Provisions.

Provisions are recognized in the balance sheet in the event of a current legal or constructive obligation to third parties due to past events when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. If such a reliable estimate is not possible, no provisions are set up. Provisions are measured based on the present value of the estimated settlement amount. The settlement amount is the best possible estimate of an expense on the basis of which a current obligation might be settled at the balance sheet date or transferred to a third party. This estimate takes into account future cost increases that are foreseeable and likely to occur on the balance sheet date. If material, the provisions are discounted using a pre-tax interest rate that takes into account current market expectations regarding the interest effect and the risks specific to the obligation. Increases in the provision resulting from pure compounding are recognized as interest expense in the income statement.

Provisions for warranties and liabilities for construction flaws, serial and system problems mainly serve as coveragefor obligations for free repairs and replacement deliveries, in accordance with the general sales and delivery conditions or due to individual agreements, and are measured on the basis of the group of obligations, using rates based on past experience regarding direct labor and material costs incurred, overheads, replacement deliveries, or rebates. A provision is recognized for the best estimate of the costs incurred for defects to be rectified under the warranty for products sold before the balance sheet date.

Provisions for onerous contracts are recognized if the expected benefit to be derived from the contract is less than the unavoidable costs of meeting the obligations under the contract. The provision is measured at the present value of the amount from the fulfillment of the contract or any compensation payments in case of non-performance, whichever is lower. The recognition of impairment losses on assets dedicated to such onerous contracts is, however, established prior to the recognition of the provisions for onerous contracts.

35.16 Current and deferred income tax.

The tax expense for the period comprises current and deferred tax. Tax is generally recognized in the statement of comprehensive income. Only taxes that relate to items recognized in other comprehensive income are recognized in other comprehensive income.

The current income tax charge is calculated on the basis of the tax laws applicable at the balance sheet date in the countries where the subsidiaries and associates operate and generate taxable income. The local Management is responsible together with the local fiscal representative for the preparation of tax returns, particularly relating to matters subject to interpretations and for setting up debt provisions, if reasonable, for amounts payable to tax authorities.

Deferred tax assets/liabilities are provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax assets/liabilities arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither IFRS profit or loss nor taxable profit or loss, except for those transactions arising from initial recognition of the leasing in accordance with IFRS 16, they are not recognised. Likewise, deferred taxes are not recognized if they arise from the initial recognition of goodwill.

The deferred tax assets/liabilities are determined using tax rates (and laws) that are in effect or practically in effect at the balance sheet date and are expected to apply when the corresponding deferred tax assets are realized or the deferred tax liabilities are settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. In addition, it must be assumed that these temporary differences will reverse in the foreseeable future.

Deferred taxes on loss carryforwards are recognized to the extent that it is likely that future taxable profits will exist and, especially in the case of a history of losses, that there is convincing substantial evidence that sufficient taxable income will be available to utilize these loss carryforwards in the future. As in the previous year, a planning horizon of six years is used, with the Group applying appropriate deductions in later planning periods due to greater uncertainties in the utilization of the loss carryforwards.

The book value of deferred tax assets is checked every year at the reporting date and reassessed if it's no longer likely that there will be enough taxable income to fully or partially realize the asset.

Deferred tax liabilities are recognized for temporary differences that arise from investments in subsidiaries, except in cases where the timing of the reversal of the temporary difference is determined by the Group and it is likely that the temporary difference will not reverse in the foreseeable future.

35.17 Contingent liabilities.

With regard to contingent liabilities, the Group classifies the possibility of an outflow of resources embodying economic benefits as remote, and a liability does not have to be recognized yet pursuant to IFRS.

Contingent liabilities occur for two reasons. For one, they comprise possible obligations that arise from past events and whose existence will be confirmed by uncertain future events that are at least partly beyond the Group's control. For another, they comprise present obligations that fail to meet general or special recognition standards (i.e. the amount of an obligation cannot be measured with sufficient reliability or an outflow of resources to settle the obligations is not deemed probable).

35.18 New and amended standards and interpretations that have been adopted by the EU and applied for the first time in financial year 2025/26

	New/amended IFRS	Published by the IASB (adopted by the EU)	Applicable to financial years beginning on or after	Material impact on group's consolidated financial statements
IAS 21	Amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	August 2023 (November 2024)	January 1, 2025	No

The application had no impact on the consolidated financial statements.

Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability: The amendment provides guidance specifying when a currency is exchangeable and how to determine the exchange rate when it is not. The changes also include corresponding amendments to IFRS 1, which previously referenced exchangeability but did not define it.

35.19 Standards, interpretations and amendments to published standards that are not yet effective- and that have not been prematurely adopted by the Group.

	New/amended IFRS	Published by the IASB and adopted by the EU	Applicable to financial years beginning on or after	Material impact on group's consolidated financial statements
IFRS 18	Presentation and Disclosures in Financial Statements	April 2024 (February 2026)	January 1, 2027	Yes
IFRS 9, IFRS 7	Amendments to IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments	May 2024 (May 2025)	January 1, 2026	No
IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7	Annual Improvements to IFRS Accounting Standards — Volume 11	July 2024 (July 2025)	January 1, 2026	No
IFRS 9, IFRS 7	Amendments to IFRS 9 and IFRS 7 Contracts referencing Nature-dependent Electricity	December 2024 (June 2025)	January 1, 2026	No

IFRS 18 Presentation and Disclosure in Financial Statements: The aim of IFRS 18 is to set requirements for the presentation and disclosure of information in general-purpose financial statements (simply: financial statements) to ensure they provide relevant information that faithfully represents a company's assets, liabilities, equity, income, and expenses, with the focus on updating the income statement.

