

Kapsch TrafficCom

Group Report 2024/25

as of March 31, 2025.

*Consolidated Management Report and
Consolidated Financial Statements 2024/25.*

Table of contents.

Selected key data.	2
Kapsch TrafficCom 2024/25.	3
Letter from the Chief Executive Officer.	5
About us.	7
Key Investment Highlights.	8
Our share.	9
 CONSOLIDATED MANAGEMENT REPORT.	 11
1 Business performance and economic situation.	11
1.1 Business performance.	11
1.2 Financial performance indicators.	17
1.3 Research and development.	23
 2 Anticipated development and risks.	 24
2.1 Outlook to the financial year 2024/25.	24
2.2 Risk report.	25
2.3 Internal control system with respect to the accounting process.	31
 3 Other disclosures.	 33
3.1 Disclosures on capital, share, voting and control rights and related agreements.	33
3.2 Corporate Governance Report.	33
 4 Consolidated Non-Financial Statement.	 34
4.1 General Disclosures (ESRS 2).	35
4.2 Environmental Information.	70
4.3 Social Information.	108
4.4 Governance Information.	137
 CONSOLIDATED FINANCIAL STATEMENTS.	 146
Primaries.	146
Consolidated statement of comprehensive income.	146
Consolidated balance sheet.	147
Consolidated statement of changes in equity.	148
Consolidated cash flow statement.	149
 Notes to the Consolidated Financial Statements.	 150
 STATEMENT OF ALL MEMBERS OF THE EXECUTIVE BOARD.	 227
 AUDITOR'S REPORT.	 228
 INDEPENDENT ASSURANCE REPORT.	 235
 Glossary.	 239
Financial calendar, contact details for investors.	240

Selected key data.

2024/25, 2023/24 und 2022/23: refer to the respective financial year (April 1 until March 31)

PP: percent points

Unless otherwise stated, all values in EUR million.

Earnings data	2022/23	2023/24	2024/25	+/-
Revenues	553.4	538.8	530.3	-1.6%
Share of tolling segment	72.9%	70.2%	74.1%	3.9 PP
Share of traffic management segment	27.1%	29.8%	25.9%	-3.9 PP
EBITDA ¹⁾	27.1	88.5	29.0	-67.2%
EBITDA margin	4.9%	16.4%	5.5%	-11.0 PP
EBIT	5.2	70.3	12.6	-82.1%
EBIT margin	0.9%	13.0%	2.4%	-10.7 PP
Result before income tax	-9.9	36.9	-4.3	—
Result for the period	-24.2	22.3	-3.1	—
Result for the period attributable to equity holders	-24.8	23.2	-6.9	—
Earnings per share in EUR	-1.91	1.72	-0.48	—
Business segments	2022/23	2023/24	2024/25	+/-
Tolling				
Revenues	403.4	378.3	393.0	3.9%
EBIT	-9.3	54.3	12.0	-77.9%
EBIT margin	-2.3%	14.4%	3.1%	-11.3 PP
Traffic management				
Revenues	150.0	160.5	137.3	-14.5%
EBIT	14.6	15.9	0.5	-96.7%
EBIT margin	9.7%	9.9%	0.4%	-9.5 PP
Revenues by region	2022/23	2023/24	2024/25	+/-
EMEA	49.3%	51.7%	48.5%	-3.2 PP
Americas	45.0%	43.1%	47.0%	3.9 PP
APAC	5.7%	5.2%	4.5%	-0.7 PP
Balance sheet data	March 31, 2023	March 31, 2024	March 31, 2025	+/-
Total assets	480.1	443.7	454.4	2.4%
Total equity ²⁾	51.3	83.4	91.0	9.1%
Equity ratio ²⁾	10.7%	18.8%	20.0%	1.2 PP
Net debt ³⁾	186.3	106.0	101.5	-4.3%
Gearing ⁴⁾	363.1%	127.1%	111.5%	-15.6 PP
Net working capital ⁵⁾	79.4	78.5	72.0	-8.3%
Cash flow	2022/23	2023/24	2024/25	+/-
Net capital expenditures ⁶⁾	3.3	4.9	7.6	56.0%
Free cash flow ⁷⁾	2.5	105.7	21.2	-79.9%
Other information	2022/23	2023/24	2024/25	+/-
Employees, end of period	4,039	4,054	3,041	-25.0%
On-board units, in million units	9.23	8.50	7.91	-6.9%

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

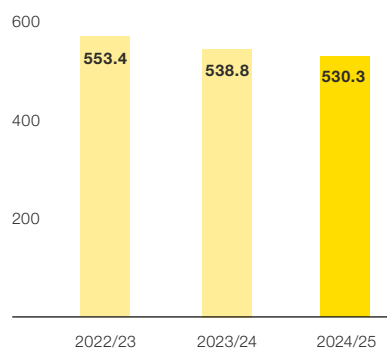
⁷⁾ Cash flow from operating activities + cash flow from investing activities; value adjusted for financial year 2022/23

Kapsch TrafficCom 2024/25.

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

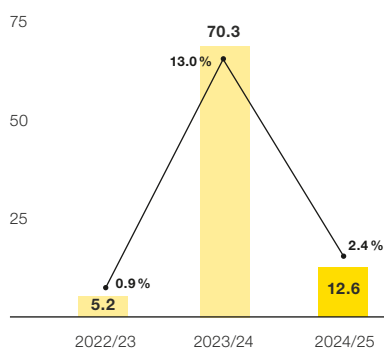
Revenues

in EUR million



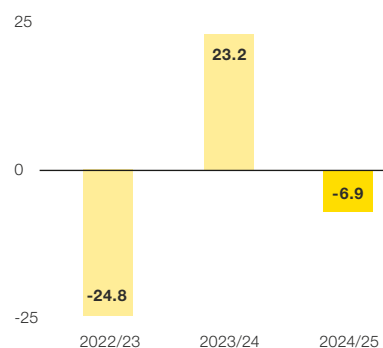
EBIT (in EUR million) and

EBIT margin (in %)



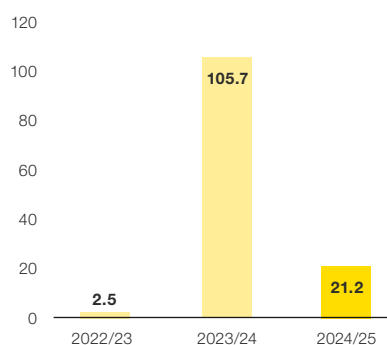
Result for the period attributable to

equity holders in EUR million



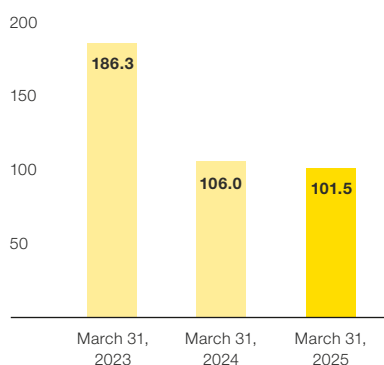
Free cash flow

in EUR million



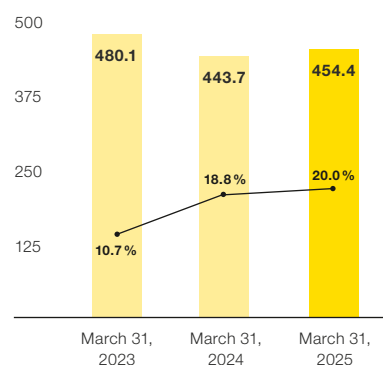
Net debt

in EUR million



Total assets (in EUR million) and

equity ratio (in %)



Headlines 2024/25.

Business development shows a slight improvement.

- The deconsolidation of several companies and the associated loss of revenue of EUR 22 million compared with the previous year had a significant impact on performance.
- Revenues down 2% year-on-year to EUR 530 million due to the loss of revenue. Declines were visible in both segments.
- EMEA and APAC regions decline, Americas region shows growth with high potential.
- Order inflow of EUR 802 million encouraging, partly from long-term projects.

Operating result (EBIT) reached EUR 13 million.

- Previous year's figures not comparable due to the effect from Germany.
- The sale of TMT in South Africa had a negative impact of EUR 7 million on earnings.
- Project-related and estimate-dependent positive valuation effects were considered inherent to operating activities.
- Reduced expenses confirm the improvement in operations.

Key financial figures show a solid foundation for the future.

- Equity ratio increased to 20%.
- Net debt decreased, gearing ratio reduced to 111%.
- Free cash flow positive at EUR 21 million.
- Long-term financing secured.

Strategy review completed and sustainability management further developed.

- Strategic path set and further development of tolling and traffic management confirmed.
- In line with the strategy, major new projects include urban solutions and applications for connected vehicles.
- Sustainability management was expanded.

Outlook to the financial year 2025/26.

- Revenues of about EUR 510 million expected.
- EBIT increase expected compared to previous year, additional positive one-time effects are possible.
- Continued cost management and further measures to increase efficiency in order to increase competitiveness and profitability.

Letter from the Chief Executive Officer.

Dear Shareholders,



In the past financial year 2024/25, we were able to consolidate the foundations for a successful future at the Kapsch TrafficCom Group: All in all, we once again recorded a slight improvement. We implemented significant projects, won new ones, and successfully completed existing ones. The measures taken in recent years to improve performance are reflected, among other things, in the fact that the margins on our customer projects in the USA were significantly better than in the previous year.

Financial year 2024/25: Slight improvement and foundation for the future solidified.

Milestones.

After the previous year's results were dominated by the settlement of the arbitration proceedings relating to the terminated tolling contract in Germany – which was reflected in the EBIT at EUR 79 million – we recorded the deconsolidation effect from the sale of the South African company TMT in the first quarter, which had a negative impact of around EUR 7 million on EBIT. In January 2025, we also transferred the majority of voting rights and control in Kapsch Telematic Services IOOO in Belarus, which operates the successful tolling project in Belarus. We had been aiming to do this for some time in view of the political situation. On the one hand, this means that the corresponding revenues will no longer be generated, but on the other hand, we have succeeded in retaining a high economic interest.

Another milestone shortly before the end of the financial year was the agreement of long-term financing until March 2030 with our main banks. This secures our liquidity and, above all, gives us more entrepreneurial freedom again.

Financing is also an important issue for our customers, who include cities and road operators. During the reporting period, we won a long-term tolling project based on a 50-year financing model developed by the customer, a public-private partnership. In addition, we continue to see a trend toward urban traffic management and applications related to connected vehicles.

Financial development.

In light of the developments mentioned above, the earnings figures for financial year 2024/25 are not comparable with the previous year. Adjusted for the loss of revenue of EUR 22 million from TMT and the Belarusian company, the previous year's figure was EUR 517 million. At EUR 530 million, the revenues attributable to the reporting period is 3% above this calculated figure for the previous year.

EBIT reached EUR 13 million after EUR 70 million in financial year 2023/24. In the previous year, we reported EBIT adjusted for operating and non-operating effects of EUR 15 million. In the reporting period, the effect from the deconsolidation of TMT reduced EBIT by EUR 7 million. Project-related and estimate-based valuation effects reported as other operating income were considered inherent to operating activities. On a positive note, the margin deterioration from the construction projects in the region Americas, which had a significant negative impact on earnings in previous years, no longer had any material effect in financial year 2024/25.

***Operational improvement:
Comparable revenues,
lower expenses.***

This development demonstrates the operational improvements we have achieved. With comparable revenues, we recorded lower expenses for purchased services. This means that we have become more efficient in the execution of our projects.

Cash flow from operating activities amounted to EUR 28 million in the reporting period, compared with EUR 62 million in the previous year. Free cash flow was EUR 21 million; without the Germany effect, it would have been negative at EUR -5 million in the previous year.

The key financial figures also show continuous improvement: equity rose from EUR 83 million to EUR 91 million as of March 31, 2025. The equity ratio was 20% as of the balance sheet date. Net debt fell from EUR 106 million to EUR 101 million, and the gearing dropped to 111%. This is still high, but represents a significant improvement compared with 363% two years earlier and 127% in the previous year.

Strategic progress.

We also conducted a comprehensive review of our strategy. This essentially confirmed our approach of continuing to develop tolling and traffic management. In the tolling segment, we will secure our technological leadership through innovation and the expansion and development of expertise. For the associated tolling services, however, we will seek strategic partnerships in the future.

In the area of traffic management, we will continue to develop conventional systems into intelligent systems, known as “smart traffic management”. Demand management and the associated optimization of user behavior are becoming more realistic thanks to artificial intelligence and predictive analytics, which can forecast expected events. We will expand this business. In cities in particular, traffic management also supports the sustainability aspirations of the communities concerned.

We have also further developed our own sustainability standards. Our sustainability vision – safe, efficient, and environmentally friendly with Kapsch solutions – is linked to both the expansion of our sustainability management and the reduction of our footprint. Last but not least, this focus is reflected in the comprehensive sustainability statement, which already meets the requirements of the European Corporate Sustainability Reporting Directive.

Outlook.

For the 2025/26 financial year, we expect lower revenues due to the deconsolidation of several companies in the past financial year. EBIT should nevertheless exceed the previous year’s figure, with additional positive one-time effects possible.

Outlook 2025/26:
Lower revenues,
EBIT nevertheless up on previous year.

Samuel Kapsch joined our Executive Board as Chief Operating Officer (COO) in April. As a member of the fifth generation of the Kapsch family of entrepreneurs, he has been successfully contributing to the expansion of the Latin America region since 2022. I am delighted to welcome him to the team.

First, however, I would like to thank my fellow board member Alfredo Escribá for his excellent cooperation and his visionary approach to technology and innovation, as well as our employees worldwide for their commitment to our continuous development and their loyalty. I would also like to thank our Supervisory Board for their cooperation and valuable exchange of ideas, and of course our long-term investors, who accompany and support us on our journey, for their trust in Kapsch TrafficCom.

Sincerely,



Georg Kapsch
Chief Executive Officer

About us.

Kapsch TrafficCom is a worldwide leading 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 transport 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 CO₂ savings.



Traffic management. Urban traffic management enables the reduction of stop-and-go traffic, which in turn reduces CO₂ 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 solution comprising tolling and traffic management components to positively influence the behaviour of road users. Targeted mobility management can significantly reduce emissions.

Sustainability target and ambition.

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 CO₂ footprint by 42%.

Kapsch TrafficCom aims to reduce its Company-wide CO₂ 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 the business model and strategy can be found on the Company website >>> <https://www.kapsch.net>.

Key Investment Highlights.

01

Global provider of intelligent transportation systems.

Leading 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

End-to-end solutions with a claim to technology, innovation, and thought leadership.

Provider of end-to-end solutions from design and construction to operation and maintenance – with many years of industry expertise in standard and special solutions, using all common technologies, with a 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.

A rapidly growing market with average growth of around 8% offers significant additional potential through vertical integration (tolling as a service) and entry into pioneering markets (demand management connected vehicles).

04

Improved performance and stronger financial metrics.

Stable operating business and potential cash inflows from ongoing initiatives are leading to a significant improvement in financial indicators and a reduction in debt. Additional positive one-time effects are possible.

05

Experienced management team.

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

Our share.

Kapsch TrafficCom AG has been listed on the Vienna Stock Exchange in the prime market segment since June 26, 2007. The shares are included in Austrian indices, as well as the sustainability index VÖNIX.

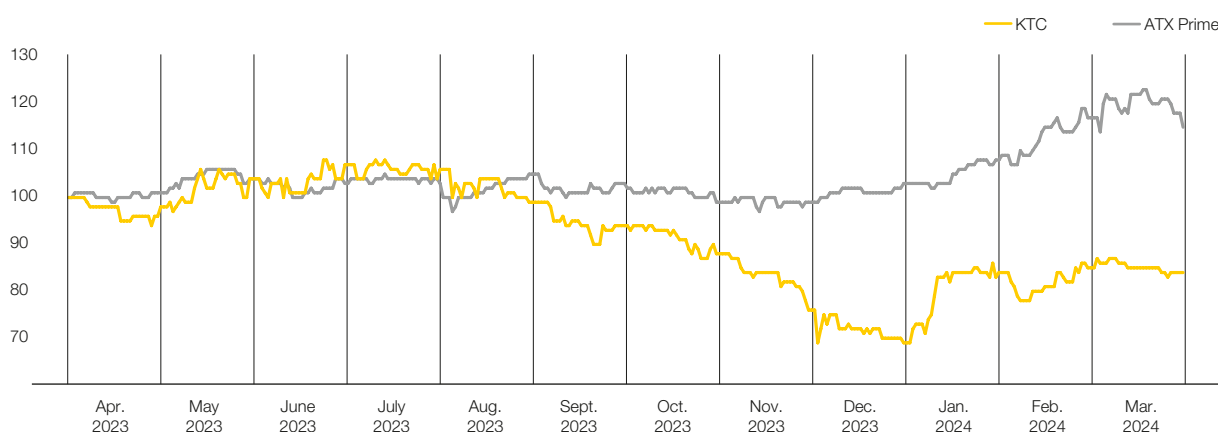
Investor Relations activities in the financial year 2024/25.

In addition to regular and occasion-related publications, Kapsch TrafficCom's investor relations team is available for investor inquiries and actively takes opportunities to intensify contact with capital market participants. In the reporting period, this included participation in four investor conferences as well as numerous direct meetings, telephone calls and e-mails.

Share price development.

The price of Kapsch TrafficCom shares rose initially in the 2024/25 financial year, starting from a closing price of EUR 8.50 on March 28, 2024, and reaching a high of EUR 9.28 on June 24, 2024. This was followed by a steady decline until December 30, 2024, when the lowest price (intraday) of EUR 5.72 was reached. At the beginning of the year, the share price recovered slightly and closed at EUR 7.16 on March 31, 2025, 15.8% lower than a year earlier. The benchmark index ATX Prime recorded an increase of 15.3% in the reporting period.

Development of Kapsch TrafficCom shares and ATX Prime in the financial year 2024/25.



Share indicators.

in EUR, unless otherwise stated	2023/24	2024/25
Earnings per share	1.72	-0.48
High (intraday)	13.65	9.28
Low (intraday)	8.14	5.72
Closing price on March 31	8.50	7.16
Share performance	-32.0%	-15.8%
Ø trading volume (shares, double counting)	17,690	10,620

Analysts.

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

- Erste Group Bank
- ODDO BHF

In the 2025/26 financial year, a third financial institution will report on Kapsch TrafficCom share.

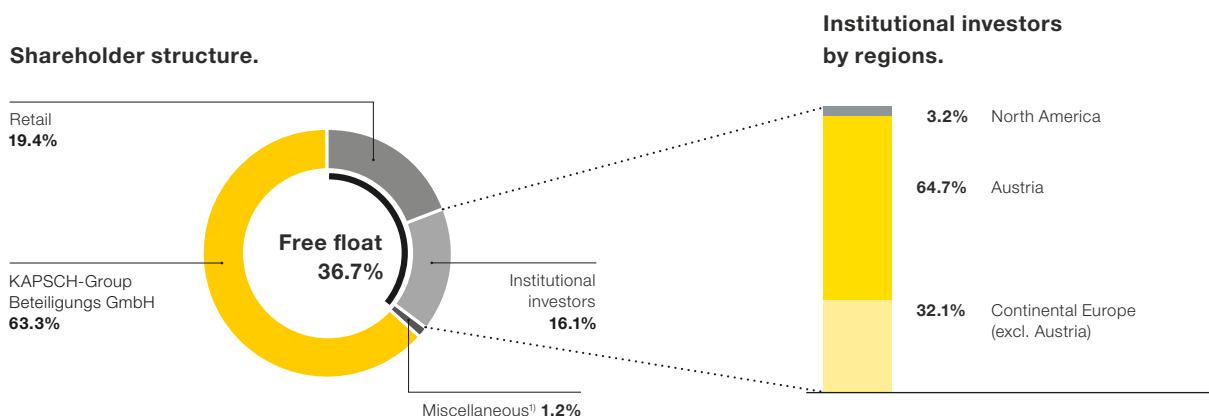
Dividend.

In accordance with the financing restructuring agreement, the Executive Board will propose to the Annual General Meeting 2025 that no dividend be distributed for the financial year 2024/25 and to carry forward the retained earnings to new account. Kapsch TrafficCom aims to resume dividend payments as soon as it is economically justifiable and also permissible from the Company's perspective and ideally to return to the dividend policy suspended in 2020. The core of this policy was the payment of a minimum dividend of either EUR 1.00 per share or one third of consolidated earnings per share, whichever was higher.

Shareholder structure.

At the end of the 2024/25 financial year, KAPSCH-Group Beteiligungs GmbH held 63.3% of the shares as the core shareholder, as in the previous year. In the 2023/24 financial year, KAPSCH-Group Beteiligungs GmbH pledged all of its shares in Kapsch TrafficCom AG to the financing banks in connection with a refinancing. On March 26, 2025, Kapsch TrafficCom AG agreed on new long-term financing with its house banks until 2030, and the pledge of all shares held in the Company by KAPSCH-Group Beteiligungs GmbH was released.

The free float amounted to 36.7%, with around 16.1% held by institutional investors, mainly from continental Europe (including Austria), and around 19.4% held by retail investors, according to information from a shareholder identification as of March 31, 2025.



¹⁾ Trading positions and unidentified shareholders.

Contact for investors.

Investor Relations team	Marcus Handl, Teresa Hartlieb
Shareholders' telephone line	+43 50 811 1122
E-mail	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.

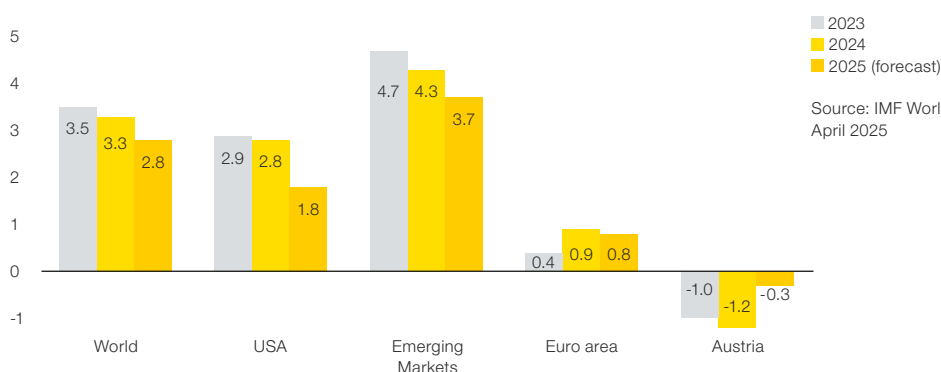
- Energy prices and trade conflicts had a negative impact on the economy, particularly in the eurozone.
- Interest rate cuts by central banks followed the slowing of inflation.
- Supply chains stabilized but remained vulnerable due to geopolitical tensions and new trade barriers.

Global economic performance.

In financial year 2024/25, the global economy remained stable despite ongoing uncertainties. The International Monetary Fund (IMF) estimated global GDP growth at 3.3% for 2024, following 3.5% in the previous year. While the US and major emerging markets continued to record robust growth rates, the economy in the eurozone remained subdued. Weak consumer demand and a subdued investment climate had a dampening effect here. In addition, increasing protectionist tendencies and new trade barriers between major economic areas weighed on the global investment climate. The IMF forecasts global economic growth of 2.8% for 2025.

GDP growth 2023–2025.

(in %)



Source: IMF World Economic Outlook,
April 2025

Supply chains.

The global supply chain situation continued to stabilize over the course of 2024. However, ongoing conflicts in the Red Sea and a severe drought in the Panama Canal led to significant disruptions on two key shipping routes. Shipping traffic through the Suez Canal declined by 50% due to security concerns. Significant restrictions on daily ship passages were introduced in the Panama Canal in October 2023 due to the drought. In addition, increasing trade tensions – in particular a tariffs crisis between leading economies – caused uncertainty in global procurement and sales markets. For Kapsch TrafficCom, the supply chain situation in connection with the availability of components for production played a significant role.

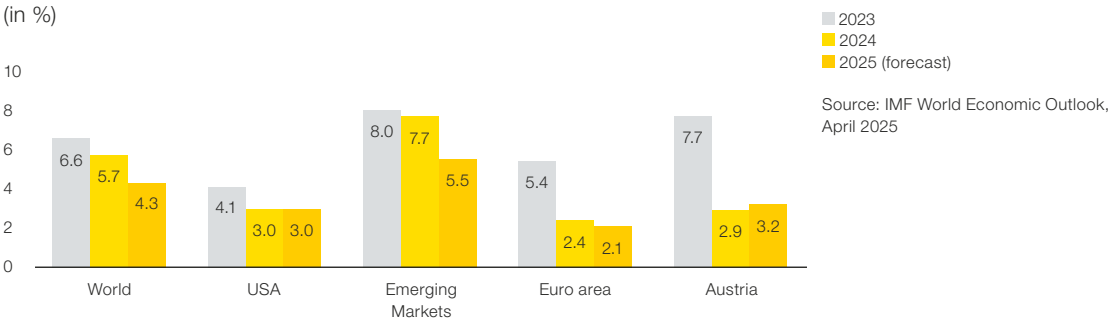
Interest rates.

In response to the economic slowdown, both the European Central Bank (ECB) and the Federal Reserve (FED) decided to lower key interest rates again after a phase of interest rate hikes. In Europe, the interest rate for main refinancing operations, which had been in effect since September 2023, as well as the interest rates for the marginal lending facility and the deposit facility, were lowered in several steps from 4.50%, 4.75%, and 4.00% to 2.65%, 2.9% and 2.5% in March 2025. In September, the FED lowered its key interest rate for the first time in four years from a range of 5.25% to 5.50% to 4.75% to 5.00% and in December 2024 made a further interest rate cut to a range of 4.25% to 4.50%. Interest rates are particularly important for Kapsch TrafficCom in terms of financing costs.

Inflation.

Inflation rates continued to decline in financial year 2024/25. According to the International Monetary Fund (IMF), the average global inflation rate fell to 5.7% in 2024, compared with 6.6% in 2023. In Austria, inflation fell from 7.7% in 2023 to 2.9% in 2024 and is expected to decline to 2.7% in 2025, according to WIFO forecasts. Despite this decline, inflation remained elevated in some areas, which continued to weigh on consumers and businesses in particular. Inflation plays a significant role for Kapsch TrafficCom, particularly in relation to personnel costs.

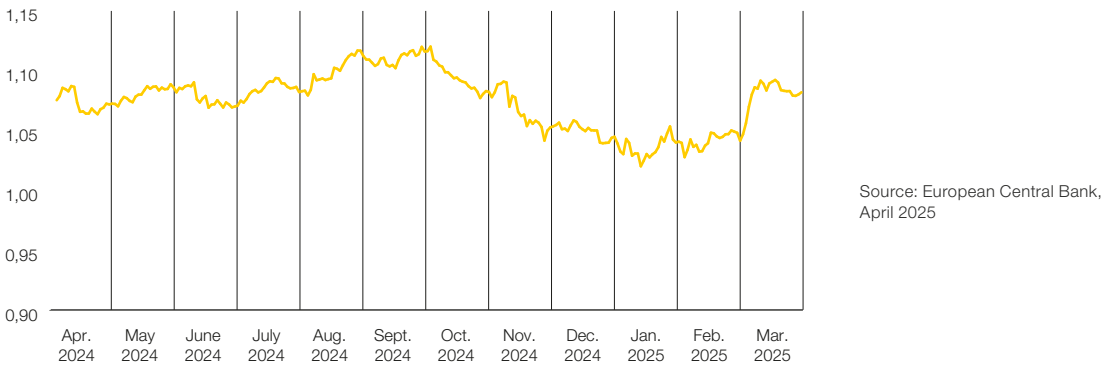
Inflation 2023–2025.



Currencies.

On the foreign exchange markets, the development of the US dollar (USD) is particularly important for Kapsch TrafficCom. The currency's influence on business development results from the international nature of the Group, with a large number of projects and locations in the US and other countries where transactions are settled in USD. In the 2024/25 financial year, the euro (EUR) fluctuated within a moderate range against the US dollar. The average exchange rate was 1.07 EUR/USD (previous year: 1.08). The maximum was reached on September 30, 2024, at 1.12 EUR/USD, while the minimum was 1.02 EUR/USD on January 13, 2025.

EUR-USD development.



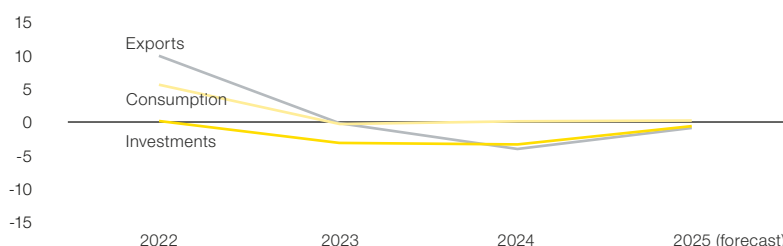
Austria.

The Austrian economy recorded a 1.2% decline in gross domestic product in 2024, making it the EU's economic laggard. The main causes were weak consumer demand and a decline in investment, particularly in the construction sector. Exports also fell sharply by 4.3%.

GDP in Austria 2024: -1.2%

Export, investment & consumption growth in Austria 2022–2025.

(in %)



Source: WIFO Economic
Forecast, March 2025

1.1.2 Market definition and products.

This information complies with the requirements of ESRS 2 SBM-1 in the Non-Financial Statement 2024/25.

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

Grand View Research estimates the global market size in 2024 at EUR 30.6 billion (USD 31.79 billion, converted at an exchange rate of 0.9626 as of December 31, 2024) and expects a compound annual growth rate (CAGR) of 8.3% from 2025 to 2030.

**Market for Intelligent Transportation
Systems with a volume of
EUR 30.6 billion in the year 2024.**

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 remaining six market segments of the ITS market are not currently addressed. This results in an addressable market with a global market size of EUR 14.1 billion according to Grand View Research, with an expected average annual growth rate of 7.8%.

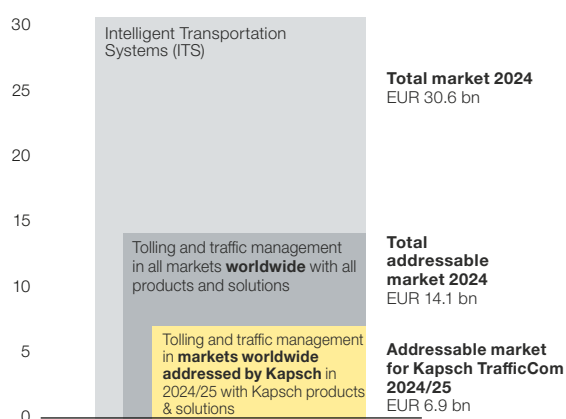
Addressable market for Kapsch TrafficCom.

The addressable market for the Company – all markets worldwide addressed by Kapsch in 2024/25 with all Kapsch products and solutions – had a market size of EUR 6.9 billion in the 2024/25 financial year according to internal calculations. Kapsch TrafficCom expects the market to grow by an average of 8.1% per year to EUR 8.7 billion by financial year 2027/28.

**Focus on niche market with a market
size of EUR 6.9 billion (2024/25).**

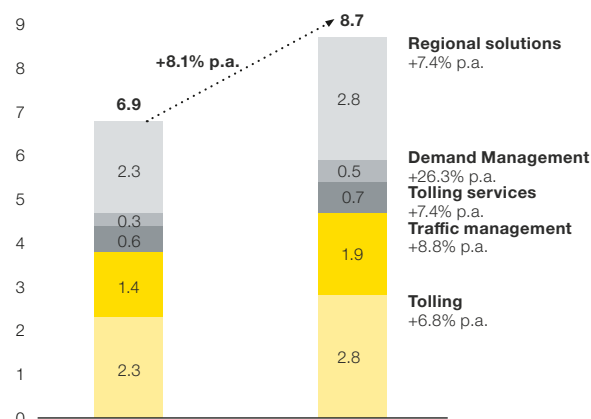
Market 2024/25.

(in EUR billion)



Addressable market for Kapsch TrafficCom 2024/25–2027/28.

(in EUR billion)



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 CO₂ 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. More and more, module solutions and cloud applications are playing a role.
- Offered services (anything-as-a-service) put the focus on the user.
- Payment options will be integrated into mobility solutions and new payment technologies will enter the market.
- Intelligent traffic infrastructure can be achieved with more affordable sensors, modules, and connection technologies. However, specific domain knowledge and the need for customer-specific solutions remain important.
- New solutions can increasingly be rolled out on a global scale.

Products.

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 products.	
915 MHz On-Board Unit	On-board unit for road tolling systems in North America based on traffic detectors. Infrastructure components for road tolling systems in North America based on traffic detectors.
5.8 GHz CEN DSRC On-Board Unit	On-board unit for tolling and ITS services worldwide in accordance with European CEN standards. The taxonomy-aligned TRP-4010 product is part of this product group.
GNSS & 5.8 GHz CEN DSRC On-Board Unit	GNSS On-Board Unit for road tolling systems based on geolocation data from a global satellite navigation system (GNSS). The taxonomy-aligned product OBU 5310 is part of this product group.
Roadside Radio Frequency (RF)	Roadside infrastructure with a radio frequency subsystem for detecting, identifying, and classifying vehicles in order to collect tolls or enforce a specific tolling regime.
Roadside Video (incl. DLVP)	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 subsystem or radio frequency subsystem 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 defined events and situations.
Vehicle Enforcement	Ensures toll collection compliance by identifying and handling unpaid toll transactions through automated vehicle detection, license plate recognition, and violation processing.
Smart Toll	A toll collection system that simultaneously improves functionality across the five toll levels (lane, station, operations management, customer management, and interoperability).
Operational Backoffice (OBO)/ Image Processing Suite (IPS)	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.
Enforcement Backoffice (EBO)	A core element for tolling and urban access solutions. With the EBO, toll or access violations are detected by a control station. Flexible, rule-based process logic enables measures to be taken to collect tolls or restrict access for vehicles that do not meet the defined criteria.
Commercial Backoffice (CBO)	An electronic central system for toll collection that processes and manages revenue from transactions from an operational back office (OBO). Customer relationships can be managed via customer service centers, call centers, or even retail stores.
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.