The most important new concepts introduced in IFRS 18 concern the following points:
- the structure of the income statement with defined subtotals,
- the requirement to determine the most useful outline summary for presenting expenses in the income statement,
- prescribed information in a single note within the financial statements for certain profit or loss indicators that are reported outside a company's financial statements (i.e., management-defined performance measures) and
- extended principles for aggregation and disaggregation, which generally apply to the primary accounts and the notes.

Regarding IFRS 18, it is assumed that applying the new standard will have significant effects on the consolidated financial statements, especially concerning the presentation of the income statement. Specifically, this involves the reclassification of strategically accounted for at equity companies, which will be shifted from the operating section to the investing section. However, the exact impact on the consolidated financial statements is still being evaluated in detail.

Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments. These amendments address diversity in accounting practices by making the requirements clearer and more consistent.

The changes make it clear that a financial liability is derecognized on the 'settlement date' and introduce an accounting policy that allows financial liabilities settled through an electronic payment system before the settlement date to be derecognized early. Further clarifications concern the classification of financial assets with ESG-linked features, with additional guidance on assessing contingent features. Clarifications were also made for non-recourse loans and contractually linked instruments. Additional disclosures are introduced for financial instruments with contingent features and equity instruments classified at fair value through other comprehensive income (OCI).

The annual improvements to the IFRS accounting standards — Volume 11: include the changes concern:
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Accounting for Hedge Relationships by a First-time Adopter
- IFRS 7 Financial Instruments: Disclosures:
  - Gain or loss from the write-off
  - Disclosure of differences between the fair value and the transaction price
  - Information on credit risk
- IFRS 9 Financial Instruments:
  - Write-off of lease liabilities
  - Transaction price
- IFRS 10 Consolidated Financial Statements – Determining a 'De Facto Agent'
- IAS 7 Statement of Cash Flows – Acquisition cost method.

Amendments to IFRS 9 and IFRS 7 – Contracts for Nature-related Electricity: These amendments are intended to help entities report on the financial implications of nature-related electricity contracts, including power purchase agreements (PPAs), which are becoming increasingly common.

The amendments include:
- Clarification of the application of the "own-use" exemption,
- Permission to designate a variable quantity of electricity as a hedged item under hedge accounting; and
- Introduction of new disclosure requirements to help investors understand the effects of these contracts on an entity's financial performance and cash flows.

These standards and interpretations, which have already been published by the IASB but have not yet been adopted by the EU:

New/amended IFRS		Published by the IASB but not yet adopted by the EU	Applicable to financial years beginning on or after	Material impact on group's consolidated financial statements
IFRS 19	Subsidiaries without Public Accountability: Disclosures	May 2024	January 1, 2027	No
IAS 21	Amendments to IAS21 - Conversion to a Hyperinflationary Presentation Currency	November 2025	January 1, 2027	Yes
IFRS 20	Regulatory Assets and Regulatory Liabilities	May 2026	January 1, 2029	No

The Group does not apply these new or amended standards and interpretations early.

IFRS 19 – Subsidiaries without Public Accountability: Disclosures: The objective of IFRS 19 is to specify the disclosure requirements that an entity may apply instead of those in other IFRS Accounting Standards.

IAS 21 Amendments to IAS 21 – Translation into a highly inflationary presentation currency: The aim of the amendment is to create a clear basis for reporting in a high-inflation currency.

Regarding IAS 21, it is expected that applying the new standard will have significant effects on the consolidated financial statements. The specific impacts on the consolidated financial statements are currently being evaluated in detail.

IFRS 20 Regulatory assets and regulatory liabilities: This new accounting standard is about companies that are subject to a certain type of rate regulation. The aim of the standard is to help investors better understand how rate regulation affects a company's financial performance, financial position, and the outlook for future cash flows.

It is assumed that the new or amended standards not yet applied, with the exception of IAS 21 and IFRS 18, are not expected to have any significant impact on the consolidated financial statements.

36 Earnings per share.

Earnings per share (undiluted earnings) are calculated by dividing the result for the period attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year, excluding, if any, ordinary shares purchased by Kapsch TrafficCom and held as treasury shares.

As of March 31, 2026, as in the previous year, no treasury shares were held by the company. There were no dilutive effects.

	March 31, 2025 adjusted*	March 31, 2026
Result for the period attributable to equity holders of the company (in EUR)*	-12,105,642	-18,707,039
Weighted average number of ordinary shares	14,300,000	14,300,000
Earnings per share (in EUR)*	**-0.85**	**-1.31**

*) See note 30 regarding the retrospective adjustment resulting from an error in accordance with IAS 8

37 Events after the reporting period

Refinancing agreements for financial liabilities

Kapsch TrafficCom has kept its financing banks continuously informed about business developments, in particular by disclosing the reasons for the revenue shifts and their impact. In addition, the non-compliance with the agreed financial covenants as of the reporting date, and consequently the need for a waiver, was communicated in a timely manner. Subsequently, intensive discussions took place regarding the most appropriate way to resolve the situation. To stabilize the Group's situation, Kapsch TrafficCom reached an agreement with its financing banks and the creditors of the promissory note bond on July 1, 2026 in the form of a standstill agreement. Under this agreement, all due and becoming-due claims arising from the financing agreements (repayment obligations, but excluding interest payments, costs, and fees) are deferred until July 26, 2026. This relates to outstanding financial liabilities as of the reporting date, March 31, 2026, amounting to EUR 99.2 million (including promissory note bond of EUR 8.7 million, including interest). As of the date of authorization of these financial statements (July 27, 2026), the amount of the related financial liabilities has remained unchanged, except for additional accrued interest. The conclusion of the standstill agreement was linked to the appointment of a restructuring advisor to conduct an Independent Business Review and to prepare a restructuring concept. It also required the appointment of an independent restructuring advisor to review the activities carried out by the restructuring advisor. The standstill agreement remained 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 termination events. Up to the date of authorization 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 of 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 fulfilment of the following conditions precedent: the submission of (i) the final restructuring concept, (ii) the final Restrukt-IBR and any required going-concern assessments, to the extent that the need for such assessments arises from the Restrukt-IBR, and/or an IDW S11 opinion for tolltickets GmbH, (iii) confirmation of the Group's funding adequacy for the duration of the agreement (including selected subsidiaries — such as tolltickets GmbH — and higher-level entities such as KAPSCH-Group Beteiligungs GmbH and DATAX HandelsgmbH), as well as confirmation that no impediments to restructuring exist; (iv) evidence of the continued engagement of the restructuring advisor and the independent restructuring advisor, (v) the granting and continued existence of securities, (vi) confirmation from OeKB, (vii) payment of the fees and expenses of the banks and legal advisors.

The final restructuring agreement, reflecting the key terms and conditions set out in the term sheet, is to be concluded 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 receivables 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 liquidity requirement of EUR 20 million as a new covenant, to be monitored and certified on a monthly basis by the independent restructuring advisor. In addition, two further financial covenants are to be agreed within the range considered supportable by the Restrukt-IBR. Any covenant breaches occurring during the term of the agreement may be cured, if it can be demonstrated that the Group continues to follow 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 corporate governance adjustments introduced under the standstill agreement, including restrictions on 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 established by the restructuring concept, as well as restrictions on distributions and 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 these agreements, the Group assumes that it will be able to continue its operating activities under the going-concern assumption. This assumption is directly dependent on compliance with and implementation of the conditions set out in the term sheet relating to the standstill agreement and the refinancing, in particular the fulfilment of the conditions precedent, as well as on the generation of sufficient liquidity to maintain the minimum liquidity requirement and to comply with two additional financial covenants to be established within the range considered supportable by the Restrukt-IBR. Reference is made to note 1.4 Information on the going concern assumption for a discussion of risks and uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

Disposal 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.

38 Supplementary disclosures.

The average number of employees in financial year 2025/26 was 2,346 salaried employees and 482 waged earners (2024/25: 3,064 salaried employees and 484 waged earners).

Expenses for the auditor.

Expenses for the auditor, PwC Wirtschaftsprüfung GmbH, amounted to EUR 241 k (2024/25: EUR 254 k) for the audit of the consolidated financial statements and are broken down as follows.

	2024/25	2025/26
Audit of the consolidated financial statements	254	241
Subsequent settlement	23	20
Other assurance services	240	240
Total	**516**	**501**

Compensation and other payments to members of the Executive and the Supervisory Board.

In the financial year 2025/26, the following persons served on the Executive Board:

- Georg Kapsch (Chairman)
- Alfredo Escribá Gallego
- Samuel Kapsch

The current remuneration of the Executive Board (including pension fund payments) amounted to EUR 2,041 k in financial year 2025/26 (2024/25: EUR 1,783 k). Total remuneration of the Executive Board increased by 14.5% compared to the previous year. This was mainly due to the appointment of Samuel Kapsch to the Executive Board as of April 1, 2025, and the resulting expansion of the Executive Board from two to three members. The average annual remuneration per Executive Board member decreased by 14.1% during the reporting period.

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

In financial year 2025/26, the Supervisory Board consisted of the following members:

- Sonja Hammerschmid (Chairwoman
- Monika Brodey (Deputy Chairwoman)
- Sonja Wallner
- Martin Fellendorf

Delegated by the works council:

- Christian Windisch
- Robert Kutschera

Supervisory Board remuneration of EUR 160 k (2024/25: 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 the Supervisory Board, nor were any guarantees provided in their favor.

Proposed appropriation of retained earnings.

The Executive Board will propose to the Annual General Meeting 2026 not to distribute a dividend for the financial year 2025/26 and to carry forward the retained earnings to new account.

Authorized for issue:
Vienna, July 27, 2026

Georg Kapsch
Chief Executive Officer

Alfredo Escribá Gallego
Executive Board Member

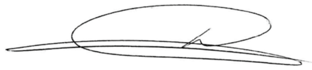
Samuel Kapsch
Executive Board Member

Statement of all Members of the Executive Board.

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

We declare to the best of our knowledge that the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards, that the Consolidated Management Report gives a true and fair view of the development and performance of the business and the position of the Group, so that a true and fair view of the assets, liabilities, financial position and profit or loss of the Group is obtained and that the Consolidated Management Report describes the principal risks and uncertainties faced by the Group.