Product group	Short description
Traffic management products.	
EcoTrafiX™ (ETX) Controller	A traffic control device that has the lowest energy consumption compared to conventional traffic control devices.
5.9 GHz Connected Vehicle (C-ITS) On-Board Unit, C-ITS Roadside Unit	The On-Board V2X Communication Box (ComBox) enables wireless communication for the ETSI ITS G5 and IEEE WAVE standards for applications in the cooperative ITS (C-ITS) environment and other ITS applications. The C-ITS roadside infrastructure enables C-V2X wireless communication for IEEE WAVE standards for these very applications.
Connected Vehicle (C-ITS) Platform, Connected Mobility Control Center	The Kapsch Connected Mobility Control Center (CMCC) enables the expansion of connected driving management as used in smart cities. The Connected Suite enables monitoring and management in an environment where infrastructure and road users are connected (connected vehicle environment).
Mobility Data Platform (MDP)	This data platform uses data from public authorities and their partners to generate decision-making intelligence. This enables them to participate in a connected mobility ecosystem.
Deep Learning Versatile Platform (DLVP) Traffic	The Deep Learning Versatile Platform (DLVP) processes and analyzes video streams (live or offline) to translate visual inputs into information for improving traffic management. It provides real-time analytics and event detection, such as automatic vehicle/object detection, tracking, and classification, as well as detection of defined events and situations.
EcoTrafiX™ (ETX) Platform	A mobility management solution that 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.
DYNAMIC Advanced Control (DYNAC)	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.

1.1.3 Business performance 2024/25

In financial year 2024/25, Kapsch TrafficCom was able to strengthen the foundations for a successful future. All in all, the Company recorded a slight improvement in its business performance.

Strategically, the year was marked by a comprehensive strategy review and the deconsolidation of several companies. This affected TMT Services and Supplies Proprietary Limited (TMT) in South Africa at the beginning of the financial year and Kapsch Telematic Services IOOO in Belarus in the fourth quarter.

The geopolitical situation remained unstable during the reporting period, which meant that the supply chain required particular attention. Nevertheless, Kapsch TrafficCom recorded a further improvement in its financial and asset position, which is also reflected in the corresponding key figures. In March, the company also agreed on long-term financing with its main banking partners, which secures its liquidity.

Project developments. The operating projects continued to perform well, with several implementation projects entering the operational phase or having their operating life extended. In addition, order intake was extremely encouraging at EUR 802 million (previous year: EUR 734 million).

On the one hand, increasing projects for urban traffic management are worth highlighting: In January, a major city tolling project went into operation in Gothenburg, Sweden. It comprises a multi-lane free-flow (MLFF) tolling system for the entire city center with automatic vehicle identification. Kapsch TrafficCom also received an order in Guatemala for an urban mobility management solution that includes traffic light control for 511 intersections.

On the other hand, Kapsch TrafficCom can now point to reference projects in North America, Europe, and the APAC region, as well as large rollouts of applications for connected vehicles. Particularly noteworthy here are Europe's largest project for cooperative intelligent transport systems (C-ITS) in regular highway traffic in Germany and the completion of two projects in Spain that include connected vehicle applications: Spain's first connected corridor in the greater Bilbao area, which enables communication between vehicles and infrastructure, and the MLFF tolling system in the Bizkaia region with additional roadside units for connected vehicle applications in a C-ITS corridor. All these systems enable information about traffic or hazardous situations to be transmitted directly to vehicles or drivers.

The operation of the tolling system in the South African province of Gauteng was extended again during the reporting period, but ended at the end of March 2025. Although the nationwide tolling system in Belarus continues to operate, Kapsch TrafficCom relinquished the majority of voting rights and control in the operating company Kapsch Telematic Services IOOO during the reporting period.

1.2 Financial performance indicators.

1.2.1 Results of operations.

Revenues. Kapsch TrafficCom generated revenues of EUR 530.3 million in the 2024/25 financial year, which represents a decrease of 1.6% (EUR 8.5 million) compared to the previous year. However, if the revenue contribution from the sold TMT is excluded from the previous year, revenues in the 2024/25 financial year would have been approximately EUR 3.5 million higher than the prior year's level.

Invoiced revenues¹⁾ amounted to EUR 539.8 million, which is below the previous year's figure of EUR 557.8 million. Overall business dynamics remained stable, although regional developments varied: the EMEA region experienced declines due to disposals, and revenues in the APAC region also decreased compared to the previous year. In contrast, the Americas region recorded revenue growth. In terms of business areas, the Implementation segment achieved growth of 5.8%, while the Operations (-5.3%) and Components (-1.6%) segments saw revenue declines.

Geographically, the breakdown of Group revenues was as follows:

- EMEA region (Europe, Middle East, Africa): 48.5% (previous year: 51.7%)
- Americas region (North, Central and South America): 47.0% (previous year: 43.1%)
- APAC region (Asia-Pacific): 4.5% (previous year: 5.2%)

Revenues by region.

The EMEA region continued to generate the highest share of revenues but recorded a year-on-year decline of 7.7%. Without the decline in connection with the disposals, revenues in this region would have remained at the previous year's level. In the APAC region, revenues also fell by 13.4%. In contrast, the Americas region achieved a 7.1% increase in revenues compared to the previous year.

in EUR million	2023/24	2024/25	+/-
EMEA	278.7	257.4	-7.7%
Implementation	56.7	68.6	21.0%
Operations	185.8	153.8	-17.2%
Components	36.2	35.0	-3.4%
Americas	232.4	249.0	7.1%
Implementation	86.8	84.6	-2.5%
Operations	105.2	121.8	15.8%
Components	40.5	42.6	5.2%
APAC	27.7	24.0	-13.4%
Implementation	9.1	8.3	-8.8%
Operations	9.9	9.3	-6.4%
Components	8.7	6.4	-26.1%
Total	538.8	530.3	-1.6%

¹⁾ Invoiced revenues = invoiced sales - revenue deductions - credit notes - contractual penalties

In the 2024/25 financial year, 7.91 million On-Board Units were sold, representing a decrease of 6.9% compared to the previous year (8.50 million units). While sales declined in the EMEA and APAC regions, growth was recorded in the Americas region, particularly in the USA, Costa Rica, and Panama.

Other operating income amounted to EUR 31.4 million in the 2024/25 financial year, representing a decrease of 61.3% (EUR 49.9 million) compared to the previous year. The previous year's result was primarily influenced by a positive one-off effect from the termination of arbitration proceedings in Germany (EUR 66.3 million). In the reporting period, by far the largest contribution amounting to EUR 14.8 million came from income related to the deconsolidation of companies.

Expenses for materials and other production services decreased significantly by 14.6% (EUR 34.1 million) to EUR 198.6 million (previous year: EUR 232.7 million). The ratio of materials and other production services to revenues therefore declined to 37.5% (previous year: 43.2%), indicating that customer projects were executed more efficiently.

Personnel expenses increased by EUR 8.2 million to EUR 250.6 million in financial year 2024/25 (previous year: EUR 242.4 million). This increase was primarily due to salary adjustments and a shift in employee numbers from countries with lower personnel costs to those with higher costs. As of March 31, 2025, the Kapsch TrafficCom Group employed a total of 3,041 people, representing a decrease compared to the previous year's reporting date. The largest reduction occurred in the EMEA region, mainly due to divestments and the termination of a toll project in South Africa. The personnel ratio (personnel expenses as a percentage of revenues) was 47.3% (previous year: 45.0%).

In financial year 2024/25, **other operating expenses** increased by EUR 17.3 million to EUR 90.5 million, which corresponds to a rise of 23.7%. The higher costs compared to the previous year were mainly due to losses from the deconsolidation of subsidiaries amounting to EUR 8.6 million. In addition, the previous year's figure included the reversal of impairments totaling EUR 10.1 million, which had a cost-reducing effect.

The **proportional result of associates and joint ventures** amounted to EUR 5.6 million (previous year: EUR 15.4 million), originating primarily from Kapsch Telematic Services IOOO and Parat Ltd. In the previous year, the figure was mainly attributable to the joint venture autoTicket GmbH in Germany.

EBITDA. Earnings before interest, taxes, depreciation, and amortization (EBITDA) amounted to EUR 29.0 million in financial year 2024/25, compared to EUR 88.5 million in the previous year. As a result, the EBITDA margin declined to 5.5% (previous year: 16.4%).

Expenses for amortization and depreciation amounted to EUR 16.5 million in financial year 2024/25 and were therefore lower than in the previous year (EUR 18.3 million).

EBIT. Earnings before interest and taxes (EBIT) amounted to EUR 12.6 million, significantly below the previous year's figure of EUR 70.3 million. In contrast to the previous year, which was influenced by several significant one-off effects, financial year 2024/25 included no material non-recurring items affecting earnings — apart from the impact from the sale of TMT. Valuation effects related to projects and estimates, reported as other operating income, were considered inherent to operating activities. It is worth highlighting that the margin deterioration from implementation projects in the Americas, which had significantly impacted results in previous years, no longer had any notable effect in financial year 2024/25.

The **financial result** improved from EUR -30.1 million in the previous year to EUR -16.9 million in financial year 2024/25. The most significant differences resulted from a decline in interest expenses and the absence of one-off costs recorded in the previous year in connection with the restructuring agreement with the banks, which led to an improvement in the net interest result from EUR -22.1 million to EUR -8.9 million. In addition, hyperinflation adjustments in the amount of EUR -4.8 million (previous year: EUR -7.0 million) were recognized in financial year 2024/25.

Proportional result from associates and joint ventures from financial investments. The contribution to earnings amounted to EUR 0.0 million, compared to EUR -3.2 million in the previous year. The prior-year figure was attributable to Traffic Technology Services, Inc. (TTS), USA, whose shares were sold in the previous year.

Income tax. Income from income tax amounted to EUR 1.2 million in the reporting period (previous year: expense of EUR 14.6 million). This was due to a negative result before taxes and an increase in deferred tax assets on loss carryforwards.

The **result for the period** was negative at EUR -3.1 million (previous year: profit of EUR 22.3 million). A result of EUR -6.9 million (previous year: EUR 23.2 million) was attributable to the equity holders of the Group. This corresponds to earnings per share of EUR -0.48 (previous year: EUR 1.72).

Other comprehensive income. This item mainly includes currency translation differences and revaluations of post-employment benefit obligations. Other comprehensive income amounted to EUR -3.9 million (previous year: EUR -1.7 million).

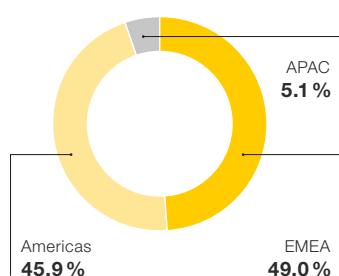
Total comprehensive income. The sum of the result for the period and other comprehensive income, amounted to EUR 0.8 million (previous year: EUR 20.6 million).

1.2.2 Results of operations by segment.

Tolling.

Revenues. In the tolling segment, revenues increased by 3.9% from EUR 378.3 million to EUR 393.0 million in financial year 2024/25, accounting for 74.1% of total revenues (previous year: 70.2%).

Tolling revenues by regions.



In financial year 2024/25, revenues in the EMEA region increased by 1.8% (EUR +3.3 million) to EUR 192.6 million, making it once again the region with the highest revenues in the tolling segment for Kapsch TrafficCom. The markets South Africa, Belarus, Spain, France, and Poland recorded a decline in revenues. In contrast, the implementation business reported a year-on-year increase in revenues, primarily driven by a project in Switzerland. Additionally, the markets Bulgaria, Denmark, Germany, Sweden, and Austria recorded revenue growth. Revenues in the service business (Tolltickets) also rose significantly by 104.3%, driven by strong demand for on-board units for trucks.

In financial year 2024/25, the segment structure within the Group was adjusted. In this context, certain projects were reassigned to the tolling or traffic management segments, particularly affecting the components business.

In the Americas region, revenues in the tolling segment increased by 9.2% to EUR 180.4 million (previous year: EUR 165.2 million). This development was largely driven by higher revenues in the operations business in the USA (EUR +16.6 million). In addition, the components business recorded revenue growth in the USA, Panama, and Costa Rica. By contrast, revenues in the implementation business declined year-on-year, particularly in Chile, the USA, and Mexico.

In the APAC region, Kapsch TrafficCom recorded a 16.1% decline in revenues in financial year 2024/25, generating EUR 20.0 million. This decline was mainly attributable to the components business in Australia and Singapore. The operations business also saw a decrease in revenues in Australia.

Segment tolling by business type.

in EUR million	2023/24	2024/25	+/-
Revenues	378.3	393.0	3.9%
Implementation	96.7	104.6	8.2%
Operations	207.7	205.6	-1.0%
Components	73.9	82.8	12.1%
EBIT	54.3	12.0	-77.9%

EBIT. EBIT in the tolling segment declined significantly to EUR 12.0 million (previous year: EUR 54.3 million). The main reason for this decrease was the agreement reached in Germany in the previous year regarding the termina-

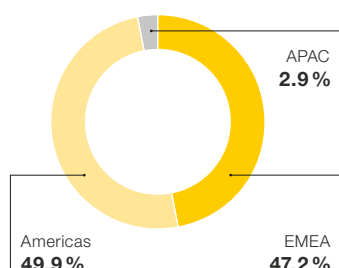
tion of the operator contract for the collection of the infrastructure charge, which had a positive impact of EUR 79.0 million on the prior-year result. Following the arbitration tribunal's confirmation in March 2022 of compensation and reimbursement of costs for autoTicket GmbH, Kapsch TrafficCom was able to recognize income of over EUR 66 million in September 2023.

Other operating income and shares from joint ventures also declined by 75.1% and 68.3%, respectively, compared to the previous year, which had included compensation and reimbursement of costs for autoTicket GmbH. Expenses for materials and other production services were reduced by 17.6% during the reporting period, despite rising revenues—primarily in the implementation and operations business areas, especially in the Americas region. Personnel expenses increased by 5.6%. Other operating expenses rose by EUR 8.7 million to EUR 56.1 million, as the previous year had included a positive effect from the reversal of an impairment.

Traffic management.

Revenues. In the traffic management segment, revenues amounted to EUR 137.3 million in financial year 2024/25, representing a decrease of 14.5% compared to the previous year (EUR 160.5 million), and accounted for 25.9% of total revenues (previous year: 29.8%). Revenues from implementation projects increased by 1.7% year-on-year, particularly in the USA, Guatemala, the United Kingdom, Germany, and Chile.

Traffic management revenues by regions.



In the operations business, revenues declined primarily due to the sale of TMT, South Africa, and the discontinuation of the related projects, which had contributed EUR 12.0 million in the previous year. Further declines were recorded in Spain, the USA, and Panama.

The reallocation of individual projects between segments led to changes in the reporting of the components business. Adjusted for these effects, the components business in the traffic management segment recorded a revenue decline, mainly attributable to the market in Ecuador.

Segment traffic management by business type.

in EUR million	2023/24	2024/25	+/-
Revenues	160.5	137.3	-14.5%
Implementation	55.9	56.8	1.7%
Operations	93.2	79.3	-14.9%
Components	11.5	1.2	-90.0%
EBIT	15.9	0.5	-96.7%

EBIT. EBIT in the traffic management segment amounted to EUR 0.5 million in the reporting year 2024/25 (previous year: EUR 15.9 million). The main reason for this development was the sale of TMT Services and Supplies (Pty) Ltd., South Africa, which on the one hand had a positive impact on revenues and earnings in 2023/24, and on the other hand led to a negative deconsolidation effect in 2024/25.

1.2.3 Net assets position.

The balance sheet total of Kapsch TrafficCom as of March 31, 2025, amounted to EUR 454.4 million (March 31, 2024: EUR 443.7 million).

Assets.

Property, plant and equipment decreased from EUR 46.0 million as of March 31, 2024 to EUR 43.1 million as of March 31, 2025. Although additions were recorded during the financial year, scheduled depreciation and disposals had a stronger impact than the additions. Intangible assets declined slightly by EUR 0.7 million.

Interests in associates and joint ventures increased by EUR 15.1 million. This development was mainly due to the additions of Parat Ltd, Abu Dhabi, and Kapsch Telematic Services IOOO, Belarus.

Other non-current financial assets and investments decreased by a total of EUR 0.7 million. This decline was mainly attributable to a company in South Africa.

Deferred tax assets amounted to EUR 53.4 million as of March 31, 2025 (March 31, 2024: EUR 45.6 million). The majority of deferred tax assets related to loss carryforwards in the USA, Austria, Brazil, and Spain.

Inventories increased by EUR 1.2 million to EUR 49.0 million, largely due to higher stock levels in Austria.

Trade receivables and other current assets decreased by EUR 10.9 million compared to the previous year, mainly due to lower invoiced sales in the course of deconsolidations.

Cash and cash equivalents amounted to EUR 47.8 million, up from EUR 33.4 million in the previous year. This increase was attributable to the new long-term financing.

A total amount of EUR 4.9 million (March 31, 2024: EUR 11.0 million) was identified as assets held for sale in accordance with IFRS 5. In addition to property, plant and equipment, this specifically included trade receivables and cash and cash equivalents.

Liabilities and equity

On March 21, 2025, Kapsch TrafficCom AG reached an agreement with its core banks on a new long-term financing arrangement totaling EUR 104.6 million. The financing runs until March 29, 2030. The development of financial liabilities reflects this new long-term financing: Non-current financial liabilities increased by EUR 4.5 million year-on-year to EUR 96.4 million. Current financial liabilities rose by EUR 9.2 million year-on-year to EUR 22.0 million.

As of March 31, 2025, non-current lease liabilities amounted to EUR 24.6 million (March 31, 2024: EUR 26.9 million), while current lease liabilities totaled EUR 7.7 million (March 31, 2024: EUR 9.2 million).

Non-current and current contract liabilities increased by EUR 3.8 million due to continued work on ongoing customer projects.

Trade payables were reduced by EUR 4.1 million to EUR 58.8 million, with part of these liabilities relating to invoices not yet received for purchased services.

Current provisions decreased by EUR 2.1 million compared to the previous year and amounted to EUR 20.4 million as of March 31, 2025 (March 31, 2024: EUR 22.4 million). The decline was mainly due to the reversal of provisions for impending losses related to projects.

Equity increased by EUR 7.6 million to EUR 91.0 million as of March 31, 2025. The equity ratio rose from 18.8% in the previous year to 20.0% as of March 31, 2025.

A total amount of EUR 3.5 million (March 31, 2024: EUR 4.0 million) was identified as liabilities held for sale in accordance with IFRS 5. This specifically included trade payables as well as other liabilities and accruals.

1.2.4 Financial position.

Cashflow.

The operating result declined compared to the previous year and amounted to EUR 12.6 million (previous year: EUR 70.3 million). The high result in the previous year was due to the settlement of the arbitration proceedings with the Federal Republic of Germany. The lower result impacted cash flow from operating activities, which amounted to EUR 27.7 million in financial year 2024/25 (previous year: EUR 61.9 million). Cash flow from earnings accounted for EUR 25.2 million (previous year: EUR 67.0 million), and the change in net working capital amounted to EUR 2.4 million (previous year: EUR -5.1 million).

The following effects were responsible for the positive change in net working capital: Trade receivables, current contract assets, and other current assets decreased by a total of EUR 8.1 million (previous year: increase of EUR 16.8 million). Inventories increased by EUR 1.6 million (previous year: increase of EUR 2.7 million). Current contract liabilities and other current liabilities, net of the decrease in trade payables, declined by EUR 2.0 million (previous year: increase of EUR 10.6 million). Current provisions decreased by EUR 2.0 million (previous year: increase of EUR 3.8 million).

Cash flow from investing activities amounted to EUR -6.5 million in financial year 2024/25 (previous year: EUR 43.8 million). Investments in property, plant and equipment increased to EUR -6.2 million (previous year: EUR -5.7 million), while investments in intangible assets rose to EUR -1.6 million (previous year: EUR -0.3 million). Payments for the purchase of securities, investments, and other non-current financial assets decreased to EUR -1.2 million (previous year: EUR -2.5 million).

The proceeds from the repayment of financing from the joint venture autoTicket GmbH, Germany, in the amount of EUR 12.9 million, as well as proceeds from the sale of the associated company Traffic Technology Services, Inc., USA, totaling EUR 7.9 million had a strong positive effect in the previous year. In addition, a dividend payment of EUR 30.0 million was received from the joint venture autoTicket GmbH, Germany, in financial year 2023/24. Altogether, these effects resulted in a clearly positive cash flow from investing activities in the previous year. In the reporting period, proceeds from the sale of securities and other financial assets declined to EUR 1.4 million (previous year: EUR 21.6 million), and dividends from at-equity consolidated companies decreased to EUR 2.5 million (previous year: EUR 30.0 million). These developments led to a lower cash flow from investing activities overall.

The sum of cash flow from operating activities and cash flow from investing activities represents the free cash flow. It amounted to EUR 21.2 million in financial year 2024/25 (previous year: EUR 105.7 million). The decline was mainly due to the absence of the one-off effects recorded in the previous year, namely the settlement of the arbitration proceedings with the Federal Republic of Germany and the sale of the shares in Traffic Technology Services, Inc., USA.

Free cash flow: EUR 21.2 million

Cash flow from financing activities improved significantly in financial year 2024/25 to EUR -6.5 million (previous year: EUR -111.6 million). The change was mainly due to the fact that in the previous year, approximately EUR 88 million of the funds received from Germany were used to repay bank loans, whereas the current financial year was characterized by the conclusion of a new long-term financing agreement totaling EUR 104.6 million. Existing financing arrangements were repaid, and the total credit volume was increased by EUR 21.1 million. Interest paid on financing and related costs decreased to EUR -11.8 million (previous year: EUR -26.7 million). This decline was primarily attributable to the absence of one-off effects recorded in the previous year in connection with the restructuring agreement with the banks, as well as a significant reduction in interest rates. Cash and cash equivalents as of March 31, 2025 amounted to EUR 47.8 million (March 31, 2024: EUR 33.4 million).

Key figures.

Net debt as of March 31, 2025 was EUR 101.5 million, representing a decrease of EUR 4.5 million compared to the previous year (March 31, 2024: EUR 106.0 million). This improvement was mainly attributable to the new financing arrangement. The simultaneous increase in equity by EUR 7.6 million reduced the gearing ratio to 111.5% (March 31, 2024: 127.1%).

Net working capital amounted to EUR 72.0 million (March 31, 2024: EUR 78.5 million).

1.3 Research and development.

In the financial year 2024/25, Kapsch TrafficCom invested 5% of its revenues in generic development, innovation, development support, and product management.

In line with the corporate strategy "Strategy 2027" Kapsch TrafficCom launched a multi-year technology transformation program in the financial year 2021/22. The goal of this program is to safeguard the Company's technology portfolio and reinforce its leadership in the marketplace. During the reporting period, the focus remained on further developing organizational capabilities and expertise, improving development and delivery processes, rapidly and flexibly developing the Company's technologies, adapting the current product and solution portfolio to constantly changing market requirements, and reducing redundancies in order to create a global, uniform portfolio. This enables faster time to market and more efficient delivery of solutions, leading to higher revenues and margins as well as a better competitive position in the market.

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

- **Product portfolio.** In the product area the product management team focused on guiding and overseeing the portfolio through a holistic approach and a targeted portfolio strategy focused on consolidation and optimization. This approach enables the identification of commonalities and synergies, leveraging intelligent platforms as a foundation.
- **Technology stack.** The understanding and supporting of leading edge and cloud technologies, and how it can enable customers to take advantage of these to improve cost and operational outcomes, has been identified as a critical core competence across the organization. To achieve this an up-skilling plan for the different core technologies has been established. In addition AI technologies have played a pivotal role in shaping the Company's technological advancements.
- **Organization and processes.** Since the initial introduction of leaner & more agile ways of working using the SAFe® methodology, Kapsch TrafficCom has expanded its adoption to most development teams thus contributing to reduce variability in how engineering teams plan, develop and deliver innovative software solutions. During the last financial year, a particular emphasis was put on the principle of 'shifting left' of quality practices through the introduction of more robust code quality practices & tools earlier in the development workflow as well as the introduction of global software development standards.
- **Culture.** Fostering and nurturing a culture of collaboration, curiosity and innovation is the fourth pillar of transformation and a key success factor. Fostering innovation, capturing untapped potential, and generating ideas with a positive business impact from every corner of Kapsch TrafficCom's organization has been one of the key focus areas.

A technology transformation program aims at efficient delivery of state-of-the-art solutions.

In the financial year 2024/25, the patent portfolio of Kapsch TrafficCom was further optimized. The focus was on topics of high strategic importance. As of March 31, 2025, the patent portfolio consisted of 117 patent families with 820 individual patents and 39 pending patent applications.

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

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

The development expenses of Kapsch TrafficCom amounted to EUR 72.3 million in the financial year 2024/25 (previous year: EUR 80.0 million). This corresponds to 13.6% (previous year: 14.8%) of total Group revenues. They are divided as follows:

- Expenses for necessary customer-specific developments: EUR 44.8 million (previous year: EUR 55.4 million)
- Expenses for generic development: EUR 27.6 million (previous year: EUR 24.5 million)

2 Anticipated development and risks.

2.1 Outlook to financial year 2025/26.

Kapsch TrafficCom expects lower revenues for the 2025/26 financial year due to the deconsolidation of several companies in the previous financial year. EBIT should nevertheless exceed the previous year's figure, with additional positive one-time effects possible.

Revenues.

During the reporting period, the deconsolidation of several companies led to a decline in revenues of EUR 22 million compared to the previous year, of which EUR 12 million relates to the South African company TMT and EUR 10 million to Belarus. Against this backdrop, management expects revenue to decline to around EUR 510 million in the 2025/26 financial year.

The high level of order intake and order backlog forms a solid basis for further growth. However, due to the long terms of the newly acquired projects, these will only be reflected in revenues in the medium to long term. In the medium term, it should at least be possible to return to the pre-crisis revenue level of around EUR 700 million.

Expectations for the 2025/26 financial year:

- > Revenues of around EUR 510 million.
- > EBIT increase compared to previous year.

EBIT (operating result).

EBIT in the past two financial years was impacted by deconsolidations and one-time effects. Based on current expectations, management anticipates EBIT for financial year 2025/26 to increase compared with the previous year. Additional positive one-time effects are possible in financial year 2025/26.

Although Kapsch TrafficCom has already achieved significant efficiency improvements in recent years, costs remain a key focus. Kapsch TrafficCom is also continuing to analyze its process organization from the ground up using a zero-base approach. The aim is to further increase efficiency through global standards and tools. This will also contribute to further increases in competitiveness and profitability.

Liquidity.

The revenues invoiced during the reporting period and the newly acquired projects will be reflected in the results and liquidity. In addition, a new bank financing agreement has resulted in a longer-term financing structure.

Management continues to seek inflows from deconsolidations of companies, pending proceedings, and other measures in order to further reduce net debt. The medium-term goal is to fall below the net debt to EBITDA threshold of around 1.5x.

Non-financial targets.

Sustainability management was expanded during the reporting period and reporting was increasingly combined with financial reporting. This will continue in the coming financial year. Kapsch TrafficCom's non-financial targets can be found in >> Chapter 4, "Consolidated Non-Financial Statement," of this Management Report.

Strategy.

In addition, a comprehensive strategy review was conducted in the 2024/25 financial year. As a result, Kapsch TrafficCom will continue to develop its core business in the areas of tolling and traffic management. In the tolling segment, Kapsch TrafficCom will secure its technology leadership through innovation and the expansion and development of expertise. In the future, the company will seek strategic partnerships for related tolling services.

In the segment of traffic management, the development of conventional systems into intelligent systems, known as "smart traffic management," is continuing. Demand management and the associated optimization of user behavior are becoming closer to reality thanks to artificial intelligence and predictive analytics. Kapsch TrafficCom will continue to expand this business.

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..

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

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 increasing focus on sustainability and low-emission mobility may also mean that technologies or business models become less relevant or need to be adapted. Strategic risks arise in this context, particularly if regulatory requirements are not anticipated or if appropriate technological innovation measures are taken too late.

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.

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

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 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 product 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 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.

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 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, particularly for hardware and software components used in the overall systems. Global bottlenecks—for example, in the semiconductor market—can lead to availability and price risks due to production downtimes, geopolitical conflicts, logistical disruptions, or currency fluctuations. Dependence on individual suppliers or extended procurement cycles also entail operational risks.

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.

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 issues – particularly in the areas of environment, sociale 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 are considered, analyzed, and evaluated as part of the Company-wide risk management process. They are described in detail in >> *Chapter 4, "Consolidated Non-Financial Statement,"* in accordance with the European Sustainability Reporting Standards (ESRS) and the key 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.

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 risk. The availability of sufficient liquid funds is crucial for financing large-scale projects, especially those with delayed payments from clients. This also applies to the fulfillment of security obligations (e.g., bid or performance bonds) required in connection with tenders.

To manage this risk, the Kapsch TrafficCom Group has a Group-wide liquidity management system with rolling cash flow planning. This enables early identification of potential bottlenecks and the initiation of appropriate countermeasures. Liquidity reserves and existing credit lines also ensure a high degree of financial flexibility.

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 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.

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.

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 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 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 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 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 “OpenLine-2CEO” 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.

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.

From today's perspective, there are no individual risks that could directly threaten the continuity of Kapsch TrafficCom. The material risks identified are continuously monitored, systematically evaluated, and addressed with appropriate control measures. The Company-wide risk management system, including the internal control system, is set up to ensure risk-bearing capacity at all times.

Compared with the previous year, the overall risk situation has become generally more stable. Increased uncertainties are evident in certain areas relating to geopolitics, regulation, and the market. These developments are being addressed with appropriate measures as part of corporate management.

From the current perspective, the individual risks identified are manageable and sufficient organizational, financial, and structural precautions are in place to limit potential effects on the net assets, financial position, and results of operations of Kapsch TrafficCom.

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 processes relevant to accounting. Operational accounting is primarily carried out in local units using Navision. Consolidation is carried out centrally in Group Accounting using the OneStream consolidation software. Additional manual and system-supported control mechanisms are used for 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.***

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. There are no legal or statutory caps or restrictions on the exercise of voting rights or the transfer of shares. KAPSCH-Group Beteiligungs GmbH held roughly 63.3% of the shares as of March 31, 2025.

In the 2023/24 financial year, KAPSCH-Group Beteiligungs GmbH pledged all of its shares in Kapsch TrafficCom AG to the financing banks in connection with a refinancing. On March 26, 2025, Kapsch TrafficCom AG agreed on new long-term financing with its main banks until 2030, and the pledge of all shares held by KAPSCH-Group Beteiligungs GmbH in the company was released.

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 Elisabeth Kapsch and members of her family (Children of Elisabeth-Privatstiftung).

There was no other shareholder holding more than 10% of the voting rights in Kapsch TrafficCom AG as of March 31, 2025. In the financial year 2024/25, Kapsch TrafficCom did not acquire or dispose of any treasury shares and did not hold any as of the balance sheet date.

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

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

Conventional “change of control” clauses, which may lead to termination of the contract, relate to financing agreements totaling approximately EUR 105 million and the promissory note bond (“Schuldscheindarlehen”) of EUR 8.5 million, or are related to individual customer contracts.

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

3.2 Corporate Governance Report.

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

4 Consolidated Non-Financial Statement.

1 General Disclosures (ESRS 2).	35
1.1 Basis for preparation.	35
1.2 Governance.	36
1.3 Strategy.	41
1.4 Impact, risk and opportunity management.	58
2 Environmental Information.	70
2.1 Disclosures pursuant to Article 8 of Regulation 2020/852 (Taxonomy Regulation).	70
2.2 Climate change (ESRS E1).	86
2.3 Pollution (ESRS E2).	100
2.4 Resource use and circular economy (ESRS E5).	102
3 Social Information.	107
3.1 Own workforce (ESRS S1).	107
3.2 Workers in the value chain (ESRS S2).	127
3.3 Affected communities (ESRS S3).	132
4 Governance Information.	136
4.1 Business conduct (ESRS G1).	136

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 above, Kapsch TrafficCom reports the relevant information – although not yet mandatory – 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).

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

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".

The emissions from the purchased services were quantified in Category 1 and those from capital goods in Category 2 on an expenditure basis. Further details on the calculation method are provided in >> **section 2, "Environmental information"**. In line with the expenditure-based method, appropriate emission factors were selected for the respective services and assets. The key figures were calculated on this basis, although the actual values may differ. No measures to improve the accuracy of these key figures are currently planned.

When determining the key figures for Scope 1, 2, and 3 emissions and key figures for the circular economy, estimates, assumptions, and projections were used where no primary data was available. This did not apply to Scope 3 Categories 2 and 6, as complete data is available for these categories.

Primary data from representative samples was evaluated and extrapolated for the goods and services purchased in Categories 1 and 11. With regard to emissions from commuting employees, well-founded assumptions were made about the working habits of employees. Furthermore, around 80% of Scope 1 and 2 emissions were measured directly and then extrapolated based on historical data for the remaining sites. In addition, estimates of weight, service life and recycling rates were used to determine the circular economy indicators where no primary data was available.

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.

The Sustainability Statement for the 2024/25 financial year was prepared for the first time in accordance with the European Sustainability Reporting Standards (ESRS), including the key figures specified therein. As a result, the key figures relating to employees in the reporting period were adjusted and expanded in line with the definitions set out in the ESRS. All information on environmental issues was also reviewed in relation to the new requirements of the ESRS and adjusted where necessary. As an extension to the previous year's report, this statement includes not only Scope 1 and Scope 2 data but also all Scope 3 categories relevant to Kapsch TrafficCom. Due to the first-time application of the ESRS, no key figures are available for the comparative period.

References contained in this Sustainability Statement.

To avoid redundancy, the Sustainability Statement refers, where necessary, to other parts of the 2024/25 Consolidated Management Report ("Management Report"), the notes to the 2024/25 Consolidated Financial Statements ("Consolidated Financial Statements"), the Consolidated Corporate Governance Report 2024/25 ("CG Report") and the Remuneration Report 2024/25 ("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)	Corporate Governance Report, chapters 3 and 4
Integration of sustainability-related performance in incentive schemes (ESRS 2, GOV-3)	Remuneration Report, chapter 3.2.2
Strategy, business model and value chain (ESRS 2, SBM-1)	Management Report, chapter 1.1.2 "Definition of market and products"

1.2 Governance.

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

Composition of the Executive Board and Supervisory Board.

In the 2024/25 financial year, the Executive Board of Kapsch TrafficCom AG consisted of two (2) members: Mr Georg Kapsch, Chairman of the Executive Board, and Mr Alfredo Escribá Gallego, Member of the Executive Board. The Supervisory Board of Kapsch TrafficCom AG consisted of six (6) members, four of whom were elected by the Annual General Meeting and two 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 2024/25 financial year, the Executive Board consisted of two male representatives (100% male; 0% female). Until the Annual General Meeting on September 4, 2024, the Supervisory Board consisted of two women and four men (66.6% male; 33.3% female). Following the Supervisory Board elections held on September 4, 2024, the Supervisory Board comprised three women and three 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 agendas are also reflected in the reporting lines of the CEO, which include the departments of Environmental Sustainability, Human Resources, Legal & Compliance, Production and Finance. These mandates enable him to steer the content of these areas, and strategies and guidelines are subject to his approval.