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 Consolidated Financial Statements.

Audit Opinion

We have audited the accompanying consolidated financial statements of Kapsch TrafficCom AG, Vienna, and its subsidiaries (the Group), which comprise the consolidated statement of comprehensive income, the consolidated balance sheet as at March 31, 2026, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year then ended, and the notes to the consolidated financial statements.

In our opinion, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as at March 31, 2026, and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards published by the International Accounting Standards Board (IASB) as adopted by the EU and the additional requirements under section 245a Austrian Company Code.

Basis for Opinion

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 Consolidated Financial Statements" section of our report. We are independent of the Group 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 Note 1.4 "Statement on the going concern assumption" which describes that current liabilities amounting to EUR 263,133k as at March 31, 2026 exceed current assets amounting to EUR 234,280k by EUR 28,853k. As described in Note 24 "Current and non-current financial liabilities", contractually agreed financial covenants were breached as at March 31, 2026, which led to a reclassification of the respective credit liabilities from non-current to current 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 financial liabilities, including promissory note bonds, 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 Group's refinancing, the absence of restructuring obstacles, and compliance with financial covenants.

The going concern of the Group 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 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 Note 1.4 "Statement on the going concern assumption", there is a material uncertainty that may cast significant doubt on the Group'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 Group's refinancing and confirmation that no restructuring obstacles exist), cannot be fulfilled. Consequently, the Group 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 consolidated financial statements of the financial year. These matters were addressed in the context of our audit of the consolidated 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. Recoverability of the carrying amounts of the cash-generating units including goodwill

- **Description**

The consolidated financial statements contain goodwill in the amount of EUR 21,727k (prior year: EUR 22,735k) under the item intangible assets, of which EUR 11,655k (prior year: EUR 11,771k) is allocated to the cash-generating unit Tolling-Americas and EUR 6,538k (prior year: EUR 7,371k) to the cash-generating unit Tolling-APAC. The Group carries out an impairment test at least once a year and if evidence occurs indicating impairment (impairment test in accordance with IAS 36). Moreover, the consolidated financial statements as at March 31, 2026 include other intangible assets in the amount of EUR 5,080k (prior year: EUR 4,401k) and property, plant and equipment in the amount of EUR 37,157k (prior year: EUR 43,058k).

The impairment tests are carried out on the level of the respective cash-generating units to which goodwill is allocated. In the course of the impairment tests, an impairment loss on goodwill is recognized if the carrying amount of the operating segment as cash-generating unit exceeds the respective recoverable amount. Moreover, an impairment loss is recognized to the extent that the carrying amount of the asset or the cash-generating unit exceeds the recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of the value in use or the fair value less costs of disposal. When evaluating whether there are any indications for impairment, external and internal sources of information are to be taken into account. In doing so, expectations regarding the future market development, assumptions regarding the development of macroeconomic factors as well as the expected development of personnel expenses and the impact of the climate change on the business activities in the segment are also taken into account. The Group determines the value in use by means of a discounted cash flow method (DCF method). In addition to forecasts of future cash flows (Free Cash Flows) before tax, particularly the capitalization rate (WACC) is also to be classified as such that it requires significant discretionary decisions. Discounting is made based on the weighted average capital costs of the operating segments or the cash-generating unit of the operating segment.

In case there are any indications for a potential need for impairment and the value in use is below the carrying amount of the asset or a cash-generating unit, management determines the fair value less cost of disposal of the asset, the group of assets or the cash-generating unit, allocating a calculated impairment at the level of the cash-generating unit to the assets pertaining to it up to a maximum of their respective fair value less cost of disposal.

Based on impairment tests, the CGU Tolling-EMEA recorded impairment in the amount of EUR 2,056k in the financial year 2025/26. In particular, the impairment related to certain machines included in property, plant and equipment and to intangible assets for which no market value could be determined. Although the calculated shortfall in value in use amounted to EUR 14,957k, no further impairment was required to be recognized for this CGU, as the IAS 36.105 floor of fair value less costs of disposal was applied.

The CGU Tolling-Americas and the CGU Tolling-APAC include goodwill whose recoverability is significantly determined by business development in the USA and Australia, respectively. Based on the impairment test, there is no need for impairment for the CGU Tolling-Americas and the CGU Tolling-APAC, with recoverability depending on achieving the return to profitable business planning in the future.

Testing carrying amounts of cash-generating units including goodwill for impairment requires significant estimates to be made by management regarding the future market development and the probability of winning individual major contracts during 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. Determining the fair values less costs of disposal requires significant estimates to be made by management as well. Moreover, there is significant area of judgement involved in the valuation, in particular with regard to the discount rate and the assumptions for the terminal value. With regard to the consolidated financial statements, there is a risk of an overstatement of goodwill due to these estimation uncertainties and it was therefore identified as key audit matter.

- Audit approach and key observations

We evaluated the appropriateness of significant forward-looking estimates and significant assumptions to derive the future cash flows as well as whether the calculation model used complies with the requirements of IAS 36. Internal evaluation experts were partly involved.

Within our audit and by involving our evaluation experts, we first gained an understanding of the planning logic, the planning process and the planning model as well as the impairment test (identification and definition of cash-generating units, determination of the recoverable amount, analysis of impairment, determination of discount rate and growth rate as well as calculation model).