The Audit Committee is informed quarterly in a risk report about the significant effects, risks and opportunities so that it can monitor these and take further steps as necessary. This risk report is continuously updated as part of the existing enterprise risk management system, which is embedded in the existing processes in the finance department. This includes quarterly coordination with the Executive Board and Supervisory Board.

In addition to quarterly reporting on the current status of significant impacts, risks and opportunities, the Chief Executive Officer may address the relevant departments in his reporting line as necessary in day-to-day business.

Supervisory Board								
Georg Kapsch (CEO)								Alfredo Escribá (CTO)
Investor Relations and ESG*	Human Resources	Legal & Compliance	Finance/ Risk Management	EU Affairs	Environmental Sustainability	Production	Procurement	HSSEQ

- ESG Task Force members
- * ESG Officer

As of March 31, 2025

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

Just like strategies and policies, the targets at the Executive Board level are set, approved and monitored by Georg Kapsch via his existing reporting lines with ESG agendas in coordination with the division heads. At Supervisory Board level, the targets are discussed in the Audit Committee as part of risk reporting, or in the Remuneration Committee in the case of ESG targets linked to Executive Board remuneration 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, EcoDesign Directive, CBAM, CSDDD.
- 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 compliance with corporate governance principles, including corporate culture and business conduct. The Supervisory Board contributes to this within the scope of its supervisory and advisory function. The relevant expertise of the executive bodies is ensured by the professional experience and responsibilities of their members and by training.

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 informed about sustainability impacts, risks and opportunities at regular meetings with members of the cross-functional ESG Task Force. Sustainability aspects were addressed in aggregate form, but not yet structured in the sense of separate reporting. Specific reporting on the implementation of due diligence in the area of sustainability and on the effectiveness of the strategies, measures, parameters and targets adopted did not yet take place in the reporting period.

The introduction of structured and comprehensive reporting is planned for the upcoming financial year. This will be the responsibility of the Head of Group Risk & Internal Audit and Environmental Sustainability and will be submitted to the Audit Committee on a quarterly basis in the form of a written report and an accompanying presentation. In future, the report will include the following content:

- Assessment of significant sustainability impacts, risks and opportunities based on the established materiality analysis.
- Results of the due diligence process in the area of sustainability.
- Assessment of the effectiveness of implemented strategies, measures, parameters and targets, as well as necessary adjustments.
- Overview of relevant regulatory developments.

This will ensure that the management and supervisory bodies receive systematic and comprehensive information in the upcoming reporting year.

In line with the information provided to the executive and supervisory bodies, sustainability issues were addressed as part of general corporate governance, but have not yet been systematically and explicitly integrated by the bodies in relation to strategy, significant transactions and risk management.

A structured process for explicitly considering material impacts, risks and opportunities in the decision-making processes of the bodies has not yet been implemented. This process is planned to be established in the upcoming financial year. Specifically, the aim is that

- the key sustainability issues are regularly taken into account in the documents and discussions of the management and supervisory bodies,
- when making investment decisions, mergers and acquisitions, sustainability risks and opportunities are systematically integrated into the documents prepared for the bodies,
- in enterprise risk management, sustainability aspects are included in the quarterly reports to the Executive Board and Supervisory Board,
- in the event of conflicts of interest, particularly between economic and sustainability-related objectives, the relevant bodies document their considerations and decisions.

This is intended to ensure that the key sustainability issues are systematically taken into account in the decision-making processes of the management and supervisory bodies in the upcoming reporting year.

However, during the reporting period, the identified material impacts, risks and opportunities and the materiality threshold were approved by the Management Board responsible for ESG agendas in February 2024 and discussed at the Audit Committee meeting in June 2024. The topics discussed at this meeting included in particular

- climate-related risks and opportunities,
- reputational risks related to social and environmental factors,
- regulatory risks related to sustainability requirements,
- opportunities arising from sustainable products and services,
- risks arising from the value chain, particularly with regard to social and environmental standards.

For future reporting, it is planned to focus the discussion in the Audit Committee on IROs with a materiality level greater than or equal to 8 in order to draw attention specifically to the most relevant issues.

A description of the materiality thresholds can be found under >> *“Description of the processes to identify and assess material impacts, risks and opportunities (IRO-1)”* in this section.

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 2024/25 financial year included

- reducing the corporate carbon footprint by 14% and
- improving the CDP rating to A-.

The targets set for one year were

- a proportion of women in management positions of at least 30% and
- completion of the Capital Market Compliance Online Training by at least 95% of the employees requested to do so.

The targets and their achievement are explained in detail in the >> *Remuneration Report, chapter 3.2.2*. The corresponding key figures for the reporting period correspond to those described in this Statement as relevant for Kapsch TrafficCom, with the exception of the CDP rating, which is not listed as a key figure.

The share of total variable remuneration for the Executive Board in the 2024/25 financial year amounted to 1.3% of total remuneration and was paid in full in connection with the sustainability-related targets of the previous year. All conditions of these incentive schemes in the Executive Board remuneration are updated and approved by the Supervisory Board's Remuneration Committee.

As described, climate-related considerations are part of the variable remuneration of the Executive Board. In the 2024/25 financial year, this related to the two multi-year targets for the Executive Board, namely reducing the corporate carbon footprint and improving the CDP rating to A- by the end of the 2025/26 financial year. As neither of these targets was achieved, the proportion of climate-related variable remuneration for the Executive Board in the 2024/25 financial year was 0% of total remuneration.

Statement on due diligence (GOV-4).

Kapsch TrafficCom also fulfils its duty of care with regard to sustainability aspects. 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 the 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) Identifying and assessing adverse impacts	1 General disclosures (ESRS 2): SBM-3, IRO-1
d) Taking actions to address those adverse 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 Enterprise Risk Management (ERM) and Internal Control System (ICS) are used for sustainability reporting. Risks relating 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. The internal control system includes clear processes for data collection, validation and quality assurance. These 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,
- and the final consolidation and approval of the information for sustainability reporting by the responsible central reporting team.

This ensures that sustainability reporting meets the requirements for completeness, reliability and compliance with regulatory timelines. Controls were established during the reporting period, and their effectiveness is regularly reviewed and adjusted as necessary.

As part of the existing enterprise risk management system, 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. In particular, they evaluate 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 prioritised based on a combined assessment of their probability of occurrence and potential impact on reporting. High-priority risks are addressed within the ICS with specific control measures and monitored on an ongoing basis. The risk register is updated regularly and included in the corporate reporting to the management and supervisory bodies.

As part of the ongoing development of the risk management system for sustainability reporting, the following generic main risks have been identified that could potentially affect the quality and completeness of 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 modelling 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 decentralised departments.

The following measures are already being taken to reduce risk:

- Embedding data collection and validation in existing internal control systems.
- Use of standardized ERM assessment methodology to prioritise and monitor 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.

While risk identification and assessment in connection with sustainability reporting is already carried out systematically as part of existing enterprise risk management, 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. Formalised 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.

Similarly, the integration of key findings into reporting to management and supervisory bodies will be implemented as part of the ongoing systematization process.

For the financial year 2025/26, it is planned to integrate the specific risks and controls relating to sustainability reporting into the existing risk reporting to the Audit Committee. The development of appropriate reporting formats and content will take place in parallel with the further 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 tolling services, traffic management and demand management. 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. The two main segments are:

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

Segment Traffic management. Establishment of traffic management systems consisting of hardware and software components for controlling and optimising 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 products”*). 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.

Internal and external studies¹⁾ quantify the impact as follows: In the European Union, road traffic accounts for 17% of all greenhouse gas emissions, and in urban areas, road traffic is responsible for 25% of air pollution worldwide. Intelligent transportation systems are one of the key technologies for addressing this problem. As a key 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	
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 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 positively influence the behaviour 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 products”*. The largest customer segments are government agencies and motorway operators that operate tolling systems or solutions for interurban mobility, as well as cities and municipalities that commission traffic management solutions for urban mobility. This remains unchanged from the previous year.

As of March 31, 2025, the Kapsch TrafficCom Group employed 3,041 people (number of employees):

- EMEA region: 1,688 employees
- Americas region: 1,271 employees
- APAC region: 82 employees

All products and services offered by Kapsch TrafficCom are permitted in all markets served and for all customer groups. There are also no actual or potentially significant negative effects of the Company in this regard.

¹⁾ Further details can be found at https://www.kapsch.net/_Resources/Persistent/473e0364850980c6b396031f618311fa19b6316c/Kapsch_ITS_in_EU_Taxonomy_Regulation_WP_2025_EN.pdf and https://www.kapsch.net/_Resources/Persistent/463f1b0c2ec9b-c01e6d2689cc2152378125a56e7/KTC7035_Factsheet_Sustainable_Future.pdf

Ambition and sustainability target.

Kapsch TrafficCom strives to continuously reduce the consumption of resources and climate-relevant emissions associated with its business activities. The Company has defined an ambition in this regard:

Sustainable Company.

Reduction of CO₂ footprint by 42%.

Kapsch TrafficCom aims to reduce its Company-wide CO₂ footprint¹⁾ by 42 % by 2030 compared to the 2019/20 financial year.

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

In the current 2025/26 financial year, work will be carried out to formalise this ambition as a target and to underpin it with quality-assured data.

In addition, Kapsch TrafficCom has already defined the following target (in accordance with ESRS):

Sustainable portfolio.

Increase the proportion of taxonomy aligned²⁾ 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.

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".

The ambition and target were defined as part of the sustainability policy ("Sustainability Vision") and anchored in the corporate strategy. They apply equally to all product and service groups; no distinction is made between customer categories, geographical areas or stakeholder categories.

To date, the focus on achieving the sustainability target has been on on-board units, as these have the highest potential for taxonomy alignment according to the technical screening criteria (economic activity 3.6): They all have clearly defined markets, and the data relevant for calculating the conservative lower limit of the carbon footprint for competing products is mostly available in publicly accessible product data sheets. Kapsch TrafficCom products meet the criterion of being the "most efficient product" on the market if the CO₂ footprint of the product is lower than the conservative lower limit of alternative products and this has also been independently confirmed. To assess the "do no significant harm" criteria, an annual review is required to determine whether they are still applicable. Kapsch TrafficCom also focuses on the European market, as customers here have a particular interest in climate protection.

Technical screening criteria (economic activity 4.1) have already been reviewed for the tolling and traffic management portfolio. The focus going forward will be on providing the remaining evidence of taxonomy alignment.

Climate protection is not only a sustainability goal, but also a core element of the Company's 2027 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.

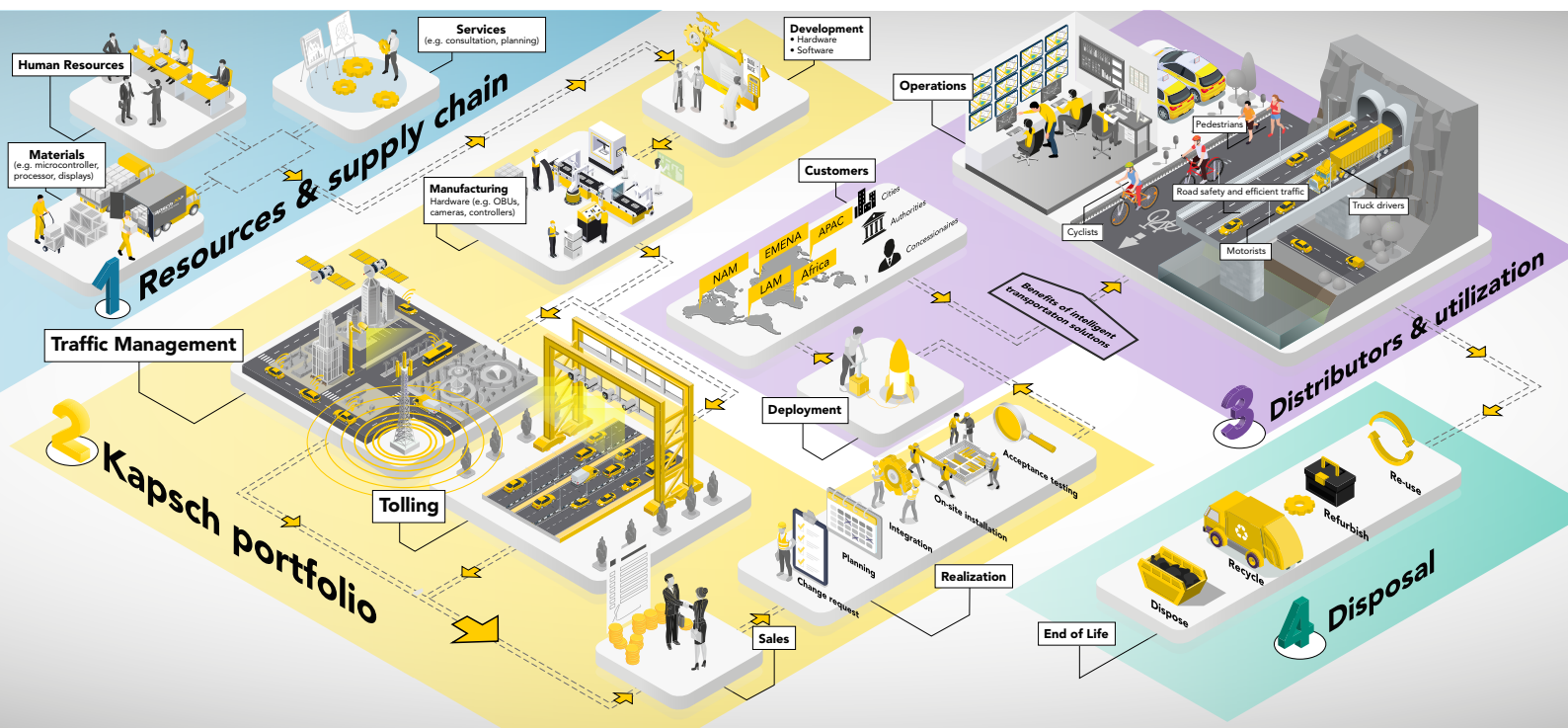
Over the next few years, the targets will be gradually expanded to include additional key figures and areas.

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”.

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, carries out customer projects and offers operation services. The value chain can be broken down into

1. Resources and supply chain,
2. Kapsch portfolio,
3. Sales and use,
4. Disposal.

1. Resources and supply chain.

Key input factors are materials, employees and services.

Materials 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 thus secure the supply chain, care is taken to ensure that several suppliers are available and that sufficient stock is available, also in connection with a potential failure of a supplier for 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. As stipulated in the People Strategy, job vacancies are advertised internally and externally, primarily digitally.

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. Sales and use.

Sales. 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 key role in identifying existing and new customer needs, presenting solutions and creating added value for customers. The aim is to find a solution that is profitable for both sides. Customer relationship management (CRM) helps to build long-term relationships with customers, continuously improve products and services with their feedback and convince customers of environmentally friendly solutions.

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

Realization. In the course of **project planning**, Kapsch TrafficCom analyzes the requirements of the customer or the tenders, allocates resources, draws up schedules and defines milestones. Project teams and, if necessary, sub-projects ensure that the project is carried out effectively. Any **change requests** during the course of the project are analyzed for their effects and only then implemented.

Solutions comprise hardware, software or service components that need to be integrated in order to achieve the desired functions and results. **Integration** and testing are therefore of great importance. After development, the **on site installation** takes place at the customer's premises: Delivery of hardware, configuration of software, integration into existing systems and other implementation activities. Finally, an **acceptance test** with the customer verifies that the customer requirements have been properly implemented and that the solution works.

To ensure consistent quality and the fulfillment of customer requirements, Kapsch TrafficCom has a global project management organization. Experts and specialists from other teams are involved for specific topics.

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 premises, the ongoing use and maintenance of these solutions.

Operation. Depending on the agreement, the realization of the project and implementation at the customer's site is followed by operation by Kapsch TrafficCom in accordance with customer requirements. This involves the responsibility for the operation of the system including monitoring, maintenance, servicing and potential improvements and can be contracted for three to 15 years or even longer. Possible operational services also include the provision of helpdesk 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, last but not least, 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 includes electronic waste, batteries or display devices. In some cases, materials and components can be recovered and reused in the **recycling** process. One example is the on-board units, whose plastic housing is shredded and reused elsewhere. Other recyclable materials, such as metals, plastics or glass, are also collected separately and forwarded to specialized recycling companies when they are 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**.

Interests and views of stakeholders (SBM-2).

The following overview lists the relevant interest groups of Kapsch TrafficCom with whom the Company is in continuous dialogue.

The main interests of these internal and external stakeholders are also listed, along with the channels through which Kapsch TrafficCom primarily communicates with them. "Direct contact" includes personal meetings, emails, telephone calls and digital communication platforms such as Microsoft Teams.

Stakeholders	Their interests	Communication channels
Staff	<ul style="list-style-type: none"> Remuneration Job security Health and safety at work Diversity and inclusion Training and development Career opportunities Workplace flexibility Sustainable business practices Innovation Strategy 	<ul style="list-style-type: none"> Direct contact Mailings Regular and situational events with space for questions and answers via communication platforms Intranet Internal social media Performance review conversation Employee survey Works council OpenLine2CEO (also with regional managers) Let's talk tech
Customers	<ul style="list-style-type: none"> Quality Price Reliability Innovation Sustainable business practices 	<ul style="list-style-type: none"> Direct contact Trade fairs and conferences Customer survey Annual consultation Social media Company website
Suppliers	<ul style="list-style-type: none"> Timely payment Predictable acceptance Sustainable business practices 	<ul style="list-style-type: none"> Supplier platform Direct contact
Business partners	<ul style="list-style-type: none"> Reliability Business opportunities Compliance Innovation Strategy Sustainable business practices 	<ul style="list-style-type: none"> Direct contact Company website Social media
Associations	<ul style="list-style-type: none"> Regulatory and legal issues Intelligent transportation systems Sustainable business practices 	<ul style="list-style-type: none"> Participation of experts from Kapsch TrafficCom in working groups and committees Membership in associations and participation in initiatives
Standardization agencies	<ul style="list-style-type: none"> Technical standards 	<ul style="list-style-type: none"> Participation of experts from Kapsch TrafficCom in working groups and committees Membership in associations and participation in initiatives

Stakeholders	Their interests	Communication channels
Authorities and regulators	<ul style="list-style-type: none"> Compliance with laws, standards, and regulations Information about intelligent transportation systems as well as challenges for companies Sustainable business practices 	<ul style="list-style-type: none"> Direct contact Associations/organizations/platforms Public affairs experts
Shareholders	<ul style="list-style-type: none"> Share price development Dividend and dividend policy Strategy Transparency Financial and non-financial development of the Company Sustainable business practices Corporate governance Remuneration Outlook 	<ul style="list-style-type: none"> Investor Relations Shareholder hotline Company website Roadshows Investor conferences Releases, mailings Annual General Meeting Traditional media Social media
Lenders	<ul style="list-style-type: none"> Fulfillment of financial obligations Compliance with covenants Strategy Transparency Financial and non-financial development of the Company Sustainable business practices Outlook 	<ul style="list-style-type: none"> Direct contact Company website Releases, mailings Traditional media Social media
Financial analysts	<ul style="list-style-type: none"> Strategy Dividend policy Financial and non-financial development of the Company Sustainable business practices Transparency Outlook 	<ul style="list-style-type: none"> Investor Relations Analyst calls Company website Investor conferences Releases, mailings Traditional media Social media
Local communities	<ul style="list-style-type: none"> Local business activities of Kapsch TrafficCom Kapsch TrafficCom as an employer Sustainable business practices 	<ul style="list-style-type: none"> Direct contact Events Press releases Social media
NGOs (Non-Governmental Organizations)	<ul style="list-style-type: none"> Sustainable business practices Transparency Compliance Information security and data protection 	<ul style="list-style-type: none"> Direct contact Events Press releases Social media
Industry analysts	<ul style="list-style-type: none"> Research and development Market data Market developments Innovation Strategy 	<ul style="list-style-type: none"> Direct contact Conferences Cooperation Releases Social media

Contact via the aforementioned communication channels is handled by the relevant departments. In the context of sustainability management, stakeholder interests are covered by members of the ESG Task Force from various divisions of the Company. For example, customer interests are represented by the Environmental Sustainability and HSSEQ departments, which are involved in ESG-related offers and customer projects; by associations via the EU Affairs expert; and by shareholders, lenders, and analysts via Investor Relations.

In addition to the ongoing engagement described above, stakeholders were closely involved in the materiality analysis in 2023/24. They were asked about the relevance of sustainability aspects at Kapsch TrafficCom. This is described in detail in >> **section 1.4 “Impact, risk and opportunity management”**.

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.

The results of the stakeholder survey – Kapsch TrafficCom received 327 responses – were also included in the analysis of significant impacts, risks, and opportunities by comparing the evaluation 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 are provided 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 further significant changes to the strategy or business model in financial year 2024/25, apart from the strategy review that had already been carried out.

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 personnel from the external labor market when needed. Kapsch TrafficCom combines an international orientation with the roots of a modern family business. Entrepreneurship, market-oriented and quick decisions, as well as above-average commitment and dedication are just as central to the corporate culture as mutual respect and a strong sense of team spirit. The People Strategy aims to create an attractive employer identity and involves employees directly in its design. The interests, views, and rights of employees are taken into account through formats such as employee surveys, so-called “OpenLines”, and performance review conversations.

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 financial year 2024/25, these were adjusted to the current circumstances as part of an annual review. 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 for financial success from the Company’s perspective (“outside-in”).

A total of 66 ecological and social impacts (inside-out) and 120 financial opportunities and risks (outside-in) were identified, of which 25 and 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).	<<< KTC >>>	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).	<ul style="list-style-type: none">■ 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)	<ul style="list-style-type: none">■ 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)	<ul style="list-style-type: none"> ■ Demand management ■ Traffic management ■ Tolling solutions ■ 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)	<ul style="list-style-type: none"> ■ Supplier evaluation ■ Supplier audits ■ Green Gantry ■ Cloud solutions ■ On-board unit refurbishment ■ In-house repair service ■ Reuse of plastic waste in production ■ Infrastructure-reduced solutions ■ Durable products ■ 2-in-1 camera (VDX2i) ■ Environmentally friendly packaging ■ Sustainable product design (Sustainable Portfolio Guideline) ■ Remote maintenance and remote testing ■ Home office regulation ■ Reduction of business travel ■ Austrian mobility guideline ■ Job ticket ■ Green facility requirements ■ ÖkoWin participation ■ CDP participation
Opportunity: High reduction in emissions through own processes as well as upstream and downstream activities in the value chain. (short to long term)	<<< KTC >>>	Outside-in: Improvement of reputation through initiatives to reduce greenhouse gas emissions.	

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., NOX, 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)	<ul style="list-style-type: none"> Investment in the portfolio, particularly demand management and low emission / clean air zones Sustainability communication
		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.	
Circular economy (ESRS E5)			
Resources inflows, including resource use			
Risk: Disruption of the supply chain through the introduction of new regulations on resource consumption. (medium to long term)	<<<	Outside-in: New tariffs, import regulations, or other resource-based laws may result in increased costs, delivery delays, or delivery failures.	<ul style="list-style-type: none"> Monitoring of the evolving legal framework Early implementation of the necessary measures to ensure compliance Regular compliance checks on the existing legal framework Engagement in industry associations and in the EU Supplier evaluation Supplier audits Inventory management
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.	<ul style="list-style-type: none"> Supply chain diversification On-board unit refurbishment In-house repair service Reuse of plastic waste in production Infrastructure-reduced solutions Long-lasting products 2-in-1 camera (VDX2i) Green Gantry
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.	<ul style="list-style-type: none"> Demand management Traffic management Tolling solutions Infrastructure-reduced solutions Green Gantry On-board unit refurbishment In-house 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)	<ul style="list-style-type: none"> Green Gantry On-board unit refurbishment Reuse of plastic waste in production In-house repair service Environmentally friendly packaging Sustainable product design (Sustainable Portfolio Guideline) Long-lasting products 2-in-1 camera (VDX2i) Infrastructure-reduced solutions
		Outside-in: Resource efficiency can reduce costs and improve the Company's reputation. Recycled or upcycled products enable revenue growth and increase market share.	

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)	<ul style="list-style-type: none"> ■ 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)	<ul style="list-style-type: none"> ■ 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.	<ul style="list-style-type: none"> ■ 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)	<ul style="list-style-type: none"> ■ Targeted resource planning ■ Additional personnel
Working conditions > Social dialogue			
Positive impact / opportunity: Participatory decisions through social dialogue between the employer and employees. (short to long term)	KTC	Inside-out: Greater satisfaction by adapting working conditions to the needs of employees. (actual) Outside-in: Positive impact on productivity and corporate culture, greater attraction and retention of talented people, lower recruitment costs.	<ul style="list-style-type: none"> ■ 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)	<ul style="list-style-type: none"> ■ Flexible working models ■ Home office ■ Vacation offers
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)	<ul style="list-style-type: none"> ■ Salary band model
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)	<ul style="list-style-type: none"> ■ Continuous identification of training needs ■ Cooperation with educational institutions and partners

Material impacts, risks and opportunities	Position in the value chain	Description	Actions
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)	<ul style="list-style-type: none"> ■ 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.	<ul style="list-style-type: none"> ■ 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 outside Europe. (potential)	<ul style="list-style-type: none"> ■ Strict data protection guidelines ■ Continuous monitoring and training
Workers in the value chain (ESRS S2)			
Working conditions > Health and safety			
Positive impact: Increased health and safety measures in the supply chain. (short to long term)		Inside-out: Safe and healthy working environment for workers in the value chain through regular exchange of improvement measures and best practices between Kapsch TrafficCom and suppliers. (actual)	<ul style="list-style-type: none"> ■ 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.	<ul style="list-style-type: none"> ■ 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)		Outside-in: Risk of child labor and/or forced labor in suppliers' operations in developing countries. (potential)	<ul style="list-style-type: none"> ■ 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)	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> 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)	<ul style="list-style-type: none"> Identification of vulnerable road users
Positive impact: Tolling enable 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.	<ul style="list-style-type: none"> Offer solutions for authorities Demonstrations and training
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)	<ul style="list-style-type: none"> Clear communication of corporate values Training for managers Regular employee feedback
		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.	

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 measures mentioned here.

Material impacts, risks and opportunities	Position in the value chain	Description	Actions
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)	<ul style="list-style-type: none"> ■ People Strategy with a strong focus on servant leadership ■ Ethics, diversity and cooperation ■ Clear communication of corporate values
Risk: Loss of customer trust due to a data breach. (short to long term)	KTC >>>	Outside-in: Loss of customers, legal sanctions, costs for data recovery and PR management.	<ul style="list-style-type: none"> ■ 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.	<ul style="list-style-type: none"> ■ 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.	<ul style="list-style-type: none"> ■ Development of ethical guidelines for AI use ■ Clear data usage guidelines ■ Continuous monitoring of practices
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)	<ul style="list-style-type: none"> ■ Experts in standardization activities and EU affairs
		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.	

Material impacts, risks and opportunities	Position in the value chain	Description	Actions
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.	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> 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.

No significant risks or opportunities were identified during the reporting period that could have a material impact on the Company's financial position, financial performance, or cash flows in the short term. Likewise, there are no significant risks that could require a material adjustment to the reported assets or liabilities in the Consolidated Financial Statements in the next reporting period.

The resilience of Kapsch TrafficCom's strategy and business model is crucial to 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 compete in a dynamic market.

Details on the resilience of the business model and locations with regard to impacts, risks, and opportunities resulting from climate change can be found in >> **section 2 "Environmental Information"** under "Resilience analysis". Semi-annual employee surveys are conducted to monitor employee satisfaction and thus also the social resilience of business operations. Kapsch TrafficCom has also established a continuity management concept in the area of information security to review business-critical functions and maintain them even in challenging times.

Annual review of the materiality analysis.

The material stakeholders, trends, impacts, risks, and opportunities are reviewed annually and updated as necessary. A complete update of the materiality analysis is planned every three years.

All impacts, risks, and opportunities are covered by the ESRS disclosure requirements, so no Company-specific disclosures have been added.

1.4 Impact, risk and opportunity management.

Disclosures on the materiality assessment process.

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

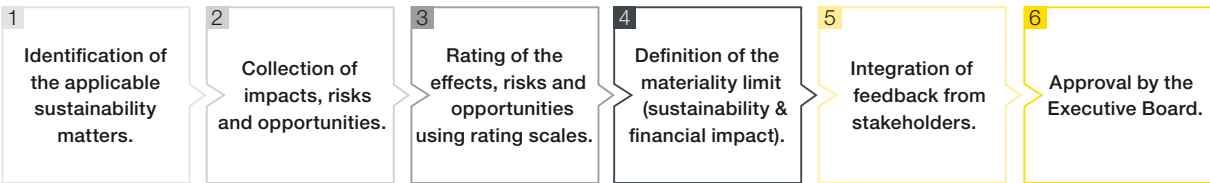
General.

The material impacts, risks, and opportunities described were identified in a comprehensive materiality analysis in the 2023/24 financial year and reviewed in the 2024/25 financial year. The following scenario was used as a basis:

- 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 review were carried out by the Kapsch TrafficCom ESG Task Force, which consists of eight people from different divisions with global responsibility and is headed by an ESG Officer. This ensured that specific and locally relevant perspectives were taken into account both within the Company and in the value chain. Experts from other divisions were also consulted on specific issues.



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 effects, 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 irremediable character of negative effects (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.

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.

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. 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.

The following diagram provides an overview of the materiality analysis and the material matters:

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

✓ Material  Environmental  Social  Governance

Step 6: Approval by the Executive Board.

The process and results of the materiality analysis were discussed with Georg Kapsch, the member of the Management Board responsible for ESG issues, and ultimately approved by him.

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.

There were no significant changes to the procedure for identifying, assessing, and prioritizing sustainability impacts, risks, and opportunities during the reporting period. A review and, if necessary, revision of the procedure is planned for the upcoming financial year, particularly with regard to the further development of the materiality analysis and the integration of additional data sources. The aim is to adapt the methodology to changing regulatory requirements and internal experience. The next review is scheduled for the end of the 2025/26 financial year, i.e. March 31, 2026.

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 emission sources are expected in the future.

Kapsch TrafficCom has identified all climate-related impacts in 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 related to its own operations, which mainly consist of office activities. The assessment of emissions from the production sites showed that both sites have lower emissions than some of the larger office locations. For Scope 3, a materiality assessment was carried out in accordance with ISO 14064-1:2018. The result was that the main factors are the purchase of materials and services and 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 AR 11), vulnerabilities in relation to physical risks within Kapsch TrafficCom'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 solutions in operation due to extreme weather conditions, which are taken into account in the IPCC worst-case scenario SSP5-8.5 with a global temperature increase 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 special equipment and machinery, production facilities cannot simply be relocated to other sites in the event of climate-related hazards. To assess the associated risk, Kapsch TrafficCom evaluated how well the cities of Vienna and Mississauga are prepared in terms of climate protection and the current and potential future risk level. The result was that, due to their geographical location, neither city faces high climate-related physical risks and, in addition, both have implemented sufficient measures to mitigate all significant physical climate risks, as outlined in the cities' climate action plans.

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 area of tolling and traffic management.

The scenario analysis takes into account the predicted impacts of the IPCC scenario SSP 5-8.5.

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

The above results, taking into account the IPCC scenario SSP 1-1.9, were summarized in seven transitional climate risks. Five of these risks were assessed as material and relate to stricter legal requirements and increasing customer demands. Two risks were assessed as immaterial and also relate to cost increases due to 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 transitional events.

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

The identified temporary events that could occur in the short, medium, or long term consist exclusively of stricter regulations and changing customer requirements. Regulations that have already been implemented or are foreseeable have been taken into account in specially defined risks. No further stricter regulations are currently foreseeable.

The above results, taking into account the most conservative scenario for transitory events (IPCC scenarios SSP 1-1.9), were summarized in seven transitory 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 has already been explained. No additional climate-related assumptions that would contradict the above climate scenarios have been made in the financial reporting.

Climate-related hazards were analyzed in accordance with the information provided in ESRS E1-1 AR 11 and assessed based on the IPCC scenario SSP5-8.5.

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.

The stakeholder survey asked respondents to rate the importance and satisfaction of various aspects and to suggest improvements.

The sustainability topic was ultimately identified as material due to the positive impacts and opportunities arising 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.

The stakeholder survey asked respondents to rate the importance and satisfaction of various aspects and to suggest improvements.

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.

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.

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.

The stakeholder survey asked respondents to rate the importance and satisfaction of various aspects and to suggest improvements.

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.

The stakeholder survey asked respondents to rate the importance and satisfaction of various aspects and to suggest improvements.

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)

Disclosure Requirement	Page
1 General Disclosures (ESRS 2)	35
General basis for preparation of Sustainability Statements (BP-1)	35
Disclosures in relation to specific circumstances (BP-2)	35
The role of the management and supervisory bodies (GOV-1)	36
Information provided to and sustainability matters addressed by the undertaking's management and supervisory bodies (GOV-2)	38
Integration of sustainability-related performance in incentive schemes (GOV-3).	39
Statement on due diligence (GOV-4)	40
Risk management and internal controls over sustainability reporting (GOV-5)	40
Strategy, business model and value chain (SBM-1)	41
Interests and views of stakeholders (SBM-2)	47
Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)	50
Description of the processes to identify and assess material impacts, risks and opportunities (IRO-1)	58
Disclosure requirements in ESRS covered by Kapsch TrafficCom's Sustainability Statement (IRO-2)	65
2 Environmental Information.	70
2.1 Information pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)	70
2.2 Climate change (ESRS E1)	86
Material impacts, risks and opportunities and their interaction with strategy and business model (ESRS 2 SBM-3)	87
Transition plan for climate change mitigation (E1-1)	88
Policies related to climate change mitigation and adaptation (E1-2)	89
Actions and resources in relation to climate change policies (E1-3)	90
Targets related to climate change mitigation and adaptation (E1-4)	91
Energy consumption and mix (E1-5)	91
Gross Scopes 1, 2, 3 and Total GHG emissions (E1-6)	92
2.3 Pollution (ESRS E2)	100
Policies related to pollution (E2-1)	100
Actions and resources related to pollution (E2-2)	100
Targets related to pollution (E2-3)	101
Pollution of air (E2-4)	101
2.4 Resource use and circular economy (ESRS E5)	102
Policies related to resource use and circular economy (E5-1)	103
Actions and resources related to resource use and circular economy (E5-2)	103
Targets related to resource use and circular economy (E5-3)	104
Resource inflows (E5-4)	104
Resource outflows (E5-5)	106
3 Social Information.	107
3.1 Own workforce (ESRS S1)	107
Material impacts, risks and opportunities and their interaction with strategy and business model (ESRS 2 SBM-3)	108
Policies related to own workforce (S1-1)	110
Processes for engaging with own workforce and workers' representatives about impacts (S1-2)	114
Processes to remediate negative impacts and channels for own workforce to raise concerns (S1-3)	116
Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions (S1-4)	118
Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S1-5)	121
Characteristics of Kapsch TrafficCom employees (S1-6)	122
Characteristics of non-employees in Kapsch TrafficCom's own workforce (S1-7)	123
Collective bargaining coverage and social dialogue (S1-8)	123
Diversity metrics (S1-9)	124
Persons with disabilities (S1-12)	124
Health and safety metrics (S1-14)	124
Remuneration metrics (pay gap and total remuneration) (S1-16)	126
Incidents, complaints and severe human rights impacts (S1-17).	126
3.2 Workers in the value chain (ESRS S2)	127
Material impacts, risks and opportunities and their interaction with strategy and business model (ESRS 2 SBM-3)	127
Policies related to value chain workers (S2-1)	128

Disclosure Requirement	Page
Processes for engaging with value chain workers about impacts (S2-2)	129
Processes to remediate negative impacts and channels for value chain workers to raise concerns (S2-3)	129
Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions (S2-4)	130
Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S2-5)	131
3.3 Affected communities (ESRS S3)	132
Material impacts, risks and opportunities and their interaction with strategy and business model (ESRS 2 SBM-3)	133
Policies related to affected communities (S3-1)	134
Processes for engaging with affected communities about impacts (S3-2)	134
Processes to remediate negative impacts and channels for affected communities to raise concerns (S3-3)	135
Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions (S3-4)	135
Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S3-5)	135
4 Governance Information.	136
4.1. Business conduct (ESRS G1)	136
Business conduct policies and corporate culture (G1-1)	138
Management of relationships with suppliers (G1-2)	141
Prevention and detection of corruption and bribery (G1-3)	141
Confirmed incidents of corruption or bribery (G1-4)	142
Political influence and lobbying activities (G1-5)	142
Payment practices (G1-6)	143

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

Disclosure requirement and related datapoint	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)		X			not relevant - transitional provision
ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c)					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 datapoint	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 Labor 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 Labor 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 datapoint	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 and 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 whistle-blowers 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 the 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 the 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.

Kapsch TrafficCom is obliged to disclose the share of revenues, capital expenditures (CapEx) and operational expenditures (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 implements and operates transportation solutions for sustainable mobility. The innovative solutions in the application areas of tolling, tolling services, traffic management and demand management contribute to sustainable mobility, a healthier world without 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 by promoting clean or climate-neutral mobility and the prevention and reduction of environmental pollution by reducing pollutant emissions from road transport into the air.

Tolling and traffic management are necessary tools to address a particularly large and complex source of greenhouse gas emissions and pollution: mobility. However, the technical assessment criteria of the delegated regulations only refer to changes in the vehicle fleet, not in mobility behavior. They also do not explicitly take into account the reduction in environmental pollution achieved through tolling and traffic management systems.

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

The classification 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

Kapsch TrafficCom's non-core business activities are classified under the environmental objective of climate change mitigation in business activity 5.3 "Construction, extension, and operation of waste water collection and treatment", as well as under the environmental objective of transition to a circular economy in 3.4 "Maintenance of roads and motorways".

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.

A detailed analysis of business activities in terms of taxonomy eligibility was carried out in the reporting year by the EU Affairs and Environmental Sustainability departments using the Group-wide market segments to which all Kapsch TrafficCom services and products are assigned. The classification method was refined in the 2024/25 financial year: It is now based on sales-related sub-segments instead of "only" on business segments, making it even more granular. Any region-specific tolling and traffic management solutions are now queried as standard in the allocation process, which has been standardized and stabilized as a result. This also ensures that the financial data is categorized accordingly.

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.

In accordance with 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 enabling low-carbon road transport and public transport". These services integrate or use Kapsch TrafficCom

products. Furthermore, the services also pursue the environmental objective of circular economy and are taxonomy-eligible under economic activity 4.1 “Provision of IT/OT data-driven solutions”.

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-aligned region-specific solutions include:

- CSC/Commercial Standalone; an offering for tolling service providers and toll collectors without infrastructure.
- Tag Issuer; an offering of on-board units and transceivers directly to end users.
- Public Transportation; an app for public transportation, including ticket sales.
- 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.
- Plaza Tolling; the construction of toll plazas.
- Non-traffic SCADA and traffic maintenance services, which are ancillary business activities: Kapsch TrafficCom products are used in a few projects for the control of sewage systems. Kapsch TrafficCom also offers services in the area of road infrastructure maintenance.

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

Environmental objectives	Taxonomy-eligible under				Taxonomy-aligned under			
	Climate change mitigation		Circular economy		Climate change mitigation		Circular economy	
Economic activities	3.6	6.15	1.2	4.1	3.6	6.15	1.2	4.1
Technology Services								
Consulting Services		X		X				
Commercial Vehicle Enforcement								
Traffic Maintenance Services ²⁾								
Plaza Tolling		X		X				

¹⁾ Taxonomy-eligible under Climate change mitigation 5.3

²⁾ Taxonomy-eligible under Transition to a circular economy 3.4

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.

In accordance with the Commission Notice C/2023/267 of the European Commission, hardware of Kapsch TrafficCom contributes to the environmental objective climate change mitigation and is taxonomy-eligible under the economic activity 3.6 “Manufacture of other low-carbon technologies”. Furthermore, the products also pursue the environmental objective circular economy and are taxonomy-eligible under the 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 are highlighted within these groups.

Environmental objectives	Taxonomy-eligible under				Taxonomy-aligned under			
	Climate change mitigation		Circular economy		Climate change mitigation		Circular economy	
Economic activities	3.6	6.15	1.2	4.1	3.6	6.15	1.2	4.1
Product group:								
915 MHz On-Board Unit	X	X	X	X				
5.8 GHz CEN DSRC On-Board Unit	X	X	X	X				
TRP-4010 5.8 GHz DSRC Transponder	X	X	X	X	X			
GNSS On-Board Unit	X	X	X	X				
OBU-5310 GNSS/5.8 CEN/UNI DSRC On-Board Unit	X	X	X	X	X			
Roadside Radiofrequency	X	X	X	X				
Roadside Video (inkl. DLVP tolling)	X	X	X	X				
Vehicle Enforcement	X	X	X	X				
Smart Toll	X	X	X	X				
Operational Backoffice / Image Processing Suite		X		X				
Enforcement Backoffice		X		X				
Commercial Backoffice		X		X				
Geo Location Platform		X		X				
EcoTrafiX Controller	X	X	X	X				
5.9 GHz C-ITS Roadside Unit, C-ITS On-Board Unit	X	X	X	X				
C-ITS Platform, Connected Mobility Control Center		X		X				
Mobility Data Platform		X		X				
DLVP Traffic		X		X				
EcoTrafiX Platform		X		X				
DYNAC		X		X				

Taxonomy-non-eligible services and products.

Kapsch TrafficCom's economic activities include solutions for road safety monitoring and commercial vehicle enforcement. As road safety is not yet covered by the delegated regulations on EU taxonomy, these economic activities are not taxonomy-eligible.

According to the detailed analysis, the following services provided by Kapsch TrafficCom are not taxonomy-eligible:

- Commercial Vehicle Enforcement
- Road Safety Enforcement and
- Technology Services

Taxonomy-eligible capital and operating expenditures.

Almost all taxonomy-eligible investment and operating expenses are allocated to the respective revenue-related economic activities (6.15, 3.6). They include leased buildings, Company-owned production facilities, and research and development related to product development.

Only the vehicle fleet of Kapsch TrafficCom is reported separately under business activity 6.5; it 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 assessment 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"**.

The analysis and preparation were carried out in close cooperation between Product Management, Supply Chain Management, the HSSEQ (Health, Safety, Security, Environment & Quality) and Environmental Sustainability departments, and the Corporate Expert EU Affairs. The Human Resources department, the Compliance Officer, the Data Protection Officer, the Chief Security Advisor 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.

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 from 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 protection 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 protection specified under economic activity 6.15 “Infrastructure enabling low-carbon road transport and public transport”.

These include proof that road infrastructure is necessary for the operation of vehicles without CO₂ emissions. Delegated Regulation 2021/2139 lists the following infrastructure: electric charging stations, modernization of grid connections, hydrogen refueling stations, and electric road systems. The latter are not defined in either the Delegated Regulation or Notice C/2023/267. It is therefore unclear whether tolling or traffic management solutions are part of this road infrastructure. Tolling or 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. Furthermore, it must be demonstrated that the road infrastructure is not intended for the transport or storage of fossil fuels. This requirement has been demonstrated for all sales regions in which Kapsch TrafficCom sells tolling and traffic management solutions.

From Kapsch TrafficCom’s point of view, alignment would be given, assuming that Notice C/2023/267 classifies tolling and traffic management business activities under economic activity 6.15 and that the technical screening criteria are applicable to Kapsch TrafficCom’s activities.

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”**. 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”**. 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 (Health, Safety, Security, Environment & Quality) and Environmental Sustainability departments, and the Corporate Expert EU Affairs. The Human Resources department, the Group Compliance Officer, the Data Protection Officer, the Chief Security Advisor 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 protection 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 assessment 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 5.3.

Kapsch TrafficCom's economic activities do not meet the criteria for a significant contribution to climate change mitigation as specified in section 5.3 "Construction, extension, and operation of waste water collection and treatment". They are therefore not considered taxonomy-aligned under this economic activity.

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 services and solutions in the area of tolling and traffic management for alignment with the technical screening criteria specified under economic activity 4.1 "Provision of IT/OT data-driven solutions". As full proof of all criteria has not yet been provided, tolling and traffic management solutions are not currently considered taxonomy-aligned under this economic activity.

Circular economy, economic activity 3.4

Kapsch TrafficCom's economic activities do not meet the criteria for a significant contribution to the circular economy as specified in section 3.4 "Maintenance of roads and motorways". They are therefore not considered taxonomy-aligned under this economic activity.

Double counting in the allocation of taxonomy-aligned economic activities can therefore be ruled out, as the aligned products are exclusively in the climate change mitigation (3.6) sector.

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 leased buildings, Company-owned production facilities, and research and development related to product development.

Nuclear and fossil gas related activities

Nuclear energy related activities	
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	no
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	no
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	no
Fossil gas related activities	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	no
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	no
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	no

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 taxonomy-eligible portion of revenues includes all revenues that can be allocated to taxonomy-eligible economic activities. Where taxonomy-eligibility applies to multiple economic activities, economic activity 6.15 was preferred, as it covers the entire tolling and traffic management portfolio. Furthermore, in contrast to the previous year, non-core business activities are reported separately in economic activities 5.3 and 3.4. This means that only revenues from services related to road safety enforcement and commercial vehicle enforcement are excluded, as road traffic safety is not yet covered by the delegated regulations.

In this financial year, taxonomy-eligibility was analyzed across market sub-segments. Accordingly, the segments "Commercial Vehicle Enforcement", "Road Safety Enforcement", and "Technology Services" were classified as not taxonomy-eligible. The economic activities reported in the previous year, "KTC USA: Commercial vehicle enforcement" and "Sweden: licenses smart tachograph", are included in this classification.

Revenue in the numerator includes sales revenue from the component business with the two on-board units TRP-4010 and OBU-5310. This activity falls within the scope of definition 3.6 "Manufacture of other low-carbon technologies". To avoid double counting in the table, taxonomy-aligned revenues from economic activity 3.6 were deducted from taxonomy-eligible economic activity 6.15. Revenues from economic activity 4.1 were also allocated in full to economic activity 6.15.

The revenues classified under economic activities 6.15 and 3.6 pursue the environmental objective of climate change mitigation, and economic activities 1.2 and 4.1 pursue the environmental objective of transition to a circular economy. All of these revenues are reported under economic activity 6.15.

CapEx (capital expenditure).

The capital expenditure in the denominator corresponds to total capital expenditure in accordance with IFRS as described in >> *Consolidated Financial Statements, Note 2*.

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 6.15. This corresponds to total CapEx expenditures, as all other taxonomy-aligned economic activities (5.3, 3.4) do not result in additional capital expenditures. To avoid double counting in the table, taxonomy-aligned capital expenditure was deducted from economic activity 3.6. Only capital expenditure for the vehicle fleet was excluded and reported separately under activity 6.5.

The taxonomy-aligned portion of the capital expenditure (numerator) comprises the proportionate expenditure on production facilities and the proportionate building expenditure of the production site where the taxonomy-aligned products (on-board units TRP-4010 and OBU-5310) are manufactured. Their proportion is determined using a cost allocation key, defined as the total project costs of the production facility compared to the project cost share of the taxonomy-aligned products, and reported under economic activity 3.6.

In contrast to the previous year, taxonomy-eligible and taxonomy-aligned capital expenditures are now allocated to revenue-related economic activities. Furthermore, the vehicle fleet is no longer reported as taxonomy-aligned, as there are no production-related vehicles. Taxonomy-aligned capital expenditures for buildings originate exclusively from the production facility for taxonomy-aligned products.

In financial year 2024/25, three significant additions to property, plant, and equipment with a value of more than EUR 1,000,000 were recorded. This involves the capitalization of on-board units in fixed assets and the conclusion of new lease agreements for a new production facility in Mississauga (Canada) and the office locations in Duluth, Irving, Kingston, and Kirkland in the US. These agreements must be capitalized in accordance with IFRS.

OpEx (operating expenditures).

The operating expenses in the denominator correspond to the total operating expenses 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 taxonomy-eligible portion of operating expenses includes all operating expenses attributable to generic research and development, buildings, and production facilities for taxonomy-eligible economic activities under 3.6, 6.15, 1.2, 4.1, and 5.3. In the case of multiple allocations, these are reported under economic activity 6.15. To avoid double counting in the table, taxonomy-aligned operating expenses were deducted from economic activity 3.6. Furthermore, operating expenses for the vehicle fleet were reported under activity 6.5.

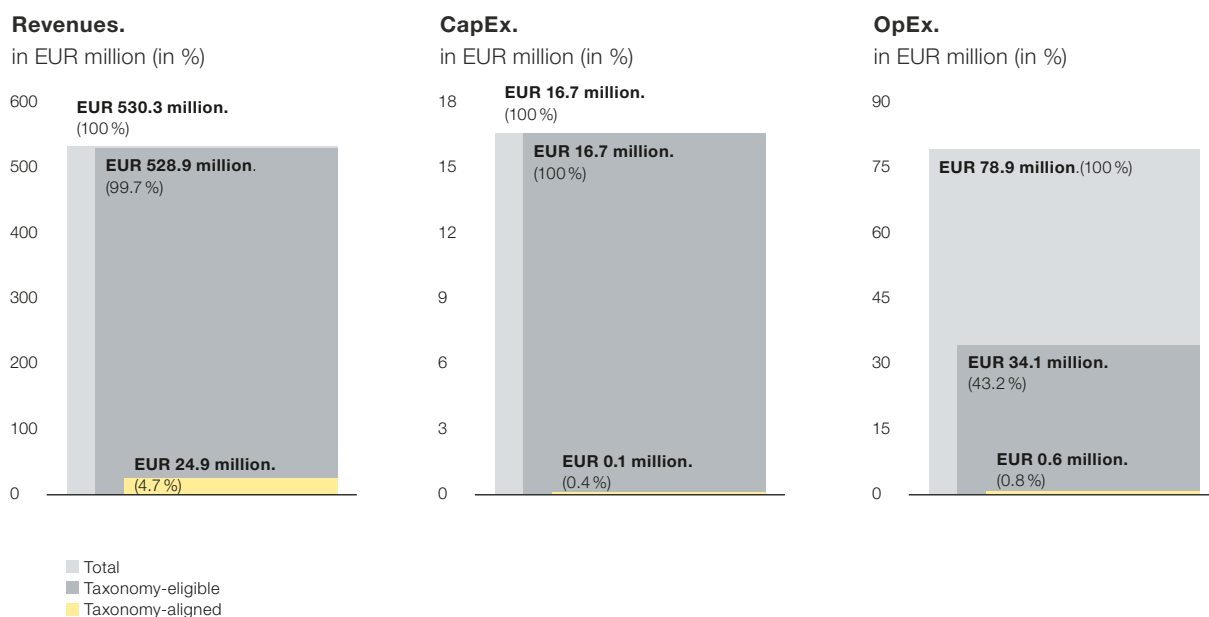
The taxonomy-aligned portion of operating expenses (numerator) comprises operating expenses that can be allocated to the taxonomy-aligned products on-board Units TRP-4010 and OBU-5310 and have been calculated on a pro rata basis using a cost allocation key. These include operating expenses for generic research and development, production facilities, and production equipment and are reported under economic activity 3.6.

Similar to capital expenditures, operating expenses are now also allocated to revenue-related economic activities. Operating expenses related to the vehicle fleet are no longer reported as taxonomy-aligned, as there are no production-related vehicles. Taxonomy-aligned operating expenses for buildings originate exclusively from the production site of taxonomy-aligned products.

Due to the allocation to revenue-related economic activities, the main adjustment is that research and development relating to the further development of products and solutions can now also be included in operating expenses. Customer-specific research and development is therefore not taxonomy-eligible, whereas in the previous year, all research and development was reported.

Expenses related to the daily maintenance of property, plant, and equipment include non-capitalized short-term or low-value leasing costs for rents and vehicle fleets, as well as significant maintenance costs for buildings in Austria, Canada, and the US. Only maintenance costs from the production facility of taxonomy-aligned products are taxonomy-aligned.

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



Revenues.

Economic activities (1)	Code (2)	Substantial contribution criteria							
		Absolute Revenues (3)	Proportion of Revenues (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Bio-diversity and eco-systems (10)
		in EUR million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A TAXONOMY-ELIGIBLE ACTIVITIES									
A.1 Environmentally sustainable activities (taxonomy-aligned)									
3.6 Manufacture of other low-carbon technologies	CCM 3.6	24.92	4.7%	Y	N	N/EL	N/EL	N/EL	N/EL
Revenues of environmentally sustainable activities (Taxonomy-aligned) (A.1)		24.92	4.7%	4.7%	0.0%	0.0%	0.0%	0.0%	0.0%
Of which enabling		24.92	100.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Of which transitional		0.00	0.0%	0.0%					
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
		in EUR million	%	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
6.15 Infrastructure enabling low-carbon road transport and public transport ³⁾	CCM 6.15	494.05	93.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
4.1 Provision of IT/OT data-driven solutions ³⁾	CE 4.1	0.00	0.0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL
3.6 Manufacture of other low-carbon technologies ³⁾	CCM 3.6	0.00	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
1.2 Manufacture of electrical and electronic equipment ³⁾	CE 1.2	0.00	0.0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL
5.3 Construction, extension and operation of waste water collection and treatment	CCM 5.3	6.84	1.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
3.4 Maintenance of roads and motorways	CE 3.4	3.05	0.6%	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Revenue of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		503.95	95.0%	94.5%	0.0%	0.0%	0.0%	0.6%	0.0%
A Revenue of Taxonomy-eligible activities (A.1 + A.2)		528.87	99.7%	99.2%	0.0%	0.0%	0.0%	0.6%	0.0%
B TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Revenues of Taxonomy-non-eligible activities		1.44	0.3%						
Total (A + B)		530.32	100.0%						

1) E = Enabling Activity

2) T = Transitional Activity

³⁾ Revenues from economic activities CE 4.1, CE 1.2 and CCM 3.6 are reported in economic activity CCM 6.15 to avoid double counting.

[illegible]

CapEx.

Economic activities (1)	Code (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Substantial contribution criteria					
				Climate change mitiga- tion (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Bio- diversity and eco- systems (10)
		in EUR million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A									
TAXONOMY-ELIGIBLE ACTIVITIES									
A.1									
Environmentally sustainable activities (taxonomy-aligned)									
3.6 Manufacture of other low-carbon technologies	CCM 3.6	0.07	0.4%	Y	N	N/EL	N/EL	N/EL	N/EL
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.07	0.4%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Of which enabling		0.07	100.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Of which transitional		0.00	0.0%	0.0%					
A.2									
Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)									
		in EUR million	%	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
6.15 Infrastructure enabling low-carbon road transport and public transport ⁴⁾	CCM 6.15	15.30	91.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
4.1 Provision of IT/OT data-driven solutions ⁴⁾	CE 4.1	0.00	0.0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL
3.6 Manufacture of other low-carbon technologies ⁴⁾	CCM 3.6	0.00	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
1.2 Manufacture of electrical and electronic equipment ⁴⁾	CE 1.2	0.00	0.0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	1.33	8.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		16.63	99.6%	99.6%	0.0%	0.0%	0.0%	0.0%	0.0%
A		16.70	100.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CapEx of Taxonomy-eligible activities (A.1 + A.2)									
B									
TAXONOMY-NON-ELIGIBLE ACTIVITIES									
CapEx of Taxonomy-non-eligible activities		0.00	0.0%						
Total (A + B)		16.70	100.0%						

¹⁾ E = Enabling Activity
²⁾ T = Transitional Activity
³⁾ Adjustment previous year: disclosure of the share of taxonomy-aligned capital expenditures for production facilities and building of the production site under economic activity CCM 3.6.
⁴⁾ Capital expenditures from economic activities CE 4.1, CE 1.2 and CCM 3.6 are reported in economic activity CCM 6.15 to avoid double counting.

DNSH criteria ('Does Not Significantly Harm')							Taxonomy-aligned proportion of CapEx, year 2024/25	Taxonomy-aligned proportion of CapEx, year 2023/24 (18)	Category enabling activity (19)	Category transitional activity (20)
Climate change mitiga- tion (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Bio- diversity and eco- systems (16)	Minimum safeguards (17)				
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E ¹⁾	T ²⁾
Y	Y	Y	Y	Y	Y	Y	0.4%	4.6% ³⁾	E ¹⁾	
							0.4%	4.6%		
Y	Y	Y	Y	Y	Y	Y	100.0%	100.0%	E ¹⁾	
Y	Y	Y	Y	Y	Y	Y	0.0%	0.0%		T ²⁾
							%	%		
							0.0%	0.0%		
							0.0%	0.0%		
							0.0%	0.0%		
							0.0%	0.0%		
							0.0%	0.0%		
							0.0%	0.0%		
							0.4%	4.6%		

OpEx.

Economic activities (1)	Code (2)	Absolute Proportion OpEx (3) of OpEx (4)		Substantial contribution criteria					
				Climate change mitiga- tion (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Bio- diversity and eco- systems (10)
		in EUR million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A	TAXONOMY-ELIGIBLE ACTIVITIES								
A.1	Environmentally sustainable activities (taxonomy-aligned)								
3.6 Manufacture of other low-carbon technologies	CCM 3.6	0.64	0.8%	Y	N	N/EL	N/EL	N/EL	N/EL
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.64	0.8%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%
Of which enabling		0.64	100.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Of which transitional		0.00	0.0%	0.0%					
A.2	Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)								
		in EUR million	%	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
6.15 Infrastructure enabling low-carbon road transport and public transport ⁴⁾	CCM 6.15	29.42	37.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
4.1 Provision of IT/OT data-driven solutions ⁴⁾	CE 4.1	0.00	0.0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL
3.6 Manufacture of other low-carbon technologies ⁴⁾	CCM 3.6	0.00	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
1.2 Manufacture of electrical and electronic equipment ⁴⁾	CE 1.2	0.00	0.0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	4.03	5.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		33.45	42.4%	42.4%	0.0%	0.0%	0.0%	0.0%	0.0%
A	OpEx of Taxonomy-eligible activities (A.1 + A.2)	34.10	43.2%	43.2%	0.0%	0.0%	0.0%	0.0%	0.0%
B	TAXONOMY-NON-ELIGIBLE ACTIVITIES								
OpEx of Taxonomy-non-eligible activities		44.77	56.8%						
Total (A + B)		78.86	100.0%						

¹⁾ E = Enabling Activity
²⁾ T = Transitional Activity
³⁾ Adjustment previous year: disclosure of the share of taxonomy-aligned operational expenditures for production facilities and building of the production site as well as generic research & development under economic activity CCM 3.6.
⁴⁾ Operational expenditures from economic activities CE 4.1, CE 1.2 and CCM 3.6 are reported in economic activity CCM 6.15 to avoid double counting.

DNSH criteria ('Does Not Significantly Harm')							Taxonomy-aligned proportion of OpEx, year 2023/24	Taxonomy-aligned proportion of OpEx, year 2022/23 (18)	Category enabling activity (19)	Category transitional activity (20)
Climate change mitiga- tion (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Bio- diversity and eco- systems (16)	Minimum safeguards (17)				
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E ¹⁾	T ²⁾
Y	Y	Y	Y	Y	Y	Y	0.8%	0.7% ³⁾	E ¹⁾	
							0.8%	0.7%		
Y	Y	Y	Y	Y	Y	Y	100.0%	100.0%	E ¹⁾	
Y	Y	Y	Y	Y	Y	Y	0.0%	0.0%		T ²⁾
							%	%		
							0.0%	0.0%		
							0.0%	0.0%		
							0.0%	0.0%		
							0.0%	0.0%		
							0.0%	0.0%		
							0.0%	0.0%		
							0.8%	0.7%		



Taxonomy eligibility and alignment per environmental objective.

Environmental objective	Proportion of Revenues		Proportion of CapEx		Proportion of OpEx	
	eligible	aligned	eligible	aligned	eligible	aligned
Climate change mitigation	99.2%	4.7%	100.0%	0.4%	42.4%	0.8%
Climate change adaptation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Water and marine resources	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Circular economy	98.4%	0.0%	92.0%	0.0%	37.3%	0.0%
Pollution	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Biodiversity	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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).	<ul style="list-style-type: none"> ■ 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)	<ul style="list-style-type: none"> ■ 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)	<ul style="list-style-type: none"> ■ Demand management ■ Traffic management ■ Tolling solutions ■ Infrastructure-reduced solutions ■ Sustainability communication
		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)	

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)	<ul style="list-style-type: none"> ■ Supplier evaluation ■ Supplier audits ■ Green Gantry ■ Cloud solutions ■ On-board unit refurbishment ■ In-house repair service ■ Reuse of plastic waste in production ■ Infrastructure-reduced solutions ■ Durable products ■ 2-in-1 camera (VDX2i) ■ Environmentally friendly packaging ■ Sustainable product design (Sustainable Portfolio Guideline) ■ Remote maintenance and remote testing ■ Home office regulation ■ Reduction of business travel ■ Austrian mobility guideline ■ Job ticket ■ Green facility requirements ■ ÖkoWin participation ■ CDP participation
Opportunity: High reduction in emissions through own processes as well as upstream and downstream activities in the value chain. (short to long term)	KTC >>>	Outside-in: Improvement of reputation through initiatives to reduce greenhouse gas emissions.	

 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 transitory 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 transitory risks were evaluated.

As part of the scenario analysis, the projected impacts of the IPCC scenario SSP5-8.5 in relation to physical climate risks were considered in order to define the significant greenhouse gas levers. The IPCC scenario SSP1-1.9 was used for the analysis of transitory risks. On this basis, the resilience analysis was carried out in March 2025, taking into account the identified impacts, risks and opportunities of the materiality analysis. The short-, medium-, and long-term time horizons applied are consistent with those of the materiality analysis and thus with those of the strategic financial and corporate planning and are described in >> **section 1 “General Disclosures (ESRS 2)”**.

The robust climate risk and vulnerability assessment systematically identified physical and transitory risks.

The material risk areas that are directly relevant to the organization are, on the one hand, potential regulatory requirements or higher costs due to non-compliance with sustainability laws, as well as vulnerability to supply chain disruptions or damage to facilities due to the increasing likelihood of extreme weather events. On the other hand, Kapsch TrafficCom’s material opportunities focus on the Company’s ability to improve its reputation or market share by increasing performance or reducing greenhouse gas emissions through innovative sustainable solutions.

Another important aspect that emerged from the materiality analysis is the change in customer requirements and legal obligations relating 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 speed of innovation in the market. On the other hand, Kapsch TrafficCom has the opportunity to significantly reduce greenhouse gas emissions by developing innovative intelligent traffic solutions.

Consequently, the portfolio is an important part 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 reducing environmental impact.

Since Kapsch TrafficCom is not an energy-intensive company, no changes in energy consumption are expected based on the analyzed climate scenarios. As the share of renewable energies in the global energy mix is steadily increasing, this is also expected to apply to Kapsch TrafficCom's energy mix.

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

Kapsch TrafficCom is already focusing on providing solutions that have a positive impact on the environment when in operation. As a result, the business model already demonstrates a high degree of resilience in terms of the transition to a climate-neutral economy. The Company is investing continuously in research and development in order to further expand its environmentally friendly product range. This ensures the expansion of the sustainable product portfolio, and environmental aspects are actively communicated. It also addresses changing customer requirements in terms of sustainability criteria.

At present, the solutions still require a certain amount of infrastructure in some respects. Adapting this will take time, especially since alternatives are often not yet available due to a lack of technology and would also require considerable investment. Optimizing the product portfolio toward infrastructure-reduced and virtualized solutions will play a central role for the Company in the coming years. Kapsch TrafficCom hopes that these efforts will not only address the risks and opportunities of the business model, but also provide innovative technologies that will drive the ambitions of the entire industry forward.

As long as the portfolio is not fully virtualized, there will always be a limited degree of uncertainty regarding the resilience of the Company in its upstream supply chain, as suppliers are spread across the globe and use different transport routes that could be affected by various physical climate risks.

Further investment in resilient infrastructure, insurances, and emergency planning can help to further increase the Company's resilience to the physical climate risks ahead.

To ensure that the Company is prepared for the implications of upcoming sustainability regulations, Kapsch TrafficCom is working to monitor the evolving legal framework worldwide and take preparatory measures for future compliance, for example by collaborating with industry associations. This provides increased resilience to regulatory uncertainties.

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 requires a solid data basis for the greenhouse gas balance of the base year 2019/20. The data for the base year is currently being revised and is expected to be completed in the 2025/26 financial year. However, there is a concrete ambition to reduce greenhouse gas emissions. Furthermore, measures to reduce greenhouse gases have been identified.

Kapsch TrafficCom is already working on a transition plan for climate change mitigation, will finalize it, and publish it at the latest when this becomes mandatory.

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, adaptation to climate change, and energy in its sustainability policy (Sustainability Vision). This guideline describes in detail the approach to achieving the overarching target of taxonomy compliance (see >> *section 1.3 “Strategy”*) and the climate ambition described in the following section.

The overarching target and the climate ambition have been defined to address the material impacts, risks and opportunities related to climate change. They are closely aligned with the European Union’s approach, as this region is considered the global leader in climate protection legislation and market interest is highest here. They are as follows:

- Sustainable portfolio. Increase the proportion of taxonomy-aligned products to 50% by 2030.
- Sustainable Company. Reduction of the CO₂ footprint by 42% for 2030 compared to the 2019/20 financial year.

Kapsch TrafficCom’s ambition to reduce greenhouse gases has not been verified by the Science-based Target Initiative. The ambition and target are based on the European Union’s Green Deal plan: On the one hand, the Corporate Sustainability Reporting Directive (CSRD) mentions a reduction of 42% as a “cross-sector (ACA) reductions pathway”, and on the other hand, there are market advantages in the EU for taxonomy-aligned products.

The sustainability policy approved by the Executive Board comprises various global guidelines designed to achieve the ambition of becoming a sustainable company and the overarching taxonomy target of a sustainable portfolio:

- Scope 1: Further reduction in fuel consumption of company vehicles.
- Scope 2: Reduction of emissions caused by energy consumption at Kapsch TrafficCom locations.
- Scope 3:
 - Reduction of raw materials (with a high carbon footprint) through portfolio virtualization to reduce the carbon footprint of purchased items (Category 1).
 - Improve resource use (Category 1), details can be found in >> *section 2.4 “Resource use and circular economy”*.
 - Reduction of 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 terms of remote working, such as the provision of adequate tools for collaboration, reduces the need for commuting (Category 7).

The target of a sustainable portfolio is primarily addressed by reducing the product carbon footprints in Scope 3.

The policy covers the entire Company and, in terms of ambition and target, applies to the entire value chain – the Company’s own operations, the upstream value chain, and the solutions provided to customers. The Executive Board is responsible for implementation at the highest management level. The Environmental Sustainability team reports to the Executive Board at regular intervals on the current status of target achievement and advises on any necessary adjustments and measures. The goals and requirements were defined based on various customer requirements and interests, in the course of direct exchanges during customer projects. The “Sustainability Vision” was published on the Company website to ensure that all stakeholder groups have access to the information and can align themselves with Kapsch TrafficCom’s position.

It contains the following guiding principles relating to the ESRS sub-topics and thus addresses the impacts, risks and opportunities in the area of climate change:

- Climate protection: Reduction of corporate emissions across the entire value chain of Kapsch TrafficCom.
- Adaptation to climate change: Analysis and adaptation of the business model based on existing and potential climate risks.
- Energy efficiency: Focus on energy efficiency in the Company’s own operations and in customer projects.
- Renewable energy: Switch to renewable energy sources wherever possible.

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

Kapsch TrafficCom focuses primarily on two core areas in terms of the material impacts, risks and opportunities associated with the measures it has implemented and plans to implement. Firstly, the Company is striving 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 in order to continuously optimize them and thus 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 has been published in a white paper and made available to the industry.

Secondly, the focus is on reducing emissions in the corporate carbon footprint. This includes the following actions:

- Cloud solutions (ongoing measure): Kapsch TrafficCom offers many of its products as Software-as-a-Service (SaaS) solutions hosted in the cloud. Cloud implementations significantly reduce the carbon footprint of a solution compared to on-premise solutions by optimizing hardware usage and power consumption. A study by Microsoft¹⁾ has shown that between 72% and 98% of CO₂ emissions can be saved by opting for a cloud solution. The range of cloud solutions is constantly being expanded within the Company; Kapsch TrafficCom therefore sees the switch to cloud solutions as a promising tool for reducing Scope 3 emissions. The actual savings potential is currently being determined.
- Reduction of electricity consumption: A global analysis of high-emission sites is being carried out to identify and realize savings potential. The potential savings amount to more than 50% of Scope 2 emissions in the current reporting year, as the company's most emission-intensive customer project in absolute terms, ETC in South Africa, was completed in the reporting year.
- Environmentally friendly packaging (in implementation): In the reporting year, Kapsch TrafficCom began replacing conventional plastic packaging (polystyrene (PS), extruded polystyrene (EPS), polyethylene (PE)) with molded fiber packaging and single-material paper packaging. These not only have a lower carbon footprint, but are also easier to recycle. The annual savings will amount to 10t CO₂e.