We examined whether the assumptions used in the future cash flows are in line with the plan prepared by the Executive Board and approved by the Supervisory Board. We analyzed and critically assessed the essential drivers for future development (revenue growth, earnings margin, working capital, investment planning) as well as the essential risks for possible deviations from the planning assumptions and discussed them in meetings with the management. The parameters used to determine a discount rate in line with the risk level and the assumptions relating to the long-term growth rate were checked by means of external market and industry data, and the calculation model was tested for mathematical accuracy. Furthermore, we assessed the analyses made by management to determine the respective fair values of the assets of the CGU Tolling-EMEA by involving our evaluation experts and compared the fair values to the corresponding carrying amounts. Further, we evaluated whether the disclosures on impairment testing provided in the Notes are appropriate. This included, in particular, the assessment and recalculation of sensitivity analyses performed to assess the risk of possible deviations from revenues and earnings assumptions as well as from the discount and growth rates used.

The valuation model used by the Company is appropriate to carry out an impairment test as required by IFRS (impairment test in accordance with IAS 36). The assumptions and valuation parameters used in the valuation are reasonable. The disclosures in the Notes required by IAS 36 are complete.

- **Reference to related disclosures**

Further information on this key audit matter is included in the Notes to the consolidated financial statements in Note 12 “Property, plant and equipment”, 13 “Intangible assets” and Note 35.6.1 “Goodwill” in section 35 “Accounting and valuation principles”.

2. Estimates and assumptions regarding the recognition of revenue from implementation projects

Description

A significant part of the Group's revenues and earnings contributions reported during the financial year comes from the construction of toll systems (tolling) and from the construction of systems for controlling traffic and mobility patterns (traffic management).

In the financial year 2025/26, revenue from the implementation of tolling and traffic management systems was generated in the amount of EUR 158,226k (prior year: EUR 161,448k) out of total revenue of EUR 430,569k (prior year: EUR 530,316k). The non-current and current contract assets as at March 31, 2026 amount to EUR 46,082k (prior year: EUR 73,884k), and the non-current and current contract liabilities amount to EUR 42,055k (prior year: EUR 52,315k). In addition, provisions for losses from onerous contracts were set up in the amount of EUR 5,864k (prior year: EUR 15,513k) in order to provide for expected future losses from the further processing of projects.

The Group realizes revenues for its implementation projects in accordance with IFRS 15 based on the percentage of completion, which is determined from the ratio of the costs already incurred to the estimated total costs for the respective contract. This requires an ongoing assessment and update of the contract costs and the risks from fulfilling the contracts, which may result from technical problems, delays or problems with subcontractors or other external framework conditions and influence the contract margin. Furthermore, damages or contractual penalties can arise from these contracts which have to be considered in the project valuation and require a risk assessment. For single contracts, a variable consideration is included in the transaction price, which also leads to estimates. Numerous projects of the Group usually are technologically complex individual contracts with specific terms of contract and therefore have to be assessed individually with regard to revenue recognition and project risks.

Due to the material impact of the projects, in particular during the construction phase, on the Group's assets and liabilities, financial situation and results of operations and the significant estimates involved in the accounting for these contracts, there is the risk that the revenues from implementation projects and therefore the Group's result and the project-related balance sheet items contain a material misstatement, and this was therefore identified as key audit matter.

Audit approach and key observations

Within the framework of our risk-based audit approach, we gained an understanding of the revenue process and internal controls and tested the effectiveness of selected internal key controls. This mainly referred to internal automatic and manual controls in connection with the approval of order calculation upon the conclusion of new contracts as well as approval of the ongoing recalculation. We tested the controls regarding the IT system used throughout the Group for revenue recognition in accordance with IFRS 15 "Revenue Engine". Using samples, we recalculated the accurate determination of revenues based on percentage of completion. Based on selected samples we looked at project requests, customer contracts, Supervisory Board minutes, the project budgeting tool as well as detailed cost estimates and held discussions with the project managers and the management team regarding the status of the project, project risks and planning assumptions. In assessing the appropriateness of the estimates, a particular focus was on the review of the regular update of plan assumptions, in particular on the planned cost to complete and the planned project margin. We requested and checked the purchase orders and contracts for both actual and planned revenue. We examined the appropriateness of the disclosures on uncertainties with regard to estimation and examined the calculation of the sensitivity figures by 10% in the case of a change in the planned project margin (profit margin) in absolute terms.

The valuation methods and underlying assumptions applied for revenue recognition from implementation projects are reasonable. The disclosures in the Notes required by IFRS 15 are complete.

Reference to related disclosures

The Group's disclosures on revenue recognition are included in Note 1.5.1 "Revenue recognition for contract work", in Note 2 "Segment information", in Note 20 "Contract assets and contract liabilities", Note 27 "Provisions" as well as in Note 35.3 "Revenue recognition" in section 35 "Accounting and valuation principles".