All actions leverage material reduction and reduced power consumption of solutions and high-emission sites. They include nature-based adaptations and technological solutions. Of the nine software product families currently available, seven are already available as cloud solutions. These are also offered as standard in customer projects and are only implemented as on-premise solutions at the express request of the customer. The cloud solution for another product family is currently being developed.

Currently, no quality-assured data is available to quantify the greenhouse gas reduction potential of further actions. The Company is working to collect the relevant data to calculate this potential. 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 decarbonization lever. Indirect emissions in Scope 3 Category 1 come from purchased materials and services. Indirect emissions in Scope 3 Category 11 are caused by the electricity consumption of the solutions in operation.

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

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

Metrics and targets.

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

Kapsch TrafficCom's sustainability policy is designed to meet the 1.5°C target set out in the Paris Agreement. It is therefore based on achieving the overarching taxonomy target described in section 1.3 and the company's climate ambition as follows:

Sustainable Company. Reduction of the CO₂ footprint by 42%.

Kapsch TrafficCom has set itself the ambition of reducing its Company-wide carbon footprint (in accordance with ISO 14064-1:2018, the Greenhouse Gas Protocol and based on the 1.5-degree path) by 42% by 2030 compared to the 2019/20 financial year.

No quality-assured data is currently available for the base year, so it is not reported this year. Kapsch TrafficCom is working intensively to improve data quality and aims to publish this data in the 2025/26 Sustainability Statement. This results in the greenhouse gas balance for the 2019/20 financial year, allowing the climate ambition to be reformulated into an emission reduction target.

The 2019/20 financial year was chosen as the representative base year because it was the last financial year before the COVID-19 pandemic, during which Kapsch TrafficCom's business activity was severely impacted. In addition, the 2019/20 financial year as the base year is consistent with the target mentioned in the CSRD to reduce greenhouse gas emissions by 42% between 2020 and 2030.

Energy consumption and mix (E1-5).

To address the material impacts, risks and opportunities associated with high emissions in the Company's own value chain, as well as transition risks leading to more expensive energy, key figures on energy consumption and the energy mix are monitored.

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 and companies with the highest consumption. These account for 77% of total energy consumption. The remaining energy consumption was extrapolated proportionally based on the number of employees. No additional validation of the key figure was carried out by an external body other than the auditor.

Energy consumption and mix.

Energy consumption and energy mix (in MWh)	2024/25
Total energy consumption	34,373.63
Fossil energy sources	
Fuel consumption from coal and coal products	-
Fuel consumption from crude oil and petroleum products (diesel, heating oil, petrol)	11,872.38
Fuel consumption from natural gas	3,075.77
Fuel consumption from other fossil sources	-
Consumption from purchased or received electricity, heat, steam and cooling and from fossil sources	16,969.74
Total fossil energy consumption	31,917.89
Share of fossil sources in total energy consumption (in %)	92.9%
Nuclear energy sources	
Consumption from nuclear sources	15.82
Share of consumption from nuclear sources in total energy consumption (in %)	0.0%
Renewable energy sources	
Fuel consumption for renewable sources, including biomass	1,411.24
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	1,028.67
Consumption of self-generated non-fuel renewable energy	-
Total renewable energy consumption	2,439.92
Share of renewable sources in total energy consumption (in %)	7.1%
Energy intensity based on net revenue associated with activities in high climate impact sectors (in MWh/EUR)	0.000056

Kapsch TrafficCom has analyzed its economic activities in terms of products and services and assigned them to the corresponding NACE codes. The following NACE codes are classified as high climate impact sectors:

- C.26.30 – Manufacture of communication equipment
- C.27.9 – Manufacture of other electrical equipment
- H.52.21 – Service activities incidental to land transportation

When calculating energy intensity, the energy consumption of the the two production sites in Vienna, Austria, and Mississauga, Canada, are compared with the revenues from the associated products and services in high climate impact sectors.

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
Net revenue from activities in high climate impact sectors used to calculate energy intensity	85,403,531
Net revenue (other)	444,912,000
Total net revenue (Financial statements)	530,315,531

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

In order 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 increased transparency requirements and higher operating costs, key figures on gross greenhouse gas emissions are also monitored.

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

in tCO ₂ e	2024/25
Scope 1 GHG emissions	
Gross Scope 1 GHG emissions	3,345.42
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%) ¹⁾	0%
Scope 2 GHG emissions	
Gross location-based Scope 2 GHG emissions	11,112.32
Gross market-based Scope 2 GHG emissions	10,841.63
Significant Scope 3 GHG emissions	
Total gross indirect (Scope 3) GHG emissions	104,747.19
1. Purchased goods and services	47,685.45
2. Capital goods	7,961.98
3. Fuel and energy-related activities (not included in Scope 1 or Scope 2)	2,684.78
4. Upstream transportation and distribution ²⁾	-
5. Waste generated in operations ²⁾	-
6. Business travel	1,470.13
7. Employee commuting	2,618.57
8. Upstream leased assets ²⁾	-
9. Downstream transportation ²⁾	-
10. Processing of sold products ²⁾	-
11. Use of sold products	42,326.28
12. End-of-life treatment of sold products ²⁾	-
13. Downstream leased assets ²⁾	-
14. Franchises ²⁾	-
15. Investments ²⁾	-
Total GHG emissions	
Total GHG emissions (location-based)	119,204.93
Total GHG emissions (market-based)	118,934.24

¹⁾ Kapsch TrafficCom is not regulated by emissions trading systems.

²⁾ Classified as non-material in line with ISO 14064.

The absolute share of biogenic Scope 1 emissions is 3.58t CO₂e. The absolute share of biogenic Scope 2 emissions is 196.09t CO₂e. Compared to the 2023/24 Non-Financial Report, the greenhouse gas balance calculation has been expanded to include Scope 3 Categories 1 and 11. The Scope 1 and Scope 2 data are now determined using the collection method described below. This has improved data quality. All other scopes and categories continue to be determined using the methods used 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 subsidiary or site level and aggregated for the Group. The data for determining Scope 1 and 2 were collected for the sites and entities with the highest emissions, which accounts for 79% of Scope 1 emissions and 82% of Scope 2 emissions. Emission data that could not be determined directly were extrapolated based on employee numbers. No additional validation of the key figure was carried out by an external body other than the auditor.

Scope 1.

In preparing the assessment of Scope 1 emissions, all greenhouse gas groups (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, and NF₃) were evaluated and quantified in tons of CO₂e. 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 the "easy!sustain" tool. This tool was developed by the consulting firm *denkstatt* and introduced at Kapsch TrafficCom in 2024. MS Excel is used for validation purposes. 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 into the tool 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 centrally in the tool.

In addition, the emission factors for each activity and location are entered into the tool 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 2023 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 CH₄ and N₂O and therefore enable the calculation of CO₂e.

Any refrigerant leaks are reported as part of the annual maintenance of the air conditioning systems. Wherever there is evidence of a refill, this data is taken into account. This is then used together with the emission factors of the respective refrigerant from the BEIS database to quantify the associated emissions. If there is no evidence or invoice for a refill, it is assumed that no refill has been carried out; refills are normally only carried out after a defect 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.

Energy consumption is used as activity data to calculate this emission range. This data is collected in the same way as for Scope 1 using the "easy!sustain" tool. MS Excel is only used for data validation. The relevant data points collected for quantifying Scope 2 emissions are:

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

These data points are entered into the tool 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 centrally in the tool.

In addition, the emission factors for each activity and location are entered into the tool 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. For the US and Canada, even more detailed information was available, 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 2024. The emission factors for district heating

were taken from the UK Government GHG Conversion Factors for Company Reporting from 2023, 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 CH₄ and N₂O and therefore enable the calculation of CO₂e.

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.

The total greenhouse gas emissions balance is being reported for this financial year for the first time in accordance with ESRS.

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 6.0%.

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.
- Category 15, Investments: There were no significant emissions from investments, so this category is not material.

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

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 assessing **Scope 3 emissions in Categories 1** (purchased goods and services) **and 11** (use of sold products), only materials and electricity consumption of products that were directly ordered and paid for by Kapsch TrafficCom were taken into account. Total Category 1 emissions are extrapolated based on material purchases from customer reference projects as follows:

1. In general, costs are considered a relevant factor for estimating emissions caused by purchased materials and electricity consumption during the use phase of Kapsch TrafficCom.
2. The largest costs were determined on the basis of the statement of comprehensive income.
 - a. The costs for customer projects account for the largest share (compared to internal projects and cost centers).
 - b. For the calculation of Categories 1 and 11, relevant cost types within the scope of customer projects are taken into account: Change in inventories, cost of materials and purchased services, and other operating expenses.
 - c. Personnel expenses and depreciation are not material as they are either not related to Category 1 or 11 or are insignificant in amount.
3. Customer projects are categorized by market segment. The materiality of all market segments was analyzed. The materiality threshold is set at 10% of costs, as this ensures that the core segments of tolling and traffic management are covered by reference projects. Therefore, the sub-segments "RF / All Electronic Tolling", "MLFF Components", and "Urban" are material.
4. Method for extrapolating emission data based on reference projects from the reporting financial year or reference products for emissions in Category 1:
 - a. For the main sub-segments "RF / All Electronic Tolling" and "Urban", the two reference projects (those with the highest costs for which data of sufficient quality is available) were selected from the "Construction" and

“Operation” phases.

- b. In the MLFF components material segment, two products account for the vast majority of all MLFF components. These two were therefore selected as reference products to determine the approximate emissions associated with all MLFF components. The emissions from the material and use phases of these two products are extrapolated to 100% based on their share of the total production of all MLFF components.
 - c. For each reference project, emissions are assessed in terms of material consumption. Based on these figures, the total Scope 3 emissions of Category 1 for the corresponding sub-segment are extrapolated based on their share of costs compared to the total costs in this segment. A differentiation was made within the solution segments (tolling and traffic) and the project phase (construction and operation).
 - d. In a final step, the toll- and traffic-related emissions in Category 1 are extrapolated to all costs for the reporting financial year in accordance with their share of costs.
5. Method for extrapolating emission data based on reference projects from the reporting financial year or reference products for emissions in Category 11:
- a) Three reference projects from the “Operation” phase were selected.
 - b) MLFF components were not considered because the associated reference products do not cause Category 11 emissions.
 - c) In all other respects, the assessment was carried out in the same way as for determining Category 1 emissions.

The emissions of the materials are calculated using emission factors. Where available, these were taken from the IDEMAT emissions database. Carbonsaver and online research were used as alternative sources. The total Category 11 emissions are extrapolated based on the electricity consumption of the products sold in the customer reference projects selected using the reference project selection method described above. The emissions from electricity consumption are calculated using the global average emission factor for electricity (source: IDEMAT – Electricity General).

Scope 3 emissions in Category 2 (capital goods) are estimated on the basis of all additions of non-current assets as reported in the Consolidated Financial Statements. No specific types of non-current assets are excluded. An expenditure-based quantification model was used for this emission category. The expenditure-based emission factors were taken from two scientific studies. The emission factors for land/buildings and technical equipment/machinery are taken from the study “Implementation of the Harmonized Model for Carbon Footprint Calculation on Example of the Energy Institute in Croatia” by Juric et al., while the emission factors for other equipment, factory and office equipment, and other leases are taken from the study “Scope 3 Greenhouse Gas Emissions Calculation: Guidance for the Pharmaceutical Industry” by PSCI.

Since no depreciation logic is used to account for emissions from non-current assets, the total emissions of an addition to non-current assets are recognized in the first year. The values of additions to non-current assets were taken from the consolidated financial statements. This approach is considered appropriate as most acquisitions are of only minor value. In financial year 2024/25, three significant additions with a value of more than EUR 1,000,000 were recorded. These relate to the capitalization of on-board units in fixed non-current assets and the conclusion of new lease agreements for a new production facility in Mississauga (Canada) and the office locations in Duluth, Irving, Kingston, and Kirkland in the US. These agreements must be capitalized in accordance with IFRS and therefore represent part of the Company’s emissions-causing assets.

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

A conservative approach was taken with regard to the biggest uncertainty factor, the means of transport used: only offices in city centers with good public transport connections were identified as locations where the majority would use public transport. In addition, a 20% share of car use was also taken into account for these office locations. At all locations where there was uncertainty about the use of public transport, the higher emission potential of car use was used as the basis for calculation.

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

For employees who commute regularly, a typical mode of transport was selected based on the availability of public transport around the office location. For offices where the car is assumed to be the main mode of transport, it is assumed that 100% of the total kilometers are driven by car, as this is a conservative approach. At office locations where public transport is the standard means of transport, it was assumed that a small proportion of employees still use cars. Therefore, 20% of the total kilometers traveled were taken into account as car commuting.

Every employee is entitled to 60% home office work. 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 2023 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 data processing service is used to calculate distances with the help of an Excel macro. Since the source code of Google Maps is not publicly available in detail, the detailed data flows are not known. Nevertheless, it is a recognized ISO-certified tool.

GHG intensity.

GHG intensity based on net revenue

	2024/25
Revenues (in EUR million)	530.32
Total GHG emissions (location-based) per net revenue in tCO ₂ e/EUR	0.000225
Total GHG emissions (market-based) per net revenue in tCO ₂ e/EUR	0.000224

The net income 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 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., NOX, 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.	<ul style="list-style-type: none"> ■ Investment in the portfolio, particularly demand management and low emission / clean air zones ■ 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” policy described in the Climate Change section aims to reduce air emissions (e.g., NO_x, PM10, PM2.5) through the portfolio in connection with environmental pollution. This addresses the significant impact in this area—the potential for air emission reduction through the solutions. 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 offered and further developed on an ongoing basis and therefore have no defined time frame.

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 are based on several factors. In addition to improving air quality, these include improving traffic flow and, last but not least, the additional source of income that serves the common good, for example for maintaining infrastructure. In addition, the design of the system is specified in the customer's tenders. System optimizations with regard to improving air quality depend on local conditions, public acceptance, and understanding of the pricing structure, which can only be implemented in close cooperation with the customer according to 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 does not generate any direct emissions in its own operations. Kapsch TrafficCom does not cause any air, water, or soil pollution through its own operations, as only electricity is required in the production process. This means that no fine dust is produced by combustion processes and no wastewater is generated by the use of water-based processes. Furthermore, there are no uncontrolled discharges into the environment, which prevents 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 through the introduction of new regulations on resource consumption. (medium to long term)		Outside-in: New tariffs, import regulations, or other resource-based laws may result in increased costs, delivery delays, or delivery failures.	<ul style="list-style-type: none"> ■ Monitoring of the evolving legal framework ■ Early implementation of the necessary measures to ensure compliance ■ Regular compliance checks on the existing legal framework ■ Engagement in industry associations and in the EU ■ Supplier evaluation ■ Supplier audits ■ Inventory management
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.	<ul style="list-style-type: none"> ■ Supply chain diversification ■ On-board unit refurbishment ■ In-house repair service ■ Reuse of plastic waste in production ■ Infrastructure-reduced solutions ■ Long-lasting products ■ 2-in-1 camera (VDX2i) ■ Green Gantry
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.	<ul style="list-style-type: none"> ■ Demand management ■ Traffic management ■ Tolling solutions ■ Infrastructure-reduced solutions ■ Green Gantry ■ On-board unit refurbishment ■ In-house 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)	<ul style="list-style-type: none"> ■ Green Gantry ■ On-board unit refurbishment ■ Reuse of plastic waste in production ■ In-house repair service ■ Environmentally friendly packaging ■ Sustainable product design (Sustainable Portfolio Guideline) ■ Long-lasting products ■ 2-in-1 camera (VDX2i) ■ Infrastructure-reduced solutions
		Outside-in: Resource efficiency can reduce costs and improve the Company's reputation. Recycled or upcycled products enable revenue growth and increase market share.	
<<< KTC >>>	upstream value chain within the Company downstream value chain		

Impact, risk and opportunity management.

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

The “Sustainability Vision” policy described in section 2.2 “Climate change” envisages the reduction of raw materials with a high carbon footprint in connection with resource use and circular economy.

Kapsch TrafficCom takes the principles of circular economy into account in its product design. In line with this concept, this can be achieved as far as possible by reusing existing infrastructure, favoring lean designs such as mast solutions over toll bridges, 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, reparability and a high degree of recyclability are mandatory product requirements. Furthermore, the waste hierarchy (reduce, reuse, repair, recycle) is followed for hardware products from the Company’s own production, and the legal requirements of RoHS, REACH, and WEEE for the reduction of hazardous substances and electronic waste are complied with.

The policy addresses the reduction in the use of primary raw materials as part of the overall reduction in raw materials through the use of existing or lean infrastructure.

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 (in implementation).

Kapsch TrafficCom is constantly working on innovations in the areas of tolling and traffic management that reduce the need for physical infrastructure. For example, solutions with smartphone applications and satellite-based solutions are being developed. Since physical infrastructure accounts for a large share of the carbon footprint, these innovations also have a significant leverage effect in reducing the greenhouse gas emissions caused by the solutions.

Refurbishment service (ongoing measure).

The electronic components in the on-board units generally last significantly longer than their usual 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 the refurbishment initiative gives the products a second life. When on-board units are refurbished, the electronics are reused and the housing parts and battery are replaced. The refurbished products undergo a quality check before being returned to the customer.

Green gantry (ongoing measure).

Due to their resource consumption, toll bridges account for a significant portion of the environmental impact of a tolling solution. Conventional solutions are mainly made of steel or aluminum. To reduce the environmental impact of these products, Kapsch TrafficCom has developed a solution in which these materials are largely replaced by the renewable material wood.

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 in implementation.

Metrics and targets.

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

In connection with its “Sustainability Vision” policy and existing actions, Kapsch TrafficCom has not set any targets relating to resource use and circular economy. The effectiveness of the policy in terms of material impacts, risks and opportunities is monitored as part of an ongoing assessment of the environmental impact of the Company’s portfolio. Climate risks and opportunities along the value chain are collected there and, where already available, classified according to new activities and product development initiatives. These are qualitatively assessed based on their degree of impact and probability and are monitored in a “Kanban Board”, in which the current activities are assigned to the respective main contact persons from the departments (e.g., Product Management, Innovation, Production, Environmental Sustainability).

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 material inflows for the manufacture of Kapsch TrafficCom products and solutions in financial year 2024/25 was 5,194 tons. 90.8% of these material inputs are technical materials, 9.2% are biological materials. The biological materials originate exclusively from packaging materials.

The absolute weight of reused or recycled secondary components, secondary intermediate products, and secondary materials used in the manufacture of the Company's products and services could not be determined for the 2024/25 financial year, as this data was not collected by suppliers.

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 weight of the Company's resource inflows was calculated by evaluating all purchases made by the production facilities in Vienna and Mississauga, as well as all purchases for customer projects. Based on the general purchasing process at the Vienna production facility, the weight is entered into the ERP tool as standard. For items that could not be assigned a weight, a weight was assigned based on the average unit weight in the respective product group. To ensure that outliers do not significantly influence the average values used, product groups with a variance of more than 1 for the net weight attribute were examined. If the product group contained an outlier that was more than ten times higher than the rest of the values, these were excluded from the calculation of the average values. These items were of course still taken into account when calculating the total weight. Since the weights of purchases in Mississauga are not entered as standard and are only available in isolated cases, the same procedure was followed here with regard to the missing weights. Since the type and structure of the products manufactured in Vienna and Mississauga are similar and the same product groups are used, this approach is considered appropriate. The resource inflows for customer projects were determined in the same way as for project-related greenhouse gas emissions (Scope 3 Category 1). Therefore, the weights of the purchased materials for the selected reference projects were extrapolated based on costs.

These key figures are reviewed on an annual basis to see how effective the Company's future circular economy actions are. An improvement should be observed as soon as the measures take effect. No additional validation of the key figure was carried out by an external body other than the auditor. Since the ERP system, which is the central information point for all purchases made by both production sites, serves as the source of all resource inflows in this calculation, double counting is avoided.

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 products"*. 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 CO₂ 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. Products comply with legal requirements, such as RoHS, REACH, and WEEE. The RoHS Directive (Restriction of Hazardous Substances) restricts the use of certain hazardous substances in electrical and electronic equipment in order to protect the environment and human health. The REACH Regulation (Registration, Evaluation, Authorization, and Restriction of Chemicals) ensures a high level of protection for human health and the environment through the registration, evaluation, authorization, and restriction of chemical substances. The WEEE Directive (Waste Electrical and Electronic Equipment Directive) promotes the reuse, recycling, and other forms of recovery of waste electrical and electronic equipment in order to reduce the amount of waste to be disposed of.

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 reparability.

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.

In terms of packaging materials, Kapsch TrafficCom began replacing conventional plastic packaging (polystyrene (PS), extruded polystyrene (EPS), polyethylene (PE)) with molded fiber packaging and single-use paper packaging in the reporting year. These not only have a lower 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 proven methods from internal and external sources for designing products with high repairability. They are returned by the customer to the respective production site. The cause of the fault is analyzed at the factory 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	on-board units	10 years	High
	infrastructure components	15-20 years	Very 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
Roadside radiofrequency (RF)		13-15 years	Very high
Roadside video (inkl. DLVP tolling)		10 years	Very high
Vehicle enforcement		10-15 years	Very high
Smart toll		8-10 years	Very high
Traffic management products.			
EcoTrafIX™ controller		15-20 years	Very high
5.9 GHz connected vehicle (C-ITS) On-Board Unit, C-ITS Roadside Unit	on-board units	5-10 years	High
	roadside infrastructure	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 74.2%, and the recyclable content of the product packaging is 90.1%.

Calculation methods.

The calculations took into account the recycling rates of the last three years of the waste disposal company for the TRP-4010 production facility in Vienna and public sources, and were applied in accordance with the product quantities in circulation. More than 99.9% of the products manufactured at the Vienna site are TRP-4010. The evaluation for TRP-4010 is therefore representative of the entire production in Vienna. The core product at the Mississauga production site is comparable to TRP-4010 in terms of product design and packaging. The recyclability rates are therefore also comparable.

However, it should be noted that actual recyclability varies greatly depending on the country or the recycling company. This results in significant geographical variations in recyclability, even though the material 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)	<ul style="list-style-type: none"> ■ 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)	<ul style="list-style-type: none"> ■ 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.	<ul style="list-style-type: none"> ■ 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)	<ul style="list-style-type: none"> ■ Targeted resource planning ■ Additional personnel
Working conditions > Social dialogue			
Positive impact / opportunity: Participatory decisions through social dialogue between the employer and employees. (short to long term)	KTC	Inside-out: Greater satisfaction by adapting working conditions to the needs of employees. (actual)	<ul style="list-style-type: none"> ■ Initiatives for social dialogue ■ People Strategy
		Outside-in: Positive impact on productivity and corporate culture, greater attraction and retention of talented people, lower recruitment costs.	
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)	<ul style="list-style-type: none"> ■ Flexible working models ■ Home office ■ Vacation offers
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)	<ul style="list-style-type: none"> ■ Salary band model

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)	<ul style="list-style-type: none"> 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)	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> 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 outside Europe. (potential)	<ul style="list-style-type: none"> 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 impact of Kapsch TrafficCom's business model and strategies on the environment, society, and employees, as well as the interactions between them, are analyzed. The actual and potential impacts are closely related to the Company's strategy and business model. Negative impacts arise in particular from project-oriented business, for example through employee overload. Positive impacts, on the other hand, result from the People Strategy, which also helps to counteract these challenges and enable adjustments to be made. The strategy was developed as part of a co-creation process, so that the needs of employees 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, 2025, the Kapsch TrafficCom Group employed 3,041 people, 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 production for a limited period of time.

Kapsch TrafficCom's business activities are largely characterized by global project business. This is associated with potential negative effects, such as temporary employment contracts or high work intensity at project milestones. Due to international teams and different legislation and social systems (insurance, salary calculations, etc.), employees may feel unfairly paid compared to others. Another systemic factor is the Company's IT-driven business, which may lead to privacy violations through data breaches. Kapsch TrafficCom is aware of these effects and is taking appropriate measures to counteract them.

Similarly, business activities are linked to existing concepts and initiatives that 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 this. The positive impacts, such as job security thanks to the Company's long-standing stability, participatory decision-making through social dialogue between the employer and employees, work-life balance (flexible working hours, home office, vacation options), skills development and strengthening of employees through individual training opportunities, diversity within the Company, and equal opportunities through the inclusion of people with disabilities, affect all of the Company's employees (salaried employees, workers, apprentices, and trainees). Temporary workers and external employees are not covered by the People Strategy measures.

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.

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, all employees who work directly in project teams are particularly at risk of temporary overload, especially at project milestones or completion and handover dates. Strict occupational safety regulations apply at the two production sites in Austria and Canada, which is why no material risks for workers have been identified there. The risk of injury in production is low, as the work involves circuit board manufacturing and assembly. There is minimal risk from improper operation of machinery, tripping, and lifting loads. Employees receive ongoing training and, where defined, are provided with appropriate protective equipment (PPE).

The material opportunities for Kapsch TrafficCom relate not only to individual groups, but to all employees of the Company.

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. Employees should feel that they belong and are involved. Kapsch TrafficCom wants to inspire its employees to take initiative and work together effectively toward common goals.

The long-term goals of the members of the Management Board (Executive Vice Presidents and Global Leadership Team) include parameters (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.

Kapsch TrafficCom offers vocational training within the Company in Austria: Currently, 13 apprentices are being trained in IT, mechatronics, and industrial business management. This training supports internal succession planning and is tailored to the requirements of Kapsch TrafficCom. In November 2022, Kapsch received the "TOP Training Company" quality seal from the City of Vienna and the Vienna Chamber of Commerce for high training standards, valid for four years. Responsibility for the apprentices lies with the managers of the respective departments as well as with the local Human Resources managers. The apprentices' semester reports are checked to monitor their performance. From 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 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, seven 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 working environment worldwide: workplaces are ergonomically designed to reduce physical and mental stress and thus contribute to the well-being of employees. In addition, internal and external health promotion and prevention programs and expert advice support a holistic approach to safety and health in the workplace. The concept of safety and accident prevention 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 working environment by consulting and involving employees. Occupational safety in the value chain is audited by the Supply Chain Management department. 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.

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. 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.

With its Code of Conduct, Kapsch TrafficCom commits itself 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.
- remedy adverse impacts through corrective measures when activities have caused or contributed to adverse impacts on human rights.
- promote 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 address any concerns or questions to their immediate manager or, depending on the situation, 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. In addition, electronic whistleblowing systems have been set up and an employee survey is conducted twice a year.

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, and 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.

Kapsch TrafficCom is committed to promoting a workplace culture in which diversity and integration are highly valued. 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. Through the expanded sustainability reporting, it became apparent that political opinion is not explicitly mentioned as a reason for discrimination in the Code of Conduct. This will be included in an updated version. 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 that high standards and values are upheld.

Regular employee feedback and adaptation to industry standards contribute to diversity and inclusion, as do existing initiatives such as women@ktc and 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 opportunities and welcomes applications regardless of age, gender, religion, ideology, sexual orientation, or ethnic or national origin. Talents are selected based on objective role requirements, with equal consideration given to attitude, personality, and cultural suitability. All applicants participate in the process on an equal footing, without direct appointments. Internal applicants are given preference in order to promote internal mobility. The recruitment process is agile and provides timely quality feedback. The Global Talent Attraction Team leads the process and ensures transparency, including through a collaborative approach that incorporates the perspectives of HR managers, talent acquirers, and colleagues.

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 framework in each country and thus contributes to the professional inclusion of people with disabilities.

diversity@kapsch.

Kapsch TrafficCom employs people of different genders, age groups, and with different views and beliefs worldwide. Employees come from different backgrounds, have different cultural and religious backgrounds, different sexual orientations, and different mental and physical abilities. The various initiatives within the Kapsch Group to promote diversity and inclusion are bundled under the umbrella concept diversity@kapsch in order to address the various dimensions together.

The promotion of diversity is also reflected in internal training programs. Kapsch TrafficCom expects its employees and managers to engage with this issue in order to develop an understanding of the resulting diversity. This creates the basis for intercultural and motivating cooperation.

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.

Responsible Annotation.

The Responsible Annotation Team has been in place at Kapsch TrafficCom in Vienna, Austria, since 2019. This initiative enables people with disabilities to perform value-adding tasks in the field of annotation as part of a training or employment contract.

Annotation is the process of attaching information and labels to data and is one of the basic requirements for modern artificial intelligence. For Kapsch TrafficCom, this is particularly essential for applications in the areas of automated license plate recognition and vehicle classification. Since the initiative began, more than 100 people have completed job training and 14 people have found employment.

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 is currently being set up 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 field of education and social affairs for the "Training Place" project.

Processes for engaging with own workforce and workers' representatives about impacts (S1-2).

Communication with and involvement of Kapsch TrafficCom employees takes place via many different channels: direct contact, mailings, periodic and situational events with room for questions and answers via communication platforms, intranet, internal social media, performance review discussions, employee surveys. There is also an exchange with employee representatives in countries where these exist in accordance with national legislation. This exchange takes place in a decentralized manner within the framework of the respective legal requirements. The results of the employee survey and 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 conducted with seven global employee focus groups, in which more than 400 feedback responses were collected. The process served to understand the true needs of employees. It also led to effective changes in budget planning, process adjustments, and leadership development.

Since then, the strategy has aimed to create an environment that promotes cooperation, innovation, and (personal) growth. The following approaches in particular support employee engagement and involvement:

Employee survey.

Kapsch TrafficCom conducts an employee survey every six 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 only ten closed questions and is available in English, Spanish, and German. The questions are divided into four categories:

- Leadership
- Collaboration
- Growth & Development
- Wellbeing

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 latest survey in September 2024 yielded an engagement index of 81% and an eNPS of 16.

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 Executive Board 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 review.

Instead of one conventional employee appraisal per year, Kapsch TrafficCom has implemented two focused appraisals: the “growth conversation” for individual development and learning measures, and the “performance talk” at the end of the financial year for performance assessment. The aim is to provide a meaningful retrospective of individual performance throughout the year. Another new feature of this approach is that, in addition to feedback from managers, feedback from various stakeholders within the Company is also taken into account in order to eliminate unbalanced control structures. The training needs of employees are also determined during the two meetings. Kapsch TrafficCom works with educational institutions and partners and offers e-learning and expert communities.

In addition to the two employee reviews, employees receive supportive leadership, clear communication of expectations, regular feedback, and recognition.

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 effective employee involvement and the integration of feedback into corporate decisions lies with the Human Resources (HR) department, which is headed by the HR manager.

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 biannual 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 internally and competitive salaries externally. Pay is independent of hierarchical position and is based on performance, which is defined as a combination of results and effort. During the annual salary review, salary data and external market data are analyzed in order to make any necessary adjustments and thus pursue the goal of a harmonized salary structure. Economic success is shared with all employees instead of using multiple individual incentive programs. Benefits are flexible and adapted to the needs of the Company and its employees. All compensation systems are transparent and easy to understand, and the entire compensation package is clearly communicated to all employees. The HR department’s general key performance indicator plan includes two values for reviewing the fairness of the salary structure and the annual bonus payment; these can therefore be used as internal review mechanisms.

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 months provides a structured opportunity to express opinions on job satisfaction, leadership, and collaboration.
- Direct communication with managers.
 - Regular OpenLine2 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 will be handled in accordance with a defined procedure (whistleblower system).

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, and 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 2024/25”*, 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. Employees should spend at least 40% of their working time in the office or in locations where they can meet their colleagues in person, work together, and develop innovations. However, in certain functions or areas of work, on-site presence is necessary due to the nature of the work, e.g., in production or in the operation of Kapsch TrafficCom systems. Similarly, the measures listed below cannot be offered equally in all areas of activity.

Focus Friday. Every Friday, calendars are kept free of internal meetings. This day can be used to work through things before the weekend, invest time in learning activities, or develop concepts and new ideas.

Condensed work weeks. As a pilot project 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 plans to create or enable jobs that can be shared by two part-time employees. This will increase flexibility as a company (providing more than one source of knowledge) and attract more talent.

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 (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 firmly believes that a successful company starts with the well-being of its employees. The WellBe initiative (from “well-being”) was launched in the EMENA region (EMEA excluding South Africa) in connection with “flexible working”. It aims to promote a healthy and balanced lifestyle and offers a variety of activities, resources, and support systems at the local and regional level to help employees develop both personally and professionally. In the future, it will also include health counseling, mental well-being activities, sports, and more. Actions include participation in sporting events, training courses on employee health, and the provision of nutrition plans.

The measures are intended to contribute to employee flexibility and satisfaction, but this cannot be precisely measured or allocated on a global basis.

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:

- Global job listings for women
- Special LinkedIn learning paths for women
- Gender-specific key figures for members of the management board
- Gender reports
- Analysis of the gender pay gap
- Diversity and inclusion guidelines for managers
- Recruitment policy
- Women’s representative
- “Flashlight Session” with presentations (e.g., poverty in old age)

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.

The coordination of measures specifically for women has recently been handed over to a new team of employees, and the effectiveness of the measures will also be reviewed in this context.

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 KTC 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, worldview, sexual orientation, and 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, dedicated data protection software is currently being 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 measures. As already described, this is measured every six months by means of a 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 semi-annual 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 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 June 2023, the results showed an eNPS of 5, and in the most recent survey conducted in September 2024, the value was 16. The engagement index was 76% in June 2023 and most recently 81%.

Participation in the survey must be at least 50% for it to be considered representative; this figure was estimated at the start of the survey. Participation rates in recent surveys have been around 70%.

Another target concerns the proportion of female employees: Kapsch TrafficCom is aiming for a 30% share of women in management positions; this target is currently defined without a time limit. On March 31, 2025, the proportion was 27%.

All of the above targets are global targets with no time frame. The targets relating to the employee survey were set on the basis of historical results and adjusted by the project management team. The figures are reviewed twice a year, in conjunction with each survey, and the targets are adjusted if necessary. The heads of the women@ktc program were involved in setting the target for the proportion of women 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 heads of the women@ktc program work with HR staff to compile an annual report and monitor the achievement of targets. At the end of each financial year, a meeting is held to discuss the current women's report (Kapsch TrafficCom women's quotas), with additional meetings held as required throughout the year.

Characteristics of Kapsch TrafficCom's employees (S1-6).

Employees by gender.

Head count	March 31, 2025
Male	2,137
Female	896
Other	0
Not reported	8
Total	3,041

Employees by country.

Head count	March 31, 2025
Austria	644
Spain	466
South Africa	373
USA	588
Others	970

Employees by contract type and gender.

	March 31, 2025				
Head count	Total	Female	Male	Other	Not disclosed
Number of employees	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

	March 31, 2025			
Head count	Total	EMEA	Americas	APAC
Number of employees	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
Total number of voluntary employee departures	102
Rate of voluntary employee turnover	3.4%
Total number of employee departures	359
Rate of employee turnover	11.8%

The data was taken from the myWorkday HR software or requested from local HR managers (mainly for subsidiaries). All Kapsch TrafficCom employees were included, including those in special employment relationships and situations, such as apprentices, trainees, interns, employees on parental leave, and long-term sick leave. Depending on the value requested, the total or number was stated, and the mean/median or percentage was calculated. No estimates were made, although Kapsch TrafficCom does not report certain values as this is not yet possible. Employee numbers are reported as headcount as of March 31, 2025. In many (especially European) countries, the number of employees is low and they are therefore not listed when reporting by country. This applies to all key figures (S1-x) unless otherwise stated. The number of employees is stated in the >> *Management Report, chapter 1.2.1 "Earnings position"*.

Employee turnover is calculated as the number of voluntary employee departures in relation to the total number of employees.

Characteristics of non-employees in the Kapsch TrafficCom's own workforce (S1-7).

Non-employees.

Head count	March 31, 2025
Leased personnel	309

External workers are registered in the company's IT system upon joining the company. They are reported as headcount as of March 31, 2025, 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) licensed personnel service providers. 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.

	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
Employees covered by collective bargaining agreements ¹⁾	87.2%
Employees covered by workers' representatives ¹⁾	84.1%

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.

	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), which refers to the reporting levels to the Executive Board. Executive Board -1 comprises all managers who report directly to the Executive Board. Executive Board -2 comprises managers who initially report to Executive Board -1.

Employees by age group and gender.

	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
Employees with disabilities	1.0%

In North America, disclosure of disability is not mandatory, which is why this data is not collected. The percentage was calculated based on the number of employees with disabilities with official proof in relation to the total number of employees.

Health and safety metrics (S1-14).

Health and safety.

	2024/25
Employees covered by health and safety management system ¹⁾	100%
Number of fatalities as result of work-related injuries and work-related ill health	0
Number of recordable work-related accidents ²⁾	15
Rate of recordable work-related accidents ³⁾	2.49
Number of cases of recordable work-related ill health	0
Rate of cases of recordable work-related ill health	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

¹⁾ All employees are covered by a health and safety management system that is reviewed by internal audits. For 29% of employees, the system is also formally certified in accordance with ISO 45001.

²⁾ thereof 15 reportable work-related injuries (injury requiring medical treatment)

³⁾ Number of accidents * 1,000,000 / total number of hours worked (6,027,435 hours)

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 the Kapsch TrafficCom Group.

Number of fatalities as result of work-related injuries and work-related ill health.

All work-related accidents within the Kapsch TrafficCom Group are recorded by the respective occupational safety partners of the business units and documented in the myWorkday system. This applies regardless of whether the employees concerned are registered in myWorkday themselves – in such cases, the responsible occupational safety partner is responsible for making the entry. If no work-related accidents have occurred during the reporting period, written confirmation is obtained from the relevant occupational safety partner by email to document the absence of incidents. 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. No accidents involving external workers were reported in the 2024/25 financial year.

Number of recordable work-related accidents.

Recordable work-related accidents within the Kapsch TrafficCom Group 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. The recording is carried out by the defined occupational safety partners of the business units – regardless of whether the employees concerned are registered in myWD themselves. In cases where no work-related accidents have been reported, written confirmation is obtained from the responsible occupational safety partner by email to verify that no incidents have occurred. This procedure ensures complete and traceable documentation of all reportable events within the Kapsch TrafficCom health and safety management system. No accidents involving external workers were reported in the 2024/25 financial year.

Rate of recordable work-related accidents.

The rate of recordable work-related accidents is calculated by multiplying the number of work-related accidents documented in myWorkday with the incident types "Critical", "Serious", or "High" by 1 million and dividing by the total number of hours worked. This total is based on the target working hours calculated by the finance department for all full-time equivalents (FTEs) employed on average during the respective financial year with holidays and average absences taken into account in this projection. This methodology ensures an internationally comparable key figure for assessing occupational safety within the Kapsch TrafficCom Group.

Number of cases of recordable work-related ill health.

No such cases were documented or reported during the reporting period. Work-related health incidents are recorded as part of the integrated HSSEQ management system, with all relevant incidents monitored by the responsible occupational safety partners and documented in myWorkday where necessary. Should the definition or reporting requirements change in the future, the procedure will be adapted accordingly and incorporated into the existing processes.

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 ill health by 1 million and dividing this by the total number of hours worked. The total number of hours worked is based on the target hours calculated by the finance department for all FTEs (full-time equivalents) employed on average during the financial year, with vacation and average absences taken into account in this projection. This standardized calculation method provides an internationally comparable indicator for assessing work-related health risks and serves as a basis for ongoing improvement measures within 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.

Days lost are systematically recorded in the myWorkday tool and calculated in calendar days. The count begins on the day of the accident or illness and ends on the last day of documented sick leave. Uniform recording ensures transparent and traceable documentation of absences within the integrated HSSEQ management system.

Remuneration metrics (pay gap and total remuneration) (S1-16).

Pay gap and total remuneration.

	2024/25
Gender pay gap in detail (structure-weighted, voluntary additional entity-specific disclosure) ¹⁾	12%
ESRS Gender pay gap	21%
Ratio of the annual total remuneration of the highest-paid individual to the median of all employees	21

¹⁾ To avoid distortions caused by very large countries with low wage levels and high headcounts, the gender pay gap was calculated at country level and combined to form a weighted average.

The gender-specific pay gap was calculated on an hourly wage basis, taking into account contractually agreed salary components and irregular one-off payments (in the myWorkday system). The Company believes that the methodology used provides a realistic picture of the remuneration structure and gender-specific pay differences.

The ratio of total remuneration was calculated on an annual salary basis, taking into account the contractually agreed salary components and irregular one-off payments (in the myWorkday system).

The calculations took into account all Kapsch TrafficCom employees, including special employment relationships and situations such as apprentices, trainees, trainees, employees on leave, and long-term sick leave.

Incidents, complaints and severe human rights impacts (S1-17).

Incidents, complaints and severe human rights impacts.

	2024/25
Number of incidents of discrimination (including harassment)	0
Number of complaints filed through all channels available for raising concerns	0
Total amount of fines, penalties and compensations for damages as a result of the incidents and complaints disclosed above (in EUR million)	
Number of severe human rights incidents connected to own workforce	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
Total amount of fines, penalties and compensations for damages as a result of the severe human rights incidents disclosed above (in EUR million)	

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			
Positive impact: Increased health and safety measures in the supply chain. (short to long term)	<<<	Inside-out: Safe and healthy working environment for workers in the value chain through regular exchange of improvement measures and best practices between Kapsch TrafficCom and suppliers. (actual)	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> 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)	<<<	Outside-in: Risk of child labor and/or forced labor in suppliers' operations in developing countries. (potential)	<ul style="list-style-type: none"> 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 in developing countries.

Based on reports from UNICEF and the International Labor 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 Kapsch TrafficCom's activities. On the contrary, Kapsch TrafficCom ensures that its direct suppliers implement health and safety measures in their supply chains by requiring compliance with legal standards and, as an overarching concept, with the Supplier Code of Conduct. This has a positive effect on the workforce. Nevertheless, Kapsch TrafficCom (outside-in) is potentially exposed to the risk of delays or interruptions in the upstream value chain due to possible labor problems at suppliers, which could lead to delays, increased costs, or 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 defined a Supplier Code of Conduct to manage the material impacts, risks and opportunities related to employees in the value chain. It covers all workers in the value chain and must be acknowledged by new business partners upon commencement of business from the middle of the 2025/26 financial year. For existing business partners, implementation will be defined in detail in the 2025/26 financial year. Its 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 will be amended as necessary and communicated accordingly. It is available in English 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 problems are followed up and monitored by the Supply Chain Management department's leadership team in collaboration with suppliers. Where necessary, relevant parties are involved to ensure that issues are dealt with comprehensively. Furthermore, workers in the value chain are not involved in assessing the effectiveness of measures. The process is transparent, with every step and every measure documented and subject to review. Specific measures are defined and implemented to resolve the issues. The data protection of those involved is also ensured.

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, and 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 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 Group 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)	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> 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)	<ul style="list-style-type: none"> Identification of vulnerable road users
Positive impact: Tolling enable 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.	<ul style="list-style-type: none"> Offer solutions for authorities Demonstrations and training

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 products and services serve the public interest; the Company's customers and clients act on behalf of public authorities and implement transport policy objectives. Road users are therefore not direct "consumers and end-users" (as defined by ESRS S4) of Kapsch TrafficCom solutions, but are considered to be 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.

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 tolling system, customer access may be affected by changes in mobility patterns, as may access for deliveries.

The added value of a tolling or traffic management system 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 systems 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 member 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, and 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.	<ul style="list-style-type: none"> ■ 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.	<ul style="list-style-type: none"> ■ People Strategy with a strong focus on servant leadership ■ Ethics, diversity and cooperation ■ Clear communication of corporate values
Risk: Loss of customer trust due to a data breach. (short to long term)	KTC >>>	Outside-in: Loss of customers, legal sanctions, costs for data recovery and PR management.	<ul style="list-style-type: none"> ■ 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.	<ul style="list-style-type: none"> ■ 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.	<ul style="list-style-type: none"> ■ Development of ethical guidelines for AI use ■ Clear data usage guidelines ■ Continuous monitoring of practices
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.	<ul style="list-style-type: none"> ■ Experts in standardization activities and EU affairs

Material impacts, risks and opportunities	Position in the value chain	Description	Actions
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.	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> 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
- 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 s 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 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 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.
- **Business continuity management.** Kapsch TrafficCom has established a continuity management concept and organization and integrated it into the information security management system in order to maintain business-critical functions even in challenging times. The goal of business continuity activities within the Company includes identifying and implementing preventive and reactive measures in relation to relevant scenarios. The measures cover technical (e.g., use of cloud services, establishment of geo-redundant IT systems), procedural, and organizational aspects (e.g., guidelines), taking into account a wide range of factors.
- **Awareness & 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 negative consequences, provided there is sufficient reason to believe that the information reported was true at the time of reporting. In the event of a report, the identity of whistleblowers will be 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, both employees and external persons with a direct professional connection to Kapsch TrafficCom or other third parties (e.g., affected communities, witnesses of violations) in Europe and North America have access to regionally established electronic whistleblower systems, which can also be used for anonymous reports. Such a system is available in all European countries where business activities are conducted. It is based on the EU Whistleblower Directive and has been further expanded with regard to the reporting categories. A similar electronic whistleblower system also exists in North America. Reports are only viewed by independent and impartial case handlers. These include the Group Compliance Officer and selected employees from the Legal and Human Resources departments of Kapsch TrafficCom. Kapsch TrafficCom ensures compliance with the applicable data protection regulations through appropriate technical and organizational measures.

Whistleblowers are protected against reprisals and discrimination. 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 phase known as the "Global Compliance Training Quarter", various online training courses are held on different areas of corporate management, such as anti-corruption, capital market 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 attendance is mandatory. This annual training phase, which lasts several months, also ensures that new employees receive comprehensive training in a timely manner.

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 those sales functions that frequently come into direct contact with public authorities in countries with a low Corruption Perceptions Index (CPI) in the context of public procurement procedures. 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)"*.

Kapsch TrafficCom will provide support in the event of difficulties or necessary improvements. Among other things, Kapsch TrafficCom attaches great importance to paying invoices on time. Kapsch TrafficCom also strives to maintain ongoing communication with its suppliers in order to ensure good cooperation in the long term.

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 Chief Executive Officer 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, mandatory online anti-corruption training is conducted for office staff across the Group. In addition to the social implications of corruption and key principles and definitions in the context of combating corruption, the training also covers the rules of conduct set out in the internal framework guidelines on preventing corruption. The focus is on consolidating knowledge of generally accepted and prohibited conduct, internal value limits for gifts and invitations, and approval requirements. The training lasts approximately 15–20 minutes, and 82% of at-risk functions are covered by the training program.

During the reporting period, all members of the Executive Board and five of the six members of the Supervisory Board underwent online anti-corruption training on the social implications, key principles and definitions of anti-corruption measures and the content of the Group-wide framework policy on the prevention of corruption, including the rules on gifts and invitations laid down in the compliance system. Starting in financial year 2024/25, the members of the Executive Board and the Supervisory Board will undergo annual corruption-related training.

Metrics and targets.

Confirmed incidents of corruption or bribery (G1-4).

During the reporting period, there were no (0) confirmed incidents, no (0) convictions, and no (0) fines related to violations of anti-corruption and bribery regulations.

Political influence and lobbying activities (G1-5).

Kapsch TrafficCom is in constant dialogue with political stakeholders and decision-makers. The Lobbying Policy, which includes sales activities in the public sector, provides the Company-wide framework for this.

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 2024/25 financial year, Kapsch TrafficCom paid the following membership and interest contributions for legally required and voluntary memberships:

in TEUR	2024/25
ASECAP (Association Européenne des Concessionnaires d'Autoroutes et d'ouvrages à Péage)	21
ERTICO (European Road Transport Telematics Implementation Coordination Organisation)	29
Car 2 Car Communication Consortium	28
Federation of Austrian Industries	55
Association of the Austrian Electrical and Electronics Industries	13
DSRC Interest Group	1

ASCEAP is the European Association of Toll Concessionaires, and Kapsch TrafficCom is an advisory member. The ERTICO association organizes EU research collaborations on intelligent transportation systems, while Car 2 Car is leading the development of specifications for connected vehicle applications.

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 individual payment terms with its suppliers, which are generally between 30 and 60 days and do not vary according to the size of the supplier. However, the Company tries to take small and medium-sized enterprises into account as early as possible and, in some cases, before an invoice is due in the regular payment cycles.

The data was calculated using all companies that use the Group-wide ERP system and all invoices paid in the 2024/25 financial year. This ensures representative coverage of all relevant group transactions.

During the reporting period, it was not always possible to meet the Company's own requirements for timely payment for cash management reasons. However, efforts were made to communicate proactively with suppliers and to agree on the best possible solutions or payment plans. In March 2025, the Group secured long-term financing, which will make liquidity management easier. It is expected that all supplier invoices will be paid largely on time in the future. Kapsch TrafficCom will also make greater use of discounts for early payment in the future.

	2024/25
Number of legal proceedings currently outstanding for late payments	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

	2024/25
≤ 30 days before due date	1%
between 30 days before and 30 days after the due date	80%
between 30 days and 60 days after due date	11%
between 60 days and 90 days after due date	4%
≥ 90 days after due date	4%

Vienna, June 24, 2025

A handwritten signature in black ink, appearing to read 'G. Kapsch', with a stylized, cursive script.

Georg Kapsch
Chief Executive Officer

A handwritten signature in black ink, appearing to read 'A. Escribá', with a stylized, cursive script.

Alfredo Escribá Gallego
Executive Board Member

A handwritten signature in black ink, appearing to read 'S. Kapsch', with a stylized, cursive script.

Samuel Kapsch
Executive Board Member
(since April 1, 2025)

CONSOLIDATED FINANCIAL STATEMENTS.

Primaries.

Consolidated statement of comprehensive income.

in EUR	Note	2023/24	2024/25
Revenues	2	538,842,108	530,315,531
Other operating income	3	81,292,935	31,436,960
Changes in finished and unfinished goods	4	1,320,048	1,421,969
Cost of materials and other production services	5	-232,724,043	-198,649,575
Personnel expenses	6	-242,393,932	-250,582,421
Other operating expenses	7	-73,221,236	-90,546,199
Proportional result of associates and joint ventures	14	15,418,236	5,647,543
Operating result before amortization, depreciation and impairment (EBITDA)		88,534,115	29,043,806
Amortization and depreciation	8	-18,255,154	-16,489,060
Impairment charge and write-up from impairments	8	-21,165	0
Operating result (EBIT)		70,257,796	12,554,747
Finance income	9	6,392,857	5,356,835
Finance costs	9	-36,538,746	-22,258,523
Financial result		-30,145,889	-16,901,689
Proportional results from associates and joint ventures from financial investments	14	-3,236,073	0
Result before income taxes		36,875,835	-4,346,942
Income tax	10	-14,611,402	1,243,681
Result for the period		22,264,434	-3,103,261
Equity holders of the company		23,182,648	-6,858,455
Non-controlling interests	31	-918,215	3,755,194
Earnings per share from the result for the period attributable to the equity holders of the company			
diluted = undiluted		1.72	-0.48
Other comprehensive income for the period			
Currency translation differences		-715,017	4,803,166
Currency translation differences from net investments in foreign operations		141,388	-24,726
Income tax relating to items subsequently to be reclassified to the result for the period		-32,519	5,687
Total items subsequently to be reclassified to the result for the period		-606,148	4,784,127
Total items subsequently not to be reclassified to the result for the period		-1,041,296	-922,800
Other comprehensive income for the period net of tax	11	-1,647,444	3,861,328
Total comprehensive income for the period		20,616,988	758,066
Equity holders of the company		22,343,580	-1,075,638
Non-controlling interests	31	-1,726,592	1,833,704

Consolidated balance sheet.

in EUR	Note	March 31, 2024	March 31, 2025
ASSETS			
Property, plant and equipment	12	45,959,877	43,058,062
Intangible assets	13	27,874,809	27,135,848
Interests in associates and joint ventures	14	3,591,926	18,676,639
Other non-current financial assets and investments		4,134,592	3,419,026
Non-current contract assets	20	2,603,473	846,599
Other non-current assets ¹⁾	16	5,979,542	5,707,025
Deferred tax assets	17	45,568,104	53,359,425
Non-current assets		135,712,324	152,202,624
Inventories	18	47,811,046	49,031,685
Trade receivables and other current assets ¹⁾	19	131,474,320	120,558,888
Current contract assets	20	77,953,504	73,037,459
Current tax receivables		5,004,682	5,479,596
Other current financial assets		1,375,033	1,358,103
Cash and cash equivalents	21	33,376,358	47,805,545
Assets held for sale	22	10,991,002	4,947,796
Current assets		307,985,945	302,219,072
TOTAL ASSETS		443,698,269	454,421,695
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	-51,865,563	-52,941,200
Capital and reserves attributable to equity holders of the company		90,120,675	89,045,038
Non-controlling interests	23	-6,697,811	1,970,933
TOTAL EQUITY		83,422,864	91,015,970
LIABILITIES			
Non-current financial liabilities	24	91,905,548	96,413,049
Non-current lease liabilities	25	26,932,207	24,579,863
Liabilities from post-employment benefits to employees	26	21,162,293	21,253,071
Non-current provisions	27	1,809,756	1,564,681
Non-current contract liabilities	20	6,719,115	8,745,446
Other non-current liabilities		421,771	255,062
Deferred tax liabilities	17	1,263,221	1,357,916
Non-current liabilities		150,213,911	154,169,088
Current financial liabilities	24	12,751,305	21,977,192
Current lease liabilities	25	9,158,250	7,674,129
Trade payables		62,912,990	58,794,215
Current contract liabilities	20	41,797,751	43,569,341
Current provisions	27	22,447,249	20,387,903
Current tax liabilities		4,997,090	6,558,772
Other liabilities and deferred income	28	51,991,923	46,797,175
Liabilities held for sale	22	4,004,937	3,477,909
Current liabilities		210,061,494	209,236,637
TOTAL LIABILITIES		360,275,405	363,405,725
TOTAL EQUITY AND LIABILITIES		443,698,269	454,421,695

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.

Consolidated statement of changes in equity.

in EUR	Share capital	Capital reserve	Other reserves	Consolidated retained earnings	Attributable to equity holders of the company	Non-controlling interests	Total equity
Carrying amount as of March 31, 2023	13,000,000	117,508,771	-45,087,063	-29,122,081	56,299,627	-4,993,721	51,305,907
Result for the period				23,182,648	23,182,648	-918,215	22,264,434
Other comprehensive income for the period:			-839,067		-839,067	-808,377	-1,647,444
Currency translation differences			202,229		202,229	-808,377	-606,148
Remeasurements of liabilities from post-employment benefits			-1,041,296		-1,041,296		-1,041,296
Transactions with the owners:	1,300,000	10,177,467			11,477,467	22,501	11,499,968
Capital increase	1,300,000	10,177,467			11,477,467		11,477,467
Effects from changes in the scope of consolidation						22,501	22,501
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				-6,858,455	-6,858,455	3,755,194	-3,103,261
Other comprehensive income for the period:			5,782,818		5,782,818	-1,921,490	3,861,328
Currency translation differences			6,705,618		6,705,618	-1,921,490	4,784,127
Remeasurements of liabilities from post-employment benefits			-922,800		-922,800		-922,800
Transactions with the owners:	0	0			0	6,835,040	6,835,040
Effects from changes in the scope of consolidation						6,835,040	6,835,040
Carrying amount as of March 31, 2025	14,300,000	127,686,238	-40,143,311	-12,797,890	89,045,038	1,970,933	91,015,970

Details of equity are presented in note 23 and details of interests in subsidiaries in note 30.

Consolidated cash flow statement.

in EUR	Note	2023/24	2024/25
Operating result		70,257,796	12,554,747
Scheduled depreciation and amortization	8	18,255,153	16,489,060
Impairment charge and reversals	8	21,166	0
Change in obligations for post-employment benefits		-1,546,766	-1,709,756
Change in non-current receivables, non-current contract assets and other non-current assets		1,955,092	2,008,787
Change in non-current trade payables, non-current contract liabilities and other non-current liabilities and provisions		6,179,293	1,613,173
Net payments of income taxes		-8,766,313	-2,590,921
Interest received		1,971,198	1,257,159
Other (net) ¹⁾		-21,361,078	-4,377,325
Cash flow from earnings		66,965,541	25,244,924
Change in net working capital:			
Change in trade receivables, current contract assets and other current assets		-16,766,233	8,056,173
Change in inventories		-2,708,186	-1,584,872
Change in trade payables, current contract liabilities and other current payables		10,571,046	-2,014,853
Change in current provisions		3,827,515	-2,030,300
Change in net working capital		-5,075,858	2,426,148
Cash flow from operating activities		61,889,683	27,671,072
Purchase of property, plant and equipment	12	-5,740,577	-6,162,347
Purchase of intangible assets	13	-272,338	-1,551,054
Purchase of securities, investments and other non-current financial assets		-2,457,690	-1,202,920
Payments for the acquisition of entities (less cash and cash equivalents of these entities)		27,550	0
Payments for the acquisition of shares in at-equity-consolidated entities		-549,531	-78,604
Payments from the disposal of shares in and liquidation of subsidiaries		20,600	-1,457,585
Proceeds from the disposal of property, plant and equipment		1,152,329	132,822
Proceeds from the disposal of intangible assets		0	234
Proceeds from the disposal of securities and other financial assets		21,600,547	1,364,527
Dividends from companies consolidated at-equity		30,000,000	2,500,000
Cash flow from investing activities		43,780,889	-6,454,927
Free cash flow²⁾		105,670,572	21,216,145
Contributions from shareholders in subsidiaries		4,072,420	0
Increase in non-current financial liabilities	24	880,000	47,110,538
Increase in current financial liabilities	24	27,428,560	5,632,606
Decrease in current financial liabilities	24	-105,504,444	-37,474,824
Lease payments	25	-11,791,475	-9,972,719
Interest paid		-26,692,646	-11,826,261
Cash flow from financing activities		-111,607,585	-6,530,660
Cash and cash equivalents at beginning of year		45,227,819	33,376,358
Changes in cash and cash equivalents ³⁾		-5,937,012	14,685,486
Exchange gains/losses		-2,985,719	8,947
Assets held for sale	22	-2,928,730	-265,246
Cash and cash equivalents at end of year	21	33,376,358	47,805,545

¹⁾ In the 2024/25 financial year, this mainly includes the proportional result of associates and joint ventures of EUR 5,648 k (2023/24: mainly includes the result from the joint venture autoTicket GmbH, Germany, of EUR 15,498 k).

²⁾ Cash flow from operating activities + cash flow from investing activities

³⁾ Free cash flow + cash flow from financing activities

Notes to the Consolidated Financial Statements.

Table of contents.

General information	151
1 – General Information.	151
Consolidated statement of comprehensive income	153
2 – Segment information.	153
3 – Other operating income.	155
4 – Changes in finished and unfinished goods and work in progress.	155
5 – Cost of materials and other production services.	155
6 – Personnel expenses.	156
7 – Other operating expenses.	156
8 – Expenses for amortization, depreciation and impairment.	157
9 – Financial result.	157
10 – Income taxes.	158
11 – Other comprehensive income.	158
Consolidated balance sheet	159
12 – Property, plant and equipment.	159
13 – Intangible Assets.	160
14 – Interests in associates and joint ventures.	164
15 – Financial instruments.	170
16 – Other non-current assets.	172
17 – Deferred tax assets/liabilities.	173
18 – Inventories.	174
19 – Trade receivables and other current assets.	174
20 – Contract assets and contract liabilities.	176
21 – Cash and cash equivalents.	176
22 – Assets and liabilities held for sale.	177
23 – Equity.	178
24 – Current and non-current financial liabilities.	179
25 – Lease liabilities.	182
26 – Liabilities from post-employment benefits to employees.	183
27 – Provisions.	186
28 – Other liabilities and deferred income.	188
29 – Contingent liabilities and other commitments as well as disclosure to German infrastructure charge.	188
Others	189
30 – Interests in subsidiaries.	189
31 – Non-controlling interests.	196
32 – Related parties.	199
33 – Risk management.	202
34 – Capital management.	205
35 – Accounting and valuation principles.	207
36 – Earnings per share.	223
37 – Events after the reporting period.	223
38 – Supplementary disclosures.	224

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, 2025 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 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:

1.4.1 Estimated impairment of goodwill.

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.

1.4.2 Estimated impairment of goodwill.

In accordance with the accounting policy stated in note 13 and 35, the Group tests annually whether goodwill has suffered any impairment. The recoverable amount of cash generating units is determined on the basis of the calculation of the value in use. Therefore assumptions must be made and used as a basis for this. Sensitivities for the acquired goodwill are detailed in note 13.

1.4.3 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.

1.4.4 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. Sensitivity analyses of the assumptions made by the Management Board are provided in the respective notes.

2 Segment information.

Operating segments.

An operating segment is a component of an entity that engages in business activities from which it may earn revenues 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:

	2023/24			2024/25		
	Tolling	Traffic Management	Total	Tolling	Traffic Management	Total
Invoiced sales	396,491	161,339	557,831	404,498	135,326	539,824
Accrued sales	-18,190	-798	-18,989	-11,482	1,973	-9,509
Revenues	378,301	160,541	538,842	393,016	137,300	530,316
Implementation	96,681	55,870	152,551	104,621	56,827	161,448
Operations	207,730	93,210	300,940	205,584	79,322	284,907
Components	73,890	11,461	85,351	82,811	1,151	83,961
Other operating income ¹⁾	77,500	3,793	81,293	23,147	8,290	31,437
Changes in finished and unfinished goods	3,180	-1,860	1,320	-3,089	4,511	1,422
Cost of materials and other production services	-178,032	-54,692	-232,724	-146,636	-52,013	-198,650
Personnel expenses	-178,849	-63,545	-242,394	-188,921	-61,661	-250,582
Other operating expenses	-47,432	-25,789	-73,221	-56,136	-34,411	-90,546
Proportional result of associates and joint ventures	15,418	0	15,418	4,893	755	5,648
Operating result before amortization, depreciation and impairment (EBITDA)	70,085	18,449	88,534	26,274	2,770	29,044
Amortization and depreciation	-15,757	-2,498	-18,255	-14,250	-2,240	-16,489
Impairment charge and write-up from impairments	0	-21	-21	0	0	0
Operating result (EBIT)	54,328	15,930	70,258	12,024	530	12,555
EBIT margin	14.4%	9.9%	13.0%	3.1%	0.4%	2.4%
Capital expenditure ¹⁾	8,013	5,222	13,235	13,588	3,112	16,700
Other non-cash-effective positions	-10,457	781	-9,676	1,939	565	2,504

¹⁾ Capital expenditure includes also capital expenditure for right-of-use assets from leases (see note 12 and 13).

The business types implementation, operations and components also correspond to performance obligations pursuant to IFRS 15.

The EBIT in the Toll segment recorded a significant decline to EUR 12.0 million (previous year: EUR 54.3 million). The main reason for this is the agreement reached in Germany in the previous year regarding the termination of the operator contract for the collection of the infrastructure charge, which had a positive impact of EUR 72.0 million on the prior year's result.

EBIT in the Traffic Management segment amounted to EUR 0.5 million in the reporting year 2024/25 (previous year: EUR 15.9 million). The main reason for this development was the sale of TMT Services and Supplies (Pty) Ltd., South Africa, which on the one hand had a positive impact on revenue and earnings in 2023/24, and on the other hand led to a negative deconsolidation effect in 2024/25.

The segment assets and liabilities on the balance sheet date are as follows:

	March 31, 2024			March 31, 2025		
	Tolling	Traffic Management	Total	Tolling	Traffic Management	Total
Segment assets	218,517	110,242	328,758	219,458	82,663	302,120
Interests in associates and joint ventures	3,592	0	3,592	18,677	0	18,677
Segment liabilities	158,117	94,308	252,424	181,699	58,481	240,180

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. The assets and liabilities classified as held for sale are fully allocated to the „Traffic Management“ segment and are included in the segment assets and liabilities.

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 the 2024/25 financial year, there was no customer that contributed more than 10 % to consolidated revenues. In the previous year, one customer exceeded the 10% threshold in the Tolling segment.

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	
	2023/24	2024/25	March 31, 2024	March 31, 2025
Austria	13,053	14,940	26,540	24,906
EMEA (excluding Austria) ¹⁾	265,664	242,418	7,023	5,102
Americas ²⁾	232,423	248,953	32,024	31,918
APAC ³⁾	27,703	24,004	8,248	8,268
Total	538,842	530,316	73,835	70,194

¹⁾ EMEA: Europe, Middle East, Africa

²⁾ Americas: North, Central and South America

³⁾ APAC: Asia-Pacific

3 Other operating income.

	2023/24	2024/25
Income from the deconsolidation of subsidiaries	0	14,794
Exchange rate gains from operating activities	10,218	6,059
Income from the proportional reimbursement of consulting costs	0	2,760
Compensation from legal proceedings	0	2,194
Income from the research tax credits	2,092	1,130
Lease income from the rent of OBUs	0	1,108
Profit distribution of the joint operation	0	969
Income from the insurance refunds	1,333	170
Income from the sale of non-current assets	71	114
Settlement on infrastructure charge Germany	66,291	0
Income from the subsidies related to COVID-19-pandemic	259	0
Sundry operating income	1,029	2,139
Total	81,293	31,437

Income from deconsolidation of subsidiaries in the financial year 2024/25 primarily results from the disposal of Kapsch Telematic Services IOOO, Belarus and Parat Ltd., Abu Dhabi.

Operational foreign currency gains mainly related to exchange rate fluctuations of the US dollar against the euro. In the previous financial year, these were mainly due to exchange rate fluctuations of the Argentine Peso and the Canadian Dollar against the US dollar and the Euro.

Other operating income in the financial year 2024/25 included, among other things, a cost contribution of EUR 2,760 k from a joint venture partner for consulting services incurred by Kapsch TrafficCom in connection with a legal dispute, as well as compensation from legal proceedings in Spain amounting to EUR 2,194 k.

At the beginning of July 2023, the arbitration proceedings conducted due to the termination of the operations contract for the collection of the infrastructure charge, the passenger car toll in Germany, were concluded with a settlement agreement. Accordingly, autoTicket GmbH, a joint venture between Kapsch TrafficCom and CTS EVEN-TIM, received an amount of EUR 243 million from the Federal Republic of Germany. An amount of EUR 66.3 million was recognized in other operating income in the previous year.

Sundry operating income includes several recharges and deferrals.

4 Changes in finished and unfinished goods and work in progress.

	2023/24	2024/25
Change in unfinished goods and work in progress	595	-797
Change in finished goods	725	2,219
Total	1,320	1,422

Details on inventories can be found in note 18.

5 Cost of materials and other production services.

	2023/24	2024/25
Cost of materials	-103,155	-90,277
Cost of purchased services	-129,569	-108,372
Total	-232,724	-198,650

Cost of materials decreased by EUR 12,878 k, primarily due to efficiency improvements in the United States. Cost of purchased services declined by EUR 21,196 k, mainly in the United States, South Africa, and Spain.

6 Personnel expenses.

	2023/24	2024/25
Wages, salaries, and other remunerations	-200,099	-202,967
Expenses for social security and payroll-related taxes and contributions	-29,293	-32,089
Expenses for termination benefits (see note 26)	-629	-512
Expenses for pensions (see note 26)	-17	-15
Contributions to pension funds and other external funds	-3,195	-3,779
Restructuring costs related to personnel	24	2
Fringe benefits	-9,185	-11,223
Total	-242,394	-250,582

As of March 31, 2025, the number of staff amounted to 3,041 employees (March 31, 2024: 4,054) and averaged 3,548 employees in the financial year 2024/25 (2023/24: 4,040).

Personnel expenses increased by EUR 8,188 k in the financial year 2024/25 due to salary increases and shifts in the number of employees between countries with lower to higher personnel costs.

Fringe benefits mainly refer to voluntary social benefits in the USA.

7 Other operating expenses.

	2023/24	2024/25
Communication and IT expenses	-15,069	-16,143
Legal and consulting fees	-15,130	-10,605
Exchange rate losses from operating activities	-7,889	-8,650
Expenses from other leases - short term	-479	-8,645
Travel expenses	-7,157	-7,366
License and patent expenses	-4,420	-6,358
Taxes and charges	-3,535	-4,845
Automobile expenses	-4,356	-4,030
Maintenance	-5,369	-3,714
Insurance expenses	-3,369	-3,714
Rental and other building expenses	-4,656	-3,647
Allowances on trade and other receivables	-1,146	-2,601
Marketing and advertising expenses	-2,989	-2,592
Bank charges	-2,241	-2,318
Office expenses	-2,033	-1,561
Training expenses	-1,328	-801
Transport expenses	-770	-657
Membership fees	-497	-542
Warranties and guarantees	-394	-313
Damages	-89	-8
Reversal of allowance on receivable	10,149	0
Other	-453	-1,436
Total	-73,221	-90,546

Communication and IT expenses increased by EUR 1,074 k compared to the previous year, primarily in Austria. Legal and consulting costs decreased by EUR 4,526 k year-on-year, mainly due to legal fees incurred in the previous year in connection with the restructuring agreement.