3. Recognition of deferred tax assets.

Description

Deferred tax assets in the amount of EUR 47,412k (prior year: EUR 53,359k) are reported in the consolidated financial statements, mainly resulting from tax loss carry-forwards in the amount of EUR 44,390k (prior year: EUR 44,872k). The Group recognizes deferred tax assets up to the extent it is probable that sufficient taxable profits will be available against which the temporary differences as well as unused tax loss carry-forwards can be utilized. In the case of a history of losses, deferred tax assets are capitalized on loss carry-forwards to the extent that there is convincing substantial evidence that sufficient taxable income, taking into account the potential time limitation for using such loss carry-forwards, will be available in the future. The planning horizon in this context is six years.

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

Audit approach and key observations

We examined whether the assumptions used in the future cash flows are in line with the multiyear plan prepared by the Executive Board and approved by the Supervisory Board, and we analyzed and critically assessed the essential drivers for future development (revenue growth, earnings margin, investment planning). Furthermore, we analyzed and critically assessed the adjustments to the tax planning result, which also takes into account future positive one-off effects with substantial indications. The calculation model was tested for mathematical accuracy and the tax rates used were reconciled with external sources. To the extent that a loss history was available, we evaluated in particular whether there is convincing evidence that sufficient taxable profits will be available against which the unused tax loss carry-forwards can be utilized. Further, we evaluated whether the disclosures on deferred tax assets provided in the Notes are appropriate. In particular, this included the sensitivity analyses determined to assess the risk of potential deviations from earnings assumptions.

The model used by the Company is suitable to recognize deferred tax assets in accordance with IAS 12. The assumptions used in the valuation are reasonable. The disclosures in the Notes required by IAS 12 are complete.

Reference to related disclosures

The Group's disclosures on deferred taxes are included in Note 1.5.3. “Recognition of deferred tax assets”, Note 10 “Income taxes”, Note 17 “Deferred tax assets/liabilities” and Note 35.16 “Current and deferred income tax” in section 35 “Accounting and valuation principles”.

4. 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 financial covenants agreed upon in the Financing Agreement as at the reporting date March 31, 2026. (Equity ratio below 22.5%; relation net debt to EBITDA 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 financial liabilities were reported in their full amount as current liabilities.

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 financial liabilities as of the reporting date March 31, 2026, in the amount of EUR 99.2 million (thereof promissory note bonds: EUR 8.7 million). 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 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 Group's assets and liabilities, financial situation and results of operations and on the Group'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 consolidated financial statements regarding their compliance with the provisions of IFRS 9, especially in respect of the presentation of the respective financial liabilities as current liabilities. We evaluated the resulting impact on the Group's assets and liabilities, financial situation and results of operations and on the Company's and Group'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 consolidated 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 consolidated 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 Group's going concern as described in Note 1.4 "Statement on the going concern assumption". The presentation of the financial liabilities and the corresponding disclosures in the Notes are appropriate.

Reference to related disclosures

We refer to the disclosures of the Groups related to compliance with the financial covenants and to the financing agreements in Note 1.4 "Statement on the going concern assumption", Note 24. "Current and non-current financial liabilities", Note 33.3 "Liquidity risk", Note 34. "Capital management" under Note 35 "Accounting and valuation principles" and in Note 37 "Events after the reporting period".

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 consolidated financial statements, the management report for the Group and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated 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 consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and the additional regulations of section 245a Austrian Company Code, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the

disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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 consolidated 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 Group
Pursuant to Austrian Generally Accepted Accounting Principles, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the management report for the Group was prepared in accordance with the applicable legal regulations. Regarding the consolidated non-financial statement contained in the management report for the Group, 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 consolidated financial statements or otherwise appears to be materially misstated.
Management is responsible for the preparation of the management report for the Group 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 for the Group.

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

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

Addendum
Regarding the material uncertainty related to going concern, we refer to section "1 Business performance and economic situation" of the management report for the Group which includes an analysis of the Group's situation. Furthermore, we refer to section "2 Anticipated development and risks" which describes the Group's expected development and includes disclosures on the liquidity risk and the risk to continue as a going concern in the management report for the Group.

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 Group for an uninterrupted period since the financial year 2006.

We confirm that the audit opinion in the "Report on the Consolidated 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 Mr. 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 consolidated financial statements together with our auditor's report is only allowed if the consolidated financial statements and the management report for the Group are identical with the German audited version. This auditor's report is only applicable to the German and complete consolidated financial statements with the management report for the Group. For deviating versions, the provisions of section 281 para. 2 UGB apply.

Independent Assurance Report.

We have performed a limited assurance engagement of the consolidated sustainability reporting included in the management report for the Group in the section “Sustainability Statement” of Kapsch TrafficCom AG, Vienna, for the financial year ended as at March 31, 2026.

Conclusion Based on a Limited Assurance Engagement
Based on the procedures performed and evidence obtained nothing has come to our attention that causes us to believe that the consolidated sustainability reporting included in the management report for the Group in the section “Sustainability Statement” does not comply, in all material aspects, with the requirements of Article 29a of the Directive 2013/34/EU, including:

- compliance with the European Sustainability Reporting Standards (hereinafter ESRS) including carrying out the process to identify the information to be reported pursuant to ESRS (hereinafter “Materiality Assessment Process”), and its presentation in disclosure “Description of the process to identify and assess material impacts, risks and opportunities (IRO-1)”, and
- compliance with the reporting requirements pursuant to Article 8 of the Taxonomy Regulation (EU) 2020/852 (hereinafter EU Taxonomy Regulation).

Basis for Conclusion
We performed our limited assurance engagement in accordance with the legal requirements and the professional standards applicable in Austria with regard to other assurance engagements and additional opinions. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under those provisions and standards are further described in the “Auditor’s Responsibilities for the Limited Assurance Engagement of the Consolidated Sustainability Reporting” section of our report.

We are independent of the Group in accordance with professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our assurance activities are subject to the requirements of KSW-PRL 2022, which essentially corresponds to the requirements pursuant to ISQM 1, applying an extensive quality management system including documented guidelines and processes to adhere to ethical requirements, professional standards as well as applicable legal and regulatory requirements.

We believe that the assurance evidence we have obtained until the date of the independent assurance report is sufficient and appropriate to provide a basis for our opinion by this date.

Other Information
Management is responsible for the other information. The other information comprises the information included in the consolidated financial statements and the consolidated management report for the Group, as well as the annual financial statements and the group report, but does not include the “Sustainability Statement” and our independent assurance report.

Our conclusion on the consolidated sustainability reporting included in the management report for the Group in the section “Sustainability Statement” does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our limited assurance engagement of the consolidated sustainability reporting included in the management report for the Group in the section “Sustainability Statement” our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated sustainability reporting included in the management report for the Group in the section “Sustainability Statement” or our knowledge obtained in the limited assurance engagement, or otherwise appears to be materially misstated. If, based on the work we have performed, 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

Management is responsible for the preparation of the sustainability statement including developing and performing the Materiality Assessment Process pursuant to the applicable requirements and standards. This responsibility includes

- identifying actual and potential impacts as well as risks and opportunities related to sustainability aspects and assessing the materiality of these impacts, risks and opportunities,
- preparing the sustainability reporting included in the management report for the Group in the section "Sustainability Statement" complying with the requirements of Article 29a of the Directive 2013/34/EU, including compliance with the ESRS,
- including disclosures in the sustainability statement in accordance with the EU Taxonomy Regulation as well as
- designing, implementing and maintaining such internal controls as management determines is relevant to enable the preparation of sustainability reporting included in the management report for the Group in the section "Sustainability Statement" that is free from material misstatements, whether due to fraud or error, and performing the Materiality Assessment Process pursuant to the requirements of the ESRS.

Furthermore, this responsibility includes the selection and application of appropriate methods regarding sustainability reporting as well as making assumptions and estimates on the individual sustainability disclosures appropriate under the given circumstances.

Inherent Limitations for the Preparation of the Sustainability Reporting

Reporting on sustainability aspects according to the ESRS requires using information from the Group's value chain which is accessible only to a limited extent. Therefore, in its materiality assessment and to calculate key performance indicators disclosed in the sustainability reporting, management has to use data and information from third parties as well as make assumptions and estimates. Thus, such key performance indicators are subject to material uncertainties – as described in section "Disclosures in relation to specific circumstances (BP-2)" in the subsection "Estimates".

When reporting on future-oriented information, the Company is required to prepare this future-oriented information based on disclosed assumptions about events that may occur in the future as well as possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

When determining disclosures pursuant to the EU Taxonomy Regulation, management is required to interpret undefined legal terms. Undefined legal terms may be interpreted differently, also regarding legal compliance of the interpretations, thus they are subject to uncertainties.

For reporting on greenhouse gas emissions, the scientific basis plays a decisive role. However, this may lead to challenges, in particular regarding the determination of emission factors, especially when these factors are required to combine emissions of different gases and describe them in a single unit of measurement such as CO_2 equivalents. Therefore, incomplete scientific knowledge may lead to uncertainties in reporting.

Auditor's Responsibilities for the Assurance Engagement of the Consolidated Sustainability Reporting

Our responsibility is to plan and perform a limited assurance engagement to obtain limited assurance about whether the consolidated sustainability reporting included in the management report for the Group in the section "Sustainability Statement" including the comprised Materiality Assessment Process and the reporting pursuant to the EU Taxonomy Regulation is free from material misstatement, whether due to fraud or error, and to issue an independent assurance report that includes our conclusion. 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 the sustainability statement.

We exercise professional judgment and maintain professional skepticism throughout the limited assurance engagement.

Our responsibilities include:

- performing risk-based procedures comprising obtaining an understanding of internal controls relevant to this engagement in order to identify disclosures where material misstatements are likely to arise, whether due to fraud or error, but not for the purpose of expressing a conclusion on the effectiveness of the Group's internal controls, and
- developing and performing procedures regarding disclosures in the sustainability reporting, where material misstatements are likely to arise.

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.

Summary of Performed Work

A limited assurance engagement requires performing procedures to gain evidence on the sustainability reporting included in the management report for the Group in the section "Sustainability Statement". The nature, timing and scope of the selected procedures depend on professional judgement including identifying disclosures in the sustainability reporting where material misstatements are likely to arise, whether due to fraud or error.