Operational foreign exchange losses amounted to EUR -8,650 k, slightly higher than in the previous year (EUR -7,889 k). These losses were mainly due to exchange rate fluctuations of the US dollar against the euro. In the previous year, the losses primarily resulted from fluctuations in the Argentine peso, Chilean peso, and South African rand against the euro and the US dollar.

Losses from the deconsolidation of companies resulted from the sale of TMT Services and Supplies (Pty) Ltd., Cape Town, South Africa (see Note 30), as well as the liquidation of entities in Russia and Austria. In the previous year, deconsolidation losses were mainly attributable to the liquidation of Streetline Inc., Foster City, USA.

Following an agreement with a customer regarding overdue receivables, an impairment allowance of EUR 10.1 million was reversed in the previous year. The agreement included an instalment payment plan of EUR 4.5 million and a credit note of EUR 5.6 million, which was also recognized in revenue in the prior year.

8 Expenses for amortization, depreciation and impairment.

	2023/24	2024/25
Depreciation of property, plant and equipment	-14,064	-14,300
Amortization of intangible assets	-4,191	-2,189
Impairment on intangible assets	-21	-0
Total	-18,276	-16,489

Depreciation of property, plant and equipment also includes depreciation of right-of-use assets from leases (EUR 9,635 k). Details can be found in Note 12. The decrease in amortization of intangible assets mainly relates to depreciation of IT applications, low-value assets, as well as licenses and rights.

9 Financial result.

	2023/24	2024/25
Interest income	1,838	1,121
Interest income from leases	14	20
Income from securities, recognized at fair value through profit or loss	118	115
Income from investments, recognized at fair value through profit or loss	153	193
Income from accrued interest of non-current receivables	156	124
Gains from derivative financial instruments	1,206	1,546
Exchange rate gains from financing activities	2,907	2,237
Finance income	6,393	5,357
Interest expense	-23,951	-10,052
Interest expenses from leases	-1,477	-1,420
Expense from investments, recognized at fair value through profit or loss	-11	0
Expense from interest accretion of non-current liabilities	-452	0
Losses from financial instruments	-1,804	-1,814
Expenses from hyperinflation	-7,007	-4,829
Exchange rate losses from financing activities	-3,402	-2,751
Interest expense from liabilities from post-employment benefits to employees (see note 26)	-710	-654
Interest expense from liabilities from anniversary bonuses to employees (see note 26)	-51	-46
Expense from the disposal of financial assets	-24	-694
Reverse of impairment of financial assets	2,350	3
Finance costs	-36,539	-22,259
Financial result	-30,146	-16,902

Interest expenses were reduced from EUR 23,951 k to EUR 10,052 k in the financial year 2024/25. This decline is mainly attributable to the absence of one-off effects recognised in the prior year in connection with the former restructuring agreement with the banks, as well as to a significant decrease in interest rates.

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 Brazil (Brazilian Real versus Euro) and Argentina (Argentinian Peso against US Dollar).

In the financial year 2024/25, The Group employs derivative financial instruments to hedge or minimize interest rate risk. In the previous financial year, the Group used derivative financial instruments to hedge both interest rate and currency risks.

10 Income taxes.

	2023/24	2024/25
Current income taxes	-11,888	-7,006
Change in deferred taxes	-2,724	8,250
Total	-14,611	1,244
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 rate¹⁾ of 23% (previous year: 23%) and the recognized tax expense/income are as follows:

	2023/24	2024/25
Result before income taxes	36,876	-4,347
Arithmetic tax expense/income	-8,481	1,000
Effects of different tax rates in the Group	-1,029	-2,286
Unrecognized deferred tax assets on current tax losses and impairment of previously recognized tax losses	-4,853	-5,914
Recognition of deferred tax assets for unrecognized previous-year tax losses	4,518	19,245
Change of tax rate	0	0
Tax allowances claimed and other permanent tax differences	-12,130	-9,484
Income and expenses not subject to tax and other differences	7,216	-2,746
Tax effects from previous periods	147	1,430
Recognized tax expense/income	-14,611	1,244

Unrecognized deferred tax assets for current losses primarily relate to tax loss carryforwards in the United States and Austria that are not expected to be fully utilized based on projections for the coming years. Deferred tax income recognized in financial year 2024/25 mainly related to previously unrecognized tax loss carryforwards in the United States.

The tax effects relating to prior periods include adjustments to prior-year figures resulting from tax audits and adjustments made in the course of preparing tax returns.

For further information on deferred tax assets and liabilities, see note 17.

11 Other comprehensive income.

	2023/24			2024/25		
	Before taxes	Tax expense/income	After taxes	Before taxes	Tax expense/income	After taxes
Remeasurements of liabilities from post-employment benefits	-1,346	305	-1,041	-1,147	224	-923
Currency translation differences	-715	0	-715	4,803	0	4,803
Currency translation differences from net investments in a foreign operation	141	-33	109	-25	6	-19
Fair value changes recognized in equity	-1,919	272	-1,647	3,632	229	3,861

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 equipment and machinery	Construction in progress	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
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
Reclassification to "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

	Land and buildings	Right-of-use from leases of buildings	Technical equipment and machinery	Construction in progress	Other equipment, factory and office equipment	Right-of-use from other leases	Total
Carrying amount as of March 31, 2023	1,564	39,089	2,589	947	5,381	2,559	52,130
Currency translation differences	-8	-277	-6	-15	-159	-279	-744
Reclassification	0	0	1,041	-1,050	9	0	0
Additions	533	5,821	1,266	2,124	1,818	1,379	12,941
Disposals	0	-1,304	-229	-695	-193	-289	-2,710
Scheduled amortization	-727	-8,495	-1,468	0	-1,813	-1,562	-14,064
Reclassification to "Assets held for sale"	-19	0	-242	-915	-417	0	-1,594
Carrying amount as of March 31, 2024	1,344	34,835	2,951	395	4,627	1,808	45,960
Acquisition/production costs	12,017	74,846	38,689	395	26,573	4,145	156,665
Accumulated depreciation	-10,673	-40,011	-35,738	0	-21,946	-2,337	-110,706
Carrying amount as of March 31, 2024	1,344	34,835	2,951	395	4,627	1,808	45,960

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, 2025, reclassifications of property, plant and equipment in the amount of EUR -753 k (March 31, 2024: EUR -1,594 k) were made to "assets held for sale" in accordance with IFRS 5. Information on this is presented in note 22.

13 Intangible assets.

	Capitalized development costs	Concessions and rights	Goodwill	Intangible assets in completion	Total
Carrying amount as of March 31, 2023	1,442	3,403	22,735	295	27,875
Currency translation differences	1	1	-0	0	2
Reclassification	0	7	-0	-0	7
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, 2024	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, 2024	1,339	1,334	22,735	1,728	27,136

	Capitalized development costs	Concessions and rights	Goodwill	Intangible assets in completion	Total
Carrying amount as of March 31, 2023	1,824	7,095	22,735	102	31,756
Currency translation differences	2	28	0	0	30
Additions	0	79	21	194	294
Scheduled amortization	-381	-3,810	0	0	-4,191
Impairment			-21		-21
Reclassification to "Assets held for sale"	-3	0	0	0	-3
Carrying amount as of March 31, 2024	1,442	3,403	22,735	295	27,875
Acquisition/production costs	12,847	98,742	60,267	295	172,152
Accumulated depreciation	-11,405	-95,340	-37,532	0	-144,277
Carrying amount as of March 31, 2024	1,442	3,403	22,735	295	27,875

13.1 Recoverability of intangible assets with finite useful lives.

Intangible assets (excluding intangible assets with indefinite useful lives) are allocated to the individual companies and are tested for impairment at this level if any indications of impairment appear.

As at March 31, 2025, there were neither impairments nor write-ups, as in the previous year.

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, 2024	March 31, 2025
CGU Tolling-Americas : Americas	11,771	11,771
CGU Tolling-EMEA : Europe, Middle East and Africa	0	0
CGU Tolling-APAC : Asia and Pacific	7,371	7,371
CGU TM-Americas : Americas	3,364	3,364
CGU TM-EMEA : Europe, Middle East and Africa	0	0
CGU TM-APAC : Asia and Pacific	230	230
Total Goodwill	22,735	22,735

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:

	2023/24	2024/25
Determination of recoverable amount	Value in use	Value in use
Detailed planning period	6 years	6 years
Terminal value growth rate	2.00%	2,00 %
Market risk premium	6.08%	5.64%
Risk-free rate	2.42%	2.61%

In the case of all cash-generating units of the Group, the market side is generally based on a project business in which the Group is commissioned to set up a tolling or traffic management system. In connection with this, longterm operation business can often be generated. In addition, system extensions (e.g. through additional routes or additional applications) and/or further ongoing component deliveries for these customers can also be provided within the framework of such long-term contracts. This characteristic of the project business is also 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 related to climate change are expected, particularly in the Traffic Management segment with its three business units. An increasing number of economic regions, countries, and cities are recognizing the threat posed by climate change and are striving to implement measures and define targets to counteract this threat. The transport sector is often a key focus in this context. In this segment, Kapsch provides solutions that support customers in achieving these targets, as efficient traffic management not only helps reduce congestion but also significantly lowers emissions and, consequently, air pollution. Management expects that this growing demand will support the projected revenue development and may even lead to these expectations being exceeded.

In addition, Kapsch TrafficCom takes this environmental trend into account particularly in its research and development initiatives as well as in its production processes. Targeted priorities are set to focus on environmental protection and on the type and quantity of materials used in solutions and products. Kapsch has always strived to engage with emerging topics, and within this focus on innovation, there is an increasing emphasis on new environmentally friendly technologies. This focus is 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 assessed according to their probability and are included in the planning accordingly. Strong demand for traffic management projects (especially road safety and traffic monitoring systems) is also expected in the **CGU TM-Americas** and has been included in the planning accordingly.

The focus in the region EMEA is on Europe, although selected projects in Africa and the Middle East continue to be included in these CGUs. In the **CGU Tolling-EMEA**, demand for tolling systems remains strong, not least because of the budget constraints in many public budgets. Already won, prepared or potential implementation and operation projects, as well as their expansion, are included in the planning according to their probability. In the **CGU Tolling**

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 rise in demand within this business unit. This anticipated development has been appropriately reflected in the planning for the **CGU TM-EMEA**.

The planning for the **CGU Tolling-APAC** is based on finalized implementation projects, current operation projects, their extensions, tenders either in preparation or already in progress within this region. Road telematics solutions are an essential part of the planning in the **CGU TM-APAC** as they are in other regions. Different projects in the field of road safety and traffic monitoring systems are expected.

Delivery of **components** is an integral part of the plan in all Tolling CGUs.

In connection with the ongoing hostilities in Ukraine and their potential impact on the Group's business activities in the surrounding countries of Russia and Belarus (where projects are primarily carried out within the Tolling-EMEA CGU area, it should be noted that there are currently no activities taking place in Russia. For Belarus, control was relinquished in the current financial year, and the planning has been adjusted accordingly.

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 2024/25 (2023/24: eleven companies – thereof seven relevant). The composition of the companies relevant for calculating the parameters within the peer group decreased from seven to six compared to the previous year. The debt/equity ratio of the peer group in the financial year 2024/25 was 16.8% (2023/24: 22.5%); the unlevered beta factor was 0.88 (2023/24: 0.80).

13.2.3 Results of the impairment test.

2024/25	Tolling-			TM-		
	Americas	EMEA	APAC	Americas	EMEA	APAC
Carrying amount of goodwill allocated to the CGU	11,771	0	7,371	3,364	0	230
Carrying amount of intangible assets with indefinite useful life allocated to the CGU (excl. goodwill)	0	1,561	0	0	167	0
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%

The impairment tests confirmed the recoverability of all goodwill as of March 31, 2025. The carrying amounts in all cash-generating units show a stable development.

2023/24	Tolling-			TM-		
	Americas	EMEA	APAC	Americas	EMEA	APAC
Carrying amount of goodwill allocated to the CGU	11,771	0	7,371	3,364	0	230
Carrying amount of intangible assets with indefinite useful life allocated to the CGU (excl. goodwill)	0	232	0	0	64	0
Value in use of the CGU	70,154	95,027	50,006	39,656	55,161	27,729
Carrying amount of the CGU	45,871	75,613	10,908	26,210	30,701	469
Discount rate	9.0%	14.1%	8.2%	17.0%	9.3%	8.1%
Discount rate before tax	12.3%	18.7%	10.9%	23.1%	12.0%	10.3%
Break-even discount rate before tax	18.2%	24.0%	112.2%	36.8%	34.6%	187.2%

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.

2024/25	Increase in assumption	Tolling-			TM-		
		Americas	EMEA	APAC	Americas	EMEA	APAC
Discount rate	+ 10%	-12,345	-3,690	-3,547	-3,540	-2,848	-4,842
Revenue growth	+ 10%	4,288	3,746	835	2,170	2,094	5,215
EBITDA margin in detailed planning	+ 10%	4,901	2,777	1,165	2,001	1,345	1,245
Terminal value growth rate	+ 0,5%p	6,671	1,802	2,035	845	1,430	2,845
	Decrease in assumption	Tolling-			TM-		
		Americas	EMEA	APAC	Americas	EMEA	APAC
Discount rate	- 10%	16,090	4,713	4,608	4,436	3,658	6,315
Revenue growth	- 10%	-4,198	-3,619	-820	-2,085	-2,013	-4,823
EBITDA margin in detailed planning	- 10%	-4,901	-2,881	-1,165	-2,001	-1,345	-1,245
Terminal value growth rate	- 0,5%p	-5,766	-1,575	-1,729	-779	-1,236	-2,410

2023/24	Increase in assumption	Tolling-			TM-		
		Americas	EMEA	APAC	Americas	EMEA	APAC
Discount rate	+ 10%	-7,053	-7,755	-4,881	-3,596	-3,379	-3,361
Revenue growth	+ 10%	1,610	3,517	2,301	814	909	3,246
EBITDA margin in detailed planning	+ 10%	4,574	6,526	964	1,971	1,643	818
Terminal value growth rate	+ 0,5%p	3,329	1,764	2,821	693	1,530	1,973
	Decrease in assumption	Tolling-			TM-		
		Americas	EMEA	APAC	Americas	EMEA	APAC
Discount rate	- 10%	8,975	9,569	6,360	4,531	4,284	4,385
Revenue growth	- 10%	-1,594	-3,445	-2,251	-805	-901	-3,101
EBITDA margin in detailed planning	- 10%	-4,574	-6,526	-964	-1,971	-1,643	-818
Terminal value growth rate	- 0,5%p	-2,887	-1,625	-2,398	-649	-1,333	-1,672

A sensitivity analysis of the above-mentioned cash-generating units showed that an increase in the discount rate by one percentage point would still result in the carrying amounts of the units being covered, with no need for impairment. In addition, the cash flow sensitivity analysis indicated that a 10 % reduction in cash flows would also not result in any impairment. If EBITDA margins are reduced by one percentage point as part of the sensitivity analysis, the carrying amounts of the above-described units remain covered. Furthermore, the analysis showed that even a reduction of the perpetual growth rate by half a percentage point would still result in the carrying amounts being covered.

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 2024/25 amounted to EUR 70,247 k (2023/24: EUR 79,977 k). Of this amount, EUR 44,768 k (2023/24: EUR 55,441 k) were customer-specific development costs that were charged to the customers. The remaining amount of EUR 25,479 k (2023/24: EUR 24,536 k) was recognized as an expense.

14 Interests in associates and joint ventures.

	2023/24	2024/25
Carrying amount as of March 31 of previous year	24,736	3,592
Additions	550	12,020
Disposals	-6,272	0
Reclassification	-1	0
Proportional result of the period from core business	15,368	5,631
Adjustments for elimination of intercompany transactions	50	17
Proportional result of the period from financial investments	-1,006	0
Dividend received JV and assoc.	-30,000	-2,500
Currency translation differences	167	-82
Carrying amount as of March 31 of financial year	3,592	18,677
thereof interests in associates	0	16,247
thereof interests in joint ventures	3,592	2,430

In financial year 2024/25, there were additions of EUR 12,020 k (2023/24: EUR 550 k). These mainly relate to the associated companies Parat Ltd, Abu Dhabi, with EUR 9,357 k, and Kapsch Telematic Services IOOO, Belarus, with EUR 2,554 k. Further additions of EUR 30 k relate to the associated company Electolling ETC Del. Ecuador. Moreover, additions of EUR 79 k resulted from a further capital contribution to the joint venture Copiloto Colombia S.A.S., Colombia.

There were no disposals in financial year 2024/25. The disposal in the previous year in the amount of EUR 6,272 k corresponded to the derecognized carrying amount of the associated company Traffic Technology Services, Inc., USA, which was sold in financial year 2023/24.

Associated companies.

The associated companies include Electolling ETC Del. Ecuador, 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, 2025, Kapsch TrafficCom held a 23% interest. The company is accounted for using the equity method, and the carrying amount of the investment as of March 31, 2025, was EUR 28 k. The share of profit or loss from this associated company amounted to EUR -2 k in financial year 2024/25 and is reported under operating result. The following table presents the summarized financial information of the company.

	March 31, 2024	March 31, 2025
Non-current assets	n.a.	30
Current assets	n.a.	115
Non-current liabilities	n.a.	-19
Current liabilities	n.a.	-2
Net assets	n.a.	123
Cash and cash equivalents	n.a.	92
Financial liabilities (non-current and current)	n.a.	0
	2023/24	2024/25
Revenues	n.a.	0
Result for the period	n.a.	-7
Other comprehensive income	n.a.	0
Total comprehensive income	n.a.	-7
Reconciliation	March 31, 2024	March 31, 2025
Net assets at beginning of financial year	n.a.	130
Total comprehensive income	n.a.	-7
Net assets as of March 31 of financial year	n.a.	123
Share of Kapsch TrafficCom (23%)	n.a.	28
Carrying amount as of March 31 of financial year	n.a.	28

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) for the period from April 2024 to March 2025:

	March 31, 2024	March 31, 2025
Non-current assets	n.a.	0
Current assets	n.a.	4,208
Non-current liabilities	n.a.	0
Current liabilities	n.a.	-961
Net assets	n.a.	3,248
Cash and cash equivalents	n.a.	1,738
Financial liabilities (non-current and current)	n.a.	0
	2023/24	2024/25
Revenues	n.a.	4,578
Result for the period	n.a.	3,248
Other comprehensive income	n.a.	0
Total comprehensive income	n.a.	3,248

The total comprehensive income of Parat Ltd. for the months of January to March 2025 amounted to EUR 3,248 k, of which EUR 2,436 k 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 for the period from April 2024 to March 2025:

	March 31, 2024	March 31, 2025
Non-current assets	n.a.	1,777
Current assets	n.a.	8,483
Non-current liabilities	n.a.	-953
Current liabilities	n.a.	-4,001
Net assets	n.a.	5,307
Cash and cash equivalents	n.a.	2,780
Financial liabilities (non-current and current)	n.a.	0
	2023/24	2024/25
Revenues	n.a.	39,328
Result for the period	n.a.	3,634
Other comprehensive income	n.a.	0
Total comprehensive income	n.a.	3,634

The total comprehensive income for the current financial year 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 from January to March 2025 amounted to EUR 1,872 k. This amount consists of the direct share attributable to Kapsch TrafficCom (EUR 751 k) and the indirect share held through Parat Ltd. (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, 2024	March 31, 2025
Carrying amount of Kapsch TrafficCom at Parat Ltd. and Kapsch Telematic Services IOOO	n.a.	11,911
Proportional total comprehensive income Parat Ltd., January to March 2025	n.a.	2,436
Direct proportional total comprehensive income Kapsch Telematic Services IOOO, January to March 2025	n.a.	751
Indirect proportional total comprehensive income Kapsch Telematic Services IOOO, January to March 2025	n.a.	1,121
Carrying amount as of March 31 of financial year	n.a.	16,219

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 (2024/25: EUR 1,191 k and 2023/24: EUR 29,498 k) are disclosed separately in the operating result (item: "Proportional result from associates and joint ventures"). The increase in earnings in the previous financial year was due to the settlement of the arbitration proceedings with the Federal Republic of Germany.

Further information is provided in note 29.

In financial year 2024/25, the distribution of a dividend was resolved, which was split equally amongst the shareholders. The proportional dividend from Kapsch TrafficCom amounted to EUR 2,500 k (2023/24: EUR 30,000 k) and reduced the carrying amount of the investment accordingly. The carrying amount as of March 31, 2025, was EUR 852 k (March 31, 2024: EUR 2,161 k).

The financial data of the entity as of the latest balance sheet date is as follows:

	March 31, 2024	March 31, 2025
Non-current assets	216	362
Current assets	24,208	1,493
Non-current liabilities	-60	-19
Current liabilities	-20,042	-133
Net assets	4,321	1,703
Cash and cash equivalents	24,183	1,461
Financial liabilities (non-current and current)	-60	-19
	2023/24	2024/25
Revenues	33	28
Result for the period	58,996	2,382
Other comprehensive income	0	0
Total comprehensive income	58,996	2,382

Reconciliation	March 31, 2024	March 31, 2025
Net assets at beginning of financial year	33,325	4,321
Total comprehensive income	58,996	2,382
Dividend payments	-39,444	-5,000
Capital Reduction	-48,556	0
Net assets as of March 31 of financial year	4,321	1,703
Share of Kapsch TrafficCom (50%)	2,161	852
Carrying amount as of March 31 of financial year	2,161	852

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 106 k in financial year 2024/25 (2023/24: EUR -130 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, 2025, was EUR 1,155 k (March 31, 2024: EUR 1,036 k).

The financial data of the entity as of the latest balance sheet date is as follows:

	March 31, 2024	March 31, 2025
Non-current assets	842	998
Current assets	2,195	2,844
Non-current liabilities	-41	-60
Current liabilities	-891	-1,472
Net assets	2,105	2,310
Cash and cash equivalents	1,034	1,571
Financial liabilities (non-current and current)	0	-1,441
	2023/24	2024/25
Revenues	454	381
Result for the period	-259	212
Other comprehensive income	0	0
Total comprehensive income	-259	212

Reconciliation	March 31, 2024	March 31, 2025
Net assets at beginning of financial year	1,472	2,105
Increase of nominal capital and capital reserve	559	157
Total comprehensive income	-259	212
Currency translation differences	334	-165
Net assets as of March 31 of financial year	2,105	2,310
Share of Kapsch TrafficCom (50%)	1,053	1,155
Adjustments for elimination of intercompany transactions	-16	0
Carrying amount as of March 31 of financial year	1,036	1,155

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, 2025, was EUR 298 k (31.03.2024: EUR 270 k).

	March 31, 2024	March 31, 2025
Non-current assets	0	337
Current assets	540	1,484
Non-current liabilities	0	0
Current liabilities	0	-1,225
Net assets	540	596
Cash and cash equivalents	540	801
Financial liabilities (non-current and current)	0	-7
		2024/25
Revenues	0	1,233
Result for the period	0	56
Other comprehensive income	0	0
Total comprehensive income	0	56

Reconciliation	March 31, 2024	March 31, 2025
Net assets at beginning of financial year	0	540
Payment of nominal capital	540	0
Total comprehensive income	0	56
Net assets as of March 31 of financial year	540	596
Share of Kapsch TrafficCom (50%)	270	298
Carrying amount as of March 31 of financial year	270	298

Joint Arrangements.

In the financial year 2024/25, 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 2024/25. Proportionate revenues of EUR 14,261 k (2023/24: EUR 16,011 k) and proportionate results of EUR 1,049 k (2023/24: EUR 928 k) are included in the respective line items of the consolidated financial statements. The prior-year figures have been adjusted based on subsequently updated data; the original figures reported in the consolidated financial statements 2023/24 were EUR 11,656 k and EUR 58 k, respectively.

15 Financial instruments.

Financial instruments by category		March 31, 2024		March 31, 2025	
	Fair Value Level	Carrying amount	Fair value	Carrying amount	Fair value
Trade receivables and other current and non-current assets		137,454	—	126,266	—
At amortized cost		101,574	—	89,784	—
Trade receivables (current and non-current) ¹⁾	Level 3	101,574	—	89,784	—
At fair value through profit or loss		86	86	0	0
Derivative financial instruments	Level 2	86	86	0	0
Other non-financial assets ²⁾		35,793	—	36,482	—
Contract assets (non-current and current) at amortized cost ¹⁾	Level 3	80,557	—	73,884	—
Other financial assets and investments (non-current and current)		5,510	—	4,777	—
At fair value through profit or loss		3,204	3,204	2,473	2,473
Securities	Level 1	3,167	3,167	2,411	2,411
Investments	Level 3	38	38	62	62
Investments (with option to fair value through OCI)	Level 3	0	—	0	—
At amortized cost ¹⁾		2,305	—	2,304	—
Other financial assets and loans (non-current)	Level 3	930	—	946	—
Other financial assets and loans (current)	Level 3	1,375	—	1,358	—
Cash and cash equivalents at amortized cost ¹⁾	Level 3	33,376	—	47,806	—
Financial liabilities (non-current and current) at amortized cost		104,657	103,046	118,390	107,463
Promissory note bond	Level 2	8,494	8,330	8,494	8,358
Project financing	Level 2	28,668	27,524	1,102	1,104
Operating loans	Level 2	58,097	56,806	100,440	89,643
Other financial liabilities	Level 2	6,238	10,386	8,354	8,358
Lease liabilities (non-current and current) at amortized cost		36,090	—	32,254	—
Lease liabilities (non-current and current) ³⁾	—	36,090	—	32,254	—
Trade payables at amortized cost ¹⁾	Level 3	62,913	—	58,794	—
Other liabilities and deferred income (non-current and current)		52,414	—	47,052	—
At amortized cost ¹⁾		422	—	255	—
Other financial liabilities	Level 3	422	—	255	—
At fair value through profit or loss		0	—	319	—
Derivative financial instruments	Level 2	0	—	319	—
Other non-financial liabilities ²⁾		51,992	—	46,478	—

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.

Changes and fair value.

No reclassifications between the hierarchy levels were made in the financial year 2024/25.

As in the previous year, the securities as of March 31, 2025 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 financial liabilities. 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:

	2023/24	2024/25
Loans and receivables recognized at (amortized) cost	-3,167	-4,768
Financial liabilities recognized at (amortized) cost	-25,879	-11,473
At fair value through profit or loss	-389	-7
Total	-29,435	-16,248

The significant decrease in finance costs related to financial liabilities measured at amortized cost is attributable to interest expenses on loans in Austria.

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 1,546 k and EUR -1,814 k, respectively (2023/24: EUR 1,206 k and EUR -1,804 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, 2025, receivables from derivative financial instruments in the amount of EUR 0 k (March 31, 2024: EUR 86 k) are included in "Trade receivables and other current receivables", and liabilities from derivative financial instruments in the amount of EUR 319 k (March 31, 2024: EUR 0 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, 2025, as in the previous year, there were no open cash flow hedges.

The decrease in securities is mainly attributable to the disposal in South Africa.

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, 2025, supplier financing arrangements included in trade payables amounted to EUR 4,217 k, of which 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 1,538 k. This reclassification results from individual agreements.

Reclassification to "Assets and liabilities held for sale"

As of March 31, 2025, a portion of the investments measured at fair value through profit or loss in the amount of EUR 1 k, a portion of other non-current financial receivables and loans in the amount of EUR 37 k, a portion of trade receivables in the amount of EUR 2,530 k, a portion of other non-financial assets in the amount of EUR 1,346 k, a portion of cash and cash equivalents in the amount of EUR 265 k, a portion of non-current lease liabilities in the amount of EUR 209 k, a portion of trade payables in the amount of EUR 1,570 k, a portion of current provisions in the amount of EUR 73 k, and a portion of other non-financial liabilities in the amount of 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, 2024	March 31, 2025
Non-current trade receivables	5,530	4,888
Non-current lease receivables	225	615
Other non-current receivables	225	204
Total	5,980	5,707

Non-current trade receivables relate to receivables from a long-term customer in EMEA and receivables from a project in EMEA.

For details on non-current lease receivables, see note 25.

Other non-current receivables include rental guarantees for buildings, primarily of the Spanish companies. The remaining term is more than one year but less than three years from the balance sheet date.

Gross cash flows of other non-current assets with maturities of up to two years amounted to EUR 4,549 k (March 31, 2024: EUR 5,050 k), between two and three years EUR 753 k (March 31, 2024: EUR 996 k), and more than three years EUR 0 k (March 31, 2024: EUR 457 k).

17 Deferred tax assets/liabilities.

	March 31, 2024	March 31, 2025
Deferred tax assets to be recovered after more than 12 months	40,633	47,770
Deferred tax assets to be recovered within 12 months	4,935	5,589
Deferred tax assets	45,568	53,359
Deferred tax liabilities to be recovered after more than 12 months	420	868
Deferred tax liabilities to be recovered within 12 months	844	490
Deferred tax liabilities	1,263	1,358
Deferred tax assets net (+)/deferred tax liabilities net (-)	44,305	52,002

Deferred tax assets from tax loss carryforwards and other deductible temporary differences are recognized only to the extent of their potential realization. In these consolidated financial statements, tax loss carryforwards amounting to EUR 305,331 thousand (March 31, 2024: EUR 370,281 thousand) were not recognized due to the uncertain potential for future taxable income. The unrecognized tax loss carryforwards relate to a small extent to Austria and primarily to foreign subsidiaries in Spain, the USA, and Brazil. For the most part, these loss carryforwards do not expire or not before 2031.

All other deferred tax assets have been recognized in the respective Group companies as future deductible items.

Sensitivity analyses indicate that deferred tax assets would deviate by approximately EUR +4,490 k or EUR -4,490 k from the current estimates if pre-tax earnings were to change by +/-10%.

Deferred tax assets and liabilities are offset, taking into account their maturities, if there is a legally enforceable right to offset and if the deferred tax assets and liabilities relate to income taxes levied by the same tax authority on the same taxable entity.

Deferred tax assets/liabilities are attributable to the following positions:

	March 31, 2024	Disosal resulting from sale of entities	Through profit or loss of the period	Through other comprehensive income	Currency translation differences	Reclassification 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

	March 31, 2023	Disosal resulting from sale of entities	Through profit or loss of the period	Through other com- prehensive income	Currency translation differences	Reclassifi- cation and off-set	March 31, 2024
Tax loss carry-forwards	38,460	0	-1,622	0	25	0	36,863
Provisions disallowed for tax purposes	1,795	0	-349	305	77	0	1,827
Depreciation disallowed for tax purposes	1,387	0	-243	0	0	0	1,144
Other (active deferred income)	8,135	0	-805	-33	-468	-1,096	5,734
Deferred tax assets	49,777	0	-3,019	272	-366	-1,096	45,568
Special depreciation/amortization of non-current assets	21	0	-6	0	-1	-157	-143
Gains from recognition at fair value	971	0	0	0	0	0	971
Other (passive deferred income)	659	0	-289	0	66	0	436
Deferred tax liabilities	1,651	0	-295	0	65	-157	1,263
Total net	48,126	0	-2,724	272	-431	-939	44,305

In the current financial year, the item „Reclassification and off-set“ also includes the reclassification of deferred tax assets to assets held for sale.

18 Inventories.

	March 31, 2024	March 31, 2025
Purchased parts and merchandise, at acquisition cost	19,599	16,608
Unfinished goods and work in progress, at production cost	4,491	3,694
Finished goods, at production cost	23,160	27,933
Prepayments on inventories	561	797
Total	47,811	49,032

Inventories increased by EUR 1,221 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, 2025, cumulative write-downs of EUR 10,728 k (March 31, 2024: EUR 19,479 k) have been accounted for in inventories. The decrease in write-downs is mainly attributable to the utilization of valuation allowances due to inventory clearances. If the assumptions used to determine inventory impairments had been 10% higher or lower, the impact would have been EUR -4,903 k or EUR +4,903 k, respectively (March 31, 2024: EUR -4,781 k or EUR +4,781 k).

As at March 31, 2025, a portion of the inventories in the amount of 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, 2024	March 31, 2025
Trade receivables	98,489	86,690
Allowance for bad debt	-2,670	-1,998
Trade receivables – net	95,819	84,692
Receivables from tax authorities (other than income tax)	15,228	15,889
Current lease receivables	474	148
Other receivables and prepaid expenses	19,953	19,829
Total	131,474	120,559

For details on current lease receivables, see note 25.

Other receivables and deferred items mainly include prepaid expenses in the amount of EUR 15,948 k (March 31, 2024: EUR 12,331 k), other advance payments received in the amount of EUR 1,352 k (March 31, 2024: EUR 5,506 k), and deposits in the amount of EUR 1,366 k (March 31, 2024: EUR 2,031 k).

As of March 31, 2025, a portion of trade receivables and other current assets in the amount of 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, 2024	Allowances	ECL according to IFRS 9	March 31, 2025
Balance as of March 31 of previous year	-11,637	-1,781	-13,418	-1,574	-1,096	-2,670
Changes of scope of consolidation	0	0	0	317	0	317
Additions	-456	-78	-535	-783	-39	-822
Utilization	12	764	776	832	203	1,034
Disposals	10,201	0	10,201	50	0	50
Currency translation differences	69	0	69	21	0	21
Reclassification to "Assets held for sale"	238	0	238	31	40	71
Balance as of March 31 of financial year	-1,574	-1,096	-2,670	-1,107	-892	-1,998

Maturity structure of trade receivables:

	March 31, 2024	March 31, 2025
Not yet due	61,323	57,515
Overdue		
1-30 days	9,387	6,604
31-60 days	5,459	2,814
61-90 days	2,438	4,765
91-180 days	7,240	3,757
181-270 days	3,930	552
More than 271 days	8,712	10,683
Total	98,489	86,690

Of the total receivables, 74.0% were not yet due or were overdue by less than 30 days (March 31, 2024: 73.0%). 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, 2024	March 31, 2025
Current contract assets	78,335	73,419
Allowance on current contract assets	-382	-382
Total current contract assets	77,954	73,037
Non-current contract assets	2,603	847
Allowance on non-current contract assets	0	0
Total non-current contract assets	2,603	847
Total contract assets	80,557	73,884
Current contract liabilities	41,798	43,569
Non-current contract liabilities	6,719	8,745
Total contract liabilities	48,517	52,315

In financial year 2024/25, no significant margin adjustments were made. In the previous year, negative margin adjustments in the amount of EUR 25,272 k were recorded in the USA.

Impairments on contract assets amounted to EUR 382 k as of March 31, 2025 (March 31, 2024: EUR 382 k) and related to expected credit losses in accordance with IFRS 9. An income of EUR 0 k (2023/24: EUR 26 k) was recognized in the income statement for 2024/25.