In our limited assurance engagement regarding the sustainability reporting included in the management report for the Group in the section "Sustainability Statement" we proceed as follows:

- We obtain an understanding on the Materiality Assessment Process, especially through:
  - interviews, to understand the information sources used by management; and
  - reviewing the internal process documentation; and
- We evaluate whether the Materiality Assessment Process complies with the ESRS requirements and the process presentation in disclosure "Description of the process to identify and assess material impacts, risks and opportunities (IRO-1)", based on the evidence obtained from our procedures performed.
- We evaluate whether all relevant information identified in the Materiality Assessment Process were included in the sustainability statement.
- We obtain an understanding of the Company's procedures relevant for the preparation of the sustainability statement.
- We evaluate whether the structure and presentation of the consolidated sustainability reporting included in the sustainability statement comply with the ESRS.
- Regarding the linkage with other parts of the corporate reporting and connected information, we compare selected disclosures in the sustainability statement with the corresponding disclosures in the management report for the Group and the other sections of the management report for the Group. Furthermore, we evaluate whether information included in the sustainability statement pursuant to ESRS 1.119 by reference comply with the requirements of the ESRS.
- We interview relevant employees and perform analytical audit procedures regarding selected disclosures in the sustainability statement.
- We perform sample-based, result-oriented procedures regarding selected disclosures in the sustainability statement.
- We obtain evidence on the presented methods regarding the development of estimates and future-oriented information.
- We obtain an understanding of the procedure to identify taxonomy-eligible and taxonomy-aligned economic activities and of the preparation of the corresponding disclosures in the sustainability statement.

Limited Liability

The limited assurance engagement of the sustainability statement is voluntary. According to the agreement, in the event of liability, any contributory negligence on the part of the company subject to a limited assurance engagement, its legal representatives and vicarious agents must be taken into account. Because our report is prepared solely for and on behalf of the client, it does not constitute a basis for any reliance on its contents by third parties. Therefore, no claims of third parties can be derived from it.

Our independent assurance report is issued based on the engagement letter agreed with the Company and is governed by the General Conditions of Contract for the Public Accounting Professions (AAB 2018) enclosed to this report, which also apply towards third parties.

Deviating from item 7 para. 2 AAB 2018, our liability for gross negligence to the Company is limited to half of the liability limit, thus to EUR 4 million, pursuant to section 275 para. 2 UGB (as previously in force) corresponding to the Company's size criteria based on the size criteria pursuant to section 221 UGB (as previously in force).

Responsible Engagement Partner

Responsible for the proper performance of the limited assurance engagement of the sustainability reporting is Mr. 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 sustainability reporting included in the management report for the Group in the section "Sustainability Statement" together with our independent assurance report is only allowed if the sustainability reporting included in the management report for the Group in the section "Sustainability Statement" is identical with the German audited version. This independent assurance report is only applicable to the German and complete sustainability statement. For deviating versions, the provisions of section 281 para. 2 UGB apply.

Glossary.

Americas	Region: North, Central and South America.
APAC	Region: Asia-Pacific.
C-ITS	Cooperative Intelligent Transport System. By connecting different elements of the transport infrastructure, relevant information can be exchanged quickly and directly between vehicles, road infrastructure and road operators. C-ITS technology can therefore significantly contribute to road safety and the prevention of congestion.
EBIT	Earnings Before Interest and Taxes.
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization.
EMEA	Region: Europe, Middle East, Africa.
ERM	Enterprise Risk Management.
ESG	Environment, Social and Governance. The abbreviation refers to the consideration of sustainable and ethical matters in corporate management.
ESRS	European Sustainability Reporting Standards. The European Commission’s standards for sustainability reporting in accordance with the Corporate Sustainability Reporting Directive.
IFRS	IInternational Financial Reporting Standards.
IKS	Internal control system.
IROs	Impacts, Risks and Opportunities.
ITS	Intelligent Transportation Systems.
Tolling	Reporting segment of Kapsch TrafficCom. This segment comprises the implementation as well as the technical and commercial operation of toll collection systems.
OBU	On-Board Unit; an electronic device in the vehicle.
PP	Percent points.
UGB	Austrian Commercial Code (DE: Österreichisches Unternehmensgesetzbuch).
Traffic Management (TM)	Reporting segment of Kapsch TrafficCom. This segment primarily comprises the implementation and operation of systems and solutions to control traffic and mobility behavior (abbreviated: TM).
CGU	Cash-generating units.

Financial calendar.

August 26, 2026	Result Q1 2026/27
August 30, 2026	Record date: Annual General Meeting
September 9, 2026	Annual General Meeting
November 25, 2026	Result H1 2026/27
February 24, 2027	Result Q1–Q3 2026/27

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

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

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

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

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Kapsch TrafficCom

Kapsch TrafficCom is a globally renowned provider of transportation solutions for sustainable mobility with successful projects in more than 50 countries. Innovative solutions in the 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 custom ers, 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.

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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.

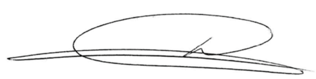
No compensation agreements exist between Kapsch TrafficCom AG and its Executive Board and Supervisory Board members or employees for the event of a public takeover offer.

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 standstill 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

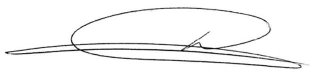
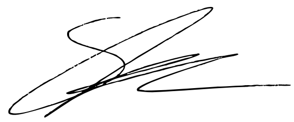
Georg Kapsch	Alfredo Escribá Gallego	Samuel Kapsch
Chief Executive Officer	Executive Board Member	Executive Board Member (as of April 1, 2025)

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.

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Kapsch TrafficCom

Kapsch TrafficCom is a globally renowned provider of transportation solutions for sustainable mobility with successful projects in more than 50 countries. Innovative solutions in the 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

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