Of the contract liabilities as of March 31, 2024, in the amount of EUR 48,517 k, EUR 45,158 k was recognized as revenue in financial year 2024/25 (2023/24: EUR 28,777 k).

The future revenues from performance obligations not yet fulfilled as of the reporting date amounted to:

	2023/24	2024/25
Future revenues	1,360,948	1,248,867
Total up to 1 year	368,044	322,602
Between 1 and 2 years	201,584	139,892
Between 2 and 3 years	152,610	95,010
Between 3 and 4 years	122,543	65,830
Between 4 and 5 years	90,012	184,473
More than 5 years	426,155	441,060

Sensitivity analyses indicate that operating profit (EBIT) would deviate from the previously assumed estimates by approximately EUR +5,168 k or EUR -4,704 k in the event of a +/-10% change in margins (2023/24: EUR +5,520 k or EUR -4,939 k).

21 Cash and cash equivalents.

	March 31, 2024	March 31, 2025
Cash on hand	32	40
Deposits held with banks	33,344	47,766
Total	33,376	47,806

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 2025, cash and cash equivalents in the amount of EUR 265 k was reclassified to assets held for sale in accordance with IFRS 5.

22 Assets and Liabilities held for sale.

The Group intends to sell 60%, and thus the majority, of its shares in tolltickets 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 considered met shortly before the reporting date, and therefore depreciation for the financial year 2024/25 was fully recognized up to the reporting date. An early termination of ongoing depreciation was not applied due to immateriality. As of the reporting date, there were no indications of impairment of non-current assets.

The assets and liabilities held for sale as of March 31, 2024, are attributable to the subsidiary TMT Services and Supplies Proprietary Limited, South Africa, which was deconsolidated in the financial year 2024/25.

An overview of the assets and liabilities held for sale is provided in the following table:

	March 31, 2024	March 31, 2025
Property, plant and equipment	1,594	753
Intangible assets	3	0
Other non-current financial assets and investments	292	38
Deferred tax assets	939	0
Inventory	0	15
Trade receivables and other current assets	4,814	3,877
Current contract assets	348	0
Current tax receivables	74	0
Cash and cash equivalents	2,929	265
Assets held for sale	10,991	4,948
Non-current lease liabilities	140	87
Current financial liabilities	1,931	0
Current lease liabilities	149	122
Trade payables	979	1,570
Current contract liabilities	2	0
Current provisions	276	73
Current tax liabilities	0	1
Other liabilities and deferred income	529	1,626
Liabilities held for sale	4,005	3,478

23 Equity.

Share capital.

The registered share capital of the company amounts to EUR 14,300,000 (March 31, 2024: EUR 14,300,000) as a result of a capital increase carried out in November 2023. The share capital was fully paid and is divided into 14,300,000 ordinary shares (March 31, 2024: 14,300,000 ordinary shares). Each share entitles the holder to one vote. There are no caps or restrictions on the exercise of voting rights or the transfer of shares. The pro rata amount of share capital per ordinary share is EUR 1.00.

Authorized capital.

The 2021 Annual General Meeting resolved to create new authorized capital of up to 10% of the share capital, excluding shareholders' subscription rights. The Executive Board is 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 set the issue price and the issue conditions. The shareholders' subscription rights to the new shares issued from the authorized capital was excluded. The company currently has no conditional capital that authorizes the Executive Board, with the approval of the Supervisory Board, to issue shares without (repeated) consideration by the Annual General Meeting.

Capital increase.

In financial year 2023/24, a capital increase was carried out. On November 21, 2023, the subscription period for the capital increase resolved on that day ended, during which a total of 1,300,000 new bearer voting shares (ordinary shares) were issued—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, resulting in gross proceeds of EUR 11.7 million. Transaction costs of EUR 0.2 million were deducted from the capital reserve, which amounted to EUR 10.4 million.

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, 2025, Kapsch TrafficCom, as in the previous year, held no treasury 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.

Other reserves contain effects of changes in the interest held in subsidiaries as well as reserves from other comprehensive income, for example currency translation differences, remeasurements of liabilities from post-employment benefits after deduction of deferred taxes as well as changes of the cash flow hedge reserve after deduction of 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 2024/25, 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 2024/25, 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 2024/25. Details on changes in subsidiaries are provided in note 30.

24 Current and non-current financial liabilities.

	March 31, 2024	March 31, 2025
Non-current financial liabilities	91,906	96,413
Current financial liabilities	12,751	21,977
	104,657	118,390

Movements are as follows:

	March 31, 2024	Reclas-sification	Additions	Repayment	Other movements	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	-5,880	2,721	0	0	0	0
Loans for project financing	24,050	-24,204	0	0	0	154	0
Operating loans	56,203	-10,718	44,390	0	0	-1,617	87,919
Loans from affiliated companies	0	0	0	0	0	0	0
Non-current financial liabilities	91,906	-40,802	47,111	0	0	-1,463	96,413
Promissory note bond	0	0	0	0	0	0	0
Loans for acquisitions	0	5,880	0	-3,159	0	0	2,721
Loans for project financing	4,618	24,204	0	-27,665	0	-54	1,102
Operating loans	1,644	10,716	352	-689	0	498	12,520
Other current loans	6,489	2	5,281	-5,962	0	18	5,633
Current financial liabilities	12,751	40,802	5,633	-37,475	0	462	21,977
Total	104,657	0	52,743	-37,475	0	-1,002	118,390

	March 31, 2023	Reclas-sification	Additions	Repayment	Other movements	Currency translation differences and interest accrued	March 31, 2024
Promissory note bond	8,491	0	0	0	0	3	8,494
Loans for acquisitions	0	3,159	0	0	0	0	3,159
Loans for project financing	0	23,978	0	0	0	72	24,050
Operating loans	44,981	11,185	880	0	-1,010	168	56,203
Loans from affiliated companies	5,000	0	0	0	-5,000	0	0
Non-current financial liabilities	58,472	38,321	880	0	-6,010	242	91,906
Promissory note bond	22,766	0	0	-22,766	0	0	0
Loans for acquisitions	5,354	-3,159	0	-2,195	0	0	0
Loans for project financing	44,052	-23,978	8,642	-24,350	0	252	4,618
Operating loans	47,502	-12,067	17,388	-50,487	-44	-398	1,894
Other current loans	11,495	882	1,399	-5,912	-1,931	305	6,238
Current financial liabilities	131,170	-38,321	27,429	-105,710	-1,975	159	12,751
Total	189,642	-0	28,309	-105,710	-7,985	402	104,657

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.

Details to the remaining tranches, maturity periods and interest rates of the promissory note bond, placed in June 2016, are as follows:

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

The gross cash flows (including interest) of current and non-current financial liabilities are as follows:

2024/25	Promissory note bond	Loans for acquisitions	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

2023/24	Promissory note bond	Loans for acquisitions	Loans for project financing	Operating loans	Other loans	Total
In the next 6 months	117	85	4,752	3,898	3,768	12,619
In the next 7 to 12 months	117	85	2,027	2,233	309	4,770
Gross cash flows up to one year	234	170	6,778	6,131	4,077	17,390
Between 1 and 2 years	8,552	3,201	24,517	56,911	1,399	94,582
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	8,787	3,371	31,296	63,042	5,476	111,971

Interest rates on current and non-current financial liabilities are as follows:

	2023/24	2024/25
Carrying fixed interest rates	51,363	14,559
Carrying variable interest rates	53,294	103,832
Total financial liabilities:	104,657	118,390
Average interest rates:		
Promissory note bond	2.26–6.632%	2.26%
Loans for acquisitions	5.37%	6.09%
Loans for project financing	6.60–7.20%	13.5%
Operating loans ¹⁾	5.30–14.00%	5.38-12.94%
Other loans ¹⁾	5.20–10.50%	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 core banks on a new long-term financing arrangement, which will run until March 29, 2030. The key objectives of the expiring restructuring agreement have been achieved. The measures successfully initiated during the restructuring—such as process improvements, procurement optimization, sales-side enhancements, improvements in project execution, focus on and improvement of net working capital, as well as selective personnel measures—will continue to be pursued.

The syndicated refinancing was concluded in the amount of EUR 104.6 million. As part of the new financing, existing loans with the banks were refinanced, and the total credit volume was increased by EUR 21.1 million. Additionally, the existing financing of KTC USA Inc. amounting to USD 26 million was repaid and assumed in euros by Kapsch TrafficCom AG as part of the new financing. EUR 35 million of the financing was structured as a revolving credit facility, allowing Kapsch TrafficCom AG to repay and re-draw the credit line depending on its liquidity situation. As of the balance sheet date, the full amount of EUR 35 million had been drawn. This flexibility will improve and optimize the current financing structure.

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 in semi-annual installments starting on September 30, 2025. Kapsch TrafficCom AG has committed to repay EUR 12.3 million in financial year 2025/26. This amount may increase to up to EUR 15.0 million due to agreed mandatory special repayments in the event of extraordinary cash inflows.

The financing was concluded under market-standard conditions and includes, in addition to a margin grid option, standard covenants (net debt/EBITDA and equity ratio). Part of the interest rate risk was hedged using interest rate swaps (see Note 33.2 Interest Rate Risk). Compliance with the covenants is regularly reported to the facility agent. In addition to the covenants, standard reporting obligations are also part of the new syndicated loan.

The Austrian Kontrollbank (OeKB) remains an important partner in this financing solution and is securing part of the new financing through promissory note guarantees.

As part of the refinancing, the pledge of shares held by the main shareholder, KAPSCH-Group Beteiligungs GmbH, was lifted by the banks.

The new long-term financing of Kapsch TrafficCom AG until 2030 has several positive effects on the company and provides solid financial stability and planning security. The revolving credit facility of EUR 35 million offers flexibility in times of economic fluctuations. By replacing existing loans and increasing the total credit volume by EUR 21.1 million, the financing structure is optimized. The measures initiated during the restructuring to improve processes and optimize procurement can be continued, which is expected to lead to long-term efficiency gains and cost savings. Compliance with the agreed covenants and regular reporting ensure continuous monitoring and transparency. The repayment obligation of EUR 12.3 million in financial year 2025/26 demonstrates the company's commitment to reducing debt and maintaining a healthy financial base. Overall, the new financing strengthens Kapsch TrafficCom AG's financial position, preserves flexibility, and supports the continuation of improvement measures.

25 Lease liabilities.

	March 31, 2024	March 31, 2025
Non-current lease liabilities	26,932	24,580
Current lease liabilities	9,158	7,674
	36,090	32,254

Movements of right-of-use assets from leases and classifications are included in note 12 Property, plant and equipment. The Group only acts as lessor to an insignificant extent. Furthermore, the Group has concluded sublease agreements and shows receivables from these leases instead of right-of-use from leases. As of March 31, 2025, non-current receivables from leases amounted to EUR 615 k (March 31, 2024: EUR 225 k) and current receivables from leases to EUR 85 k (March 31, 2024: EUR 474 k).

The movements are as follows:

	2023/24	2024/25
Balance as of April 1 of previous year	43,794	36,090
Disposal resulting from the sale of subsidiaries	0	-1,254
New leases (non-cash relevant additions)	5,905	9,028
Disposal from termination of leases	-290	-1,015
Repayments (included in financing cashflow)	-11,791	-9,973
Interest payments (included in financing cashflow)	-1,831	-1,814
Interest expenses	1,477	1,420
Currency translation differences	-883	-21
Reclassification to "Liabilities held for sale"	-288	-209
Balance as of March 31 of financial year	36,090	32,254
thereof non-current lease liabilities	26,932	24,580

The cash flows of lease liabilities are as follows:

	March 31, 2024	March 31, 2025
In the next 6 months	5,158	4,010
In the next 7 to 12 months	4,000	3,665
Gross cash flows up to one year	9,158	7,674
Between 1 and 2 years	6,709	6,181
Between 2 and 3 years	5,003	5,093
Between 3 and 4 years	4,183	4,545
Between 4 and 5 years	3,407	3,145
More than 5 years	7,630	5,616
Total	36,090	32,254

The weighted average incremental borrowing rate applied for the valuation of lease liabilities as of March 31, 2025 amounted to 4.19% (March 31, 2024: 4.03%). 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 -395 k (March 31, 2024: EUR -485 k); In case the incremental borrowing rate would change by -0.5 pp, the lease liabilities would change by approximately EUR +404 k (March 31, 2024: EUR +444 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:

	2023/24			2024/25		
	Rental expenses	IT expenditures	Automobile expenses	Rental expenses	IT expenditures	Automobile expenses
Expenses of low value assets	310	4,457	337	758	4,118	1,189
Expenses of short term leases	901	364	976	257	190	247
Variable lease payments and service part	3,444	7,767	3,042	1,563	9,240	2,594
Total	4,656	12,588	4,356	2,578	13,547	4,030

26 Liabilities from post-employment benefits to employees.

	March 31, 2024	March 31, 2025
Termination benefits	8,119	8,425
Pension benefits	11,224	11,177
Obligations from anniversary bonuses	1,819	1,651
Total	21,162	21,253

Parameters.

Termination benefits obligations were valued based on an interest rate of 3.00–3.10 % (2023/24: 3.50%) and in Mexico on an interest of 10.41 % (2023/24: 9.48%) and a percentage rate of 3.00–6.00% for the salary increases (2023/24: 3.00%–5.50%). Retirement benefit obligations were valued based on an interest rate of 3.10% (2023/24: 3.50%) for the Euro zone and based on an interest rate of 4.80% (2023/24: 4.90%) for Canada as well as compensation increases based on a rate of 2.50%–3.50% (2023/24: 2.50%–3.50%). An interest rate of 3.10%–3.15% (2023/24: 3.50%–3.55%) was used for the obligations from anniversary bonuses and 10.41 % in Mexico (2023/24: 9.48%) and a value of 3,00–6,00 % (2023/24: 3.00%–5.50%) 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 (2023/24: 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**:

	2023/24	2024/25
Carrying amount as of March 31 of previous year	8,143	8,119
Remeasurements (actuarial gains / losses)	497	460
Current service cost	629	512
Interest expense	265	238
Payments	-1,624	-802
IC-Transfer	165	0
Currency translation differences	43	-103
Carrying amount as of March 31 of financial year	8,119	8,425
Total, included in the staff costs (note 6)	629	512
Total, included in the financial result (note 9)	265	238

Remeasurements of liabilities from post-employment benefits to employees are attributable to the following positions:

	2023/24	2024/25
Remeasurements from changes in demographic assumptions	26	0
Remeasurements from changes in financial assumptions	205	211
Remeasurements from other changes (experience adjustments)	267	249
Total	497	460

The expected allocation for termination benefits for the next financial year 2025/26 amounts to EUR 327 k. The weighted average duration amounts to 6.4 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	-239	226
Expected annual interest expenses (IC)	± 0,5 pp	31	-29
Expected annual service costs (CSC)	± 0,5 pp	-2	2
Impact of changes in salary increases			
Defined benefit obligation (DBO)	± 0,5 pp	209	-218
Expected annual interest expenses (IC)	± 0,5 pp	6	-7
Expected annual service costs (CSC)	± 0,5 pp	2	-2
Impact of changes in fluctuation			
Defined benefit obligation (DBO)	± 5%	0	0
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**:

	2023/24	2024/25
Carrying amount as of March 31 of previous year	10,907	11,224
Remeasurements of employee benefit obligations after termination of the employment relationship	848	687
Current service cost	17	15
Interest expense	445	416
Payments	-1,003	-1,052
Currency translation differences	9	-112
Carrying amount as of March 31 of financial year	11,224	11,177
Total, included in the staff costs (note 6)	17	15
Total, included in the financial result (note 9)	445	416

The remeasurements of employee benefit obligations after termination of the employment relationship are as follows:

	2023/24	2024/25
Remeasurements from changes in demographic assumptions	0	0
Remeasurements from changes in financial assumptions	288	295
Remeasurements from other changes	560	392
Total	848	687

The expected allocation for pension benefits for the next financial year 2025/26 amounts to EUR 285 k. The weighted average duration amounts to 9.1 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	-313	296
Expected annual interest expenses (IC)	± 0,5 pp	38	-35
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:

	2023/24	2024/25
Carrying amount as of March 31 of previous year	1,551	1,819
Remeasurements of employee benefit obligations after termination of the employment relationship	82	107
Current service cost	296	106
Interest expense	51	46
Payments	-254	-362
IC-Transfer	67	0
Currency translation differences	27	-66
Carrying amount as of March 31 of financial year	1,819	1,651
Total, included in the staff costs (note 6)	378	214
Total, included in the financial result (note 9)	51	46

The expected allocation for obligations from anniversary bonuses for the financial year 2025/26 amounts to EUR 146 k, the weighted average duration is 7.6 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	-52	49
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	40	-43
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%	-25	24
Expected annual interest expenses (IC)	± 5%	-1	1
Expected annual service costs (CSC)	± 5%	-2	2

Analysis of expected maturity of undiscounted benefits.

	2025/26	2026/27	2027/28	2028/29	2029/30	over 5 years	Total
Termination benefits	950	938	713	443	638	6,371	10,053
Pension benefits	1,089	1,057	1,036	1,012	985	9,627	14,805
Obligations from anniversary bonuses	154	169	174	94	111	2,589	3,292

27 Provisions.

	March 31, 2024	March 31, 2025
Non-current provisions	1,810	1,565
Current provisions	22,447	20,388
Total	24,257	21,953

The provisions changed as follows:

	March 31, 2024	Addition from accumulation	Addition	Utilization	Disposal	Reclassification to 'liabilities held for sale'	Reclassification	Currency translation differences	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 impending losses)	25	0		0	0	0	-25	0	0
Other non-current provisions	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 impending 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
Provision for restructuring costs	2	0	0	-2	0	0	0	0	0
Other current provisions	1,131	0	1,635	-246	-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

	March 31, 2023	Addition from accumu- lation	Addition	Utiliza- tion	Disposal	Reclas- sification to 'liabil- ities held for sale'	Reclassi- fication	Currency translation differences	March 31, 2024
Warranties	271	0	0	0	0	0	51	0	323
Projects (excluding impend- ing losses)	50	0	0	0	0	0	-25	0	25
Provision for restructuring costs	6	0	0	0	0	0	-6	0	-0
Other non-current provisions	1,127	157	824	-450	-147	0	-15	-32	1,462
Non-current provisions	1,454	157	824	-450	-147	0	5	-32	1,810
Warranties	1,517	0	0	0	-164	0	-51	1	1,303
Provision for losses from onerous contracts	12,586	0	7,622	-191	-2,739	0	0	48	17,326
Projects (excluding impending losses)	897	0	1,189	-425	-97	0	25	-47	1,541
Legal fees, costs of litigation and contract risks	615	0	1,142	-225	-379	0	0	-8	1,145
Provision for restructuring costs	204	0	0	-208	0	0	6	0	2
Other current provisions	3,063	0	3,938	-2,036	-2,911	-276	15	-662	1,131
Current provisions	18,880	0	13,891	-3,085	-6,290	-276	-5	-667	22,447
Total	20,334	157	14,715	-3,536	-6,438	-276	-0	-699	24,257

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. When 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 32 k will be used in the first half of the financial year 2025/26, EUR 1,118 k in the second half, and the remaining EUR 209 k in the following financial years.

Current provision for losses from onerous contracts amounting to EUR 15,408 k was recognized in the financial year 2024/25. A significant amount relates to various implementations projects of an American subsidiary that cannot be completed with a profit. The additions to current provisions for onerous contracts in the financial year 2024/25 also result primarily from the USA. Utilization of the provision is expected as follows: EUR 1,315 k in the first half of the financial year 2025/26, EUR 14,093 k in the second half, and the remaining EUR 105 k in following financial years.

The provisions for projects (excluding onerous contracts) primarily relate to current costs and repair work for existing toll and traffic management projects. It is expected that an amount of EUR 1,059 k will be used in the first half and EUR 1,000 k in the second half of the financial year 2025/26.

The provisions for legal fees, litigation expenses, and contract risks primarily relate to ongoing legal proceedings and consulting costs. It is expected that the amount of EUR 531 k in the first half and EUR 532 k in the second half of the financial year 2025/26.

Other provisions mainly include provisions for taxes and duties, provisions and bonuses. It is expected that an amount of EUR 498 k will be used in the first half of the financial year 2025/26, EUR 211 k in the second half, and the remaining EUR 1,250 k in following financial years.

In the financial year 2024/25, the reclassification of other current provisions to liabilities held for sale is presented in a separate column (see Note 35.1). In the previous year, the amount of reclassification to liabilities held for sale was included in the "Reclassification" column. Accordingly, the table for the previous year has been adjusted.

28 Other liabilities and deferred income.

	March 31, 2024	March 31, 2025
Other employee liabilities	25,499	24,521
Liabilities to tax authorities (other than income tax)	9,007	12,206
Other prepayments received	10,019	5,745
Refund Liabilities	114	114
Sundry liabilities and deferred income	7,354	4,211
Total	51,992	46,797

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 31 March 2025, other liabilities and deferred income in the amount of EUR 1,626 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, 2024	March 31, 2025
North America (toll collection systems)	26,752	38,671
Australia (toll collection systems)	14,271	8,378
Total	41,023	47,049

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 31 March 2025, these amounted to EUR 176,508 k (2023/24: EUR 197,322 k).

Assets of Kapsch TrafficCom AB, Sweden, in the amount of EUR 11,061 k (31 March 2024: EUR 10,412 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.

In March 2022, Kapsch TrafficCom received an interim arbitral award affirming that autoTicket was, in principle, entitled to compensation from the Federal Republic of Germany. As a result, a final arbitral award was issued in July 2023, requiring the Federal Republic of Germany to pay EUR 243,000 k. This award led to a one-time EBIT effect of EUR 79.5 million and a cash inflow of EUR 109.2 million in financial year 2023/24.

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).

30 Interests in subsidiaries.

Consolidated group.

As of March 31, 2025, the consolidated group (including parent company Kapsch TrafficCom AG, Vienna) consists of 56 entities (March 31, 2024: 59 entities). The consolidated group changed as follows:

	2023/24	2024/25
Amount of entities at the beginning of the financial year	59	59
Initial consolidation	3	2
Deconsolidations	-3	-5
Amount of entities in the consolidated group	59	56

The regional distribution of the consolidated group was as follows:

	2023/24	2024/25
Austria	6	5
EMEA (excluding Austria)	29	26
Americas	21	22
APAC	3	3
Total	59	56

The following fully consolidated subsidiaries are included in the consolidated financial statements:

Entity, headquarter of entity	March 31, 2024		March 31, 2025	
	Group's share	Non-controlling interests	Group's share	Non-controlling interests
ArtiBrain Software Entwicklungsgesellschaft mbH, Vienna, Austria ¹⁾	100.0%	–	100.0%	–
Consortio ITS Parques del Rio (Consortium), Bogotá, Colombia	60.0%	40.0%	60.0%	40.0%
Consortio Medellin al Mar (Consortium), Bogotá, Colombia	51.0%	49.0%	51.0%	49.0%
Consortio Peaje AGR (Consortium), Quito, Ecuador	51.0%	49.0%	51.0%	49.0%
Consortio Túneles Al Nus (Consortium), Bogotá, Colombia	51.0%	49.0%	51.0%	49.0%
Electronic Toll Collection (PTY) Ltd., Centurion, South Africa	100.0%	–	100.0%	–
Intelligent Mobility Solutions Limited, Lusaka, Zambia ¹⁾	51.0%	49.0%	51.0%	49.0%
Kapsch Components GmbH & Co KG, Vienna, Austria	100.0%	–	100.0%	–
Kapsch Components GmbH, Vienna, Austria	100.0%	–	100.0%	–
Kapsch Road Services Sp. z o.o., Warsaw, Poland	100.0%	–	100.0%	–
Kapsch Telematic Services GmbH Deutschland, Rosenheim, Germany	100.0%	–	100.0%	–
Kapsch Telematic Services GmbH, Vienna, Austria	100.0%	–	100.0%	–
Kapsch Telematic Services IOOO, Minsk, Belarus ¹⁾⁹⁾	100.0%	–	49.8%	50.2%
Kapsch Telematic Services Sp. z o.o., Warsaw, Poland	100.0%	–	100.0%	–
Kapsch Telematic Services spol. s r.o., Prague, Czech Republic	100.0%	–	100.0%	–
Kapsch Telematik Technologies Bulgaria EAD, Sofia, Bulgaria	100.0%	–	100.0%	–
Kapsch Traffic Solutions (Consortium), Sofia, Bulgaria	100.0%	–	100.0%	–
Kapsch TrafficCom - Rowing - UTE (Consortium), Buenos Aires, Argentina ³⁾	50.0%	50.0%	50.0%	50.0%
Kapsch TrafficCom AB, Jonkoping, Sweden	100.0%	–	100.0%	–
Kapsch TrafficCom Arce Sistemas S.A.U., Bilbao, Spain	100.0%	–	100.0%	–
Kapsch TrafficCom Argentina S.A., Buenos Aires, Argentina	100.0%	–	100.0%	–
Kapsch TrafficCom Australia Pty Ltd, Melbourne, Australia	100.0%	–	100.0%	–
Kapsch TrafficCom B.V., Amsterdam, Netherlands	100.0%	–	100.0%	–
Kapsch TrafficCom Canada Inc., Mississauga, Canada	100.0%	–	100.0%	–
Kapsch TrafficCom Chile S.A., Santiago de Chile, Chile	100.0%	–	100.0%	–
Kapsch TrafficCom Dominican Republic S.R.L., Santo Domingo, Dominican Republic	100.0%	–	100.0%	–
Kapsch TrafficCom France SAS, Paris, France	100.0%	–	100.0%	–
Kapsch TrafficCom Guatemala S.A., Guatemala City, Republic of Guatemala ⁵⁾	–	–	100.0%	–
Kapsch TrafficCom Holding Corp., Duluth, USA	100.0%	–	100.0%	–
Kapsch TrafficCom Holding II US Corp., Duluth, USA	100.0%	–	100.0%	–
Kapsch TrafficCom Inc., Duluth, USA	100.0%	–	100.0%	–
Kapsch TrafficCom Ireland Limited, Dublin, Ireland	100.0%	–	100.0%	–
Kapsch TrafficCom Lietuva UAB, Vilnius, Lithuania ²⁾	51.0%	49.0%	–	–
Kapsch TrafficCom Ltd., Middlesex, United Kingdom	100.0%	–	100.0%	–
Kapsch TrafficCom México, S.A.P.I. de C.V., Mexico City, Mexico	100.0%	–	100.0%	–
Kapsch TrafficCom New Zealand Ltd., Auckland, New Zealand	100.0%	–	100.0%	–
Kapsch TrafficCom Norway AS, Oslo, Norway ²⁾	100.0%	–	–	–
Kapsch TrafficCom Peru S.A.C., Lima, Peru	100.0%	–	100.0%	–
Kapsch TrafficCom PTE. LTD., The Heeren, Singapore	100.0%	–	100.0%	–
Kapsch TrafficCom Riyadh Limited, Riyadh, Saudi Arabia ⁶⁾	–	–	100.0%	–
Kapsch TrafficCom Russia, OOO, Moscow, Russia ¹⁾	100.0%	–	100.0%	–
Kapsch TrafficCom S.A.S., Bogotá, Colombia	100.0%	–	100.0%	–
Kapsch TrafficCom Saudi Arabia Co. Lt., Jeddah, Saudi Arabia	100.0%	–	100.0%	–
Kapsch TrafficCom Services Ukraine LLC, Kyiv, Ukraine	100.0%	–	100.0%	–
Kapsch TrafficCom Services USA, Inc., Duluth, USA	100.0%	–	100.0%	–
Kapsch TrafficCom South Africa (Pty) Ltd., Sunninghill, South Africa	100.0%	–	100.0%	–
Kapsch TrafficCom South Africa Holding (Pty) Ltd., Cape Town, South Africa	100.0%	–	100.0%	–

Entity, headquarter of entity	March 31, 2024		March 31, 2025	
	Group's share	Non-controlling interests	Group's share	Non-controlling interests
Kapsch TrafficCom Transportation Argentina S.A., Buenos Aires, Argentina	100.0%	–	100.0%	–
Kapsch TrafficCom Transportation Brasil Ltda., São Paulo, Brazil	100.0%	–	100.0%	–
Kapsch TrafficCom Transportation Colombia S.A.S., Bogotá, Colombia	100.0%	–	100.0%	–
Kapsch TrafficCom Transportation S.A.U., Madrid, Spain	100.0%	–	100.0%	–
Kapsch TrafficCom USA, Inc., Duluth, USA	100.0%	–	100.0%	–
Kapsch TrafficCom Zagreb d.o.o, Zagreb, Croatia	100.0%	–	100.0%	–
KTC-ZA HOLDING (Pty) Ltd, Cape Town, South Africa	100.0%	–	100.0%	–
KTS Beteiligungs GmbH, Vienna, Austria	100.0%	–	100.0%	–
Mobiserve (Pty) Ltd., Cape Town, South Africa ¹⁾	100.0%	–	100.0%	–
MTS Maut & Telematik Services GmbH, Rosenheim, Germany	100.0%	–	100.0%	–
Streetline Inc., Foster City, USA ²⁾	97.0%	3.0%	–	–
TMT Services and Supplies (Pty) Ltd., Cape Town, South Africa ¹⁾	100.0%	–	100.0%	–
tolltickets GmbH, Rosenheim, Germany	100.0%	–	100.0%	–
Traffic AI Services sp. z o.o., Lublin, Poland ⁷⁾	80.0%	20.0%	80.0%	20.0%
Transport Telematic Systems - LLC, Abu Dhabi, United Arab Emirates ⁴⁾	49.0%	51.0%	49.0%	51.0%
Trust South Africa, Cape Town, South Africa ⁵⁾	100.0%	–	100.0%	–

¹⁾ Deconsolidation in financial year 2024/25

²⁾ Deconsolidation in financial year 2023/24

³⁾ Consolidation due to voting-right-agreements

⁴⁾ Power over the relevant activities of the entity based on substantive rights

⁵⁾ IFRS 10 control of Trust South Africa and thus full consolidation with 100%

⁶⁾ Foundation in financial year 2024/25

⁷⁾ Acquisition of minor significance in financial year 2024/25

⁸⁾ Accounted for as an at-equity company starting from January 2025

In July 2024, Kapsch TrafficCom Guatemala S.A., Guatemala City, Republic of Guatemala, was established through joint investments by Kapsch TrafficCom AG, Vienna (99.0% ownership), and Kapsch TrafficCom Chile S.A., Santiago de Chile (1.0% ownership).

In September 2024, Parat Ltd., Abu Dhabi, was founded by Kapsch TrafficCom AG.

In March 2025, Kapsch TrafficCom Riyadh Limited, Riyadh, Saudi Arabia, was established by Kapsch TrafficCom AG.

In April 2024, the shares in TMT Services and Supplies (PTY) Ltd., Cape Town, South Africa, were sold. In the first quarter of 2024, Intelligent Mobility Solutions Limited, Lusaka, Zambia (51.0% group interest), was deconsolidated.

In August 2024, Kapsch TrafficCom Russia LLC., Moscow, Russia, was liquidated.

In September 2024, Artibrain Software Entwicklungsgesellschaft mbH, Vienna, Austria, was liquidated.

In January 2025, Kapsch TrafficCom AG sold 75.5% of its shares in Parat Ltd., Abu Dhabi. As a result of this transaction, Kapsch TrafficCom lost control over its subsidiary Kapsch Telematic Services IOOO, Minsk, Belarus.

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 TrafficCom Russia OOO, Moskau, Russia (31st, December)
- Kapsch Telematik Technologies Bulgaria EAD, Sofia, Bulgaria (31st, December)
- Kapsch Telematic Services IOOO, Minsk, Belarus (31st, December)
- KTS Beteiligungs GmbH, Vienna (31st, December)
- Kapsch TrafficCom Lietuva UAB, Vilnius, Lithuania (31st, December); sold 10th, July 2023
- Kapsch TrafficCom México, S.A.P.I. de C.V., Mexico (31st, December)
- Traffic AI Services sp. z o.o., Lublin, Poland (31st, December)

Deconsolidations.

The following companies were no longer fully consolidated as of the end of the financial year 2024/25 and were therefore deconsolidated:

TMT Services and Supplies Proprietary Limited, South Africa.

In April 2024, the Group sold its shares in TMT Services and Supplies Proprietary Limited, South Africa, a provider of road safety law enforcement solutions and automatic fare collection systems for public transport, and consequently deconsolidated the entity. As of March 31, 2024, the assets and liabilities of TMT Services and Supplies Proprietary Limited were reported in the consolidated financial statements as assets and liabilities held for sale (see Note 22). The net assets of TMT Services and Supplies Proprietary Limited at the time of deconsolidation were as follows:

	April, 2024
Property, plant and equipment	1,630
Intangible assets	3
Other non-current financial assets and investments	298
Deferred tax assets	960
Non-current assets	2,891
Trade receivables and other current assets	4,917
Current contract assets	356
Current tax receivables	75
Cash and cash equivalents	2,796
Current assets	8,144
TOTAL ASSETS	11,035
Non-current lease liabilities	143
Non-current liabilities	143
Current financial liabilities	1,975
Current lease liabilities	152
Trade payables	1,233
Current contract liabilities	2
Current provisions	282
Other liabilities and deferred income	413
Current liabilities	4,056
TOTAL LIABILITIES	4,199
NET ASSETS	6,835
Selling price	2,775
Carrying amount of net assets sold	-6,835
Reclassification of the currency translation reserve	-3,485
Loss on sale	-7,545

The total effect of the sale was recognized in other operating expenses at the time of deconsolidation. The deconsolidation result also included the reclassification of the cumulative currency translation adjustment for the subsidiary to profit or loss, amounting to EUR -3,485 k. As a result, a deconsolidation loss of EUR 7,545 k was recognized.

The cash flows from the sale are presented in the cash flow statement under "Proceeds from the sale of shares and liquidation of subsidiaries" within cash flows from investing activities. The cash-effective impact of the deconsolidation of TMT Services and Supplies Proprietary Limited amounts to EUR -440 k. This includes proceeds received up to March 31, 2025, totaling EUR 2,355 k, less the disposed cash balance of TMT Services and Supplies Proprietary Limited amounting to EUR -2,796 k.

Intelligent Mobility Solutions Limited, Zambia.

Due to the loss of de facto control, the company was deconsolidated in the first quarter of 2024. The remaining legal interest in the company was measured at fair value and, in the absence of expected future cash inflows, was recognized at zero. The deconsolidation result amounts to EUR 1,772 k and was recognized under other operating income.

The deconsolidation is presented as follows:

	1st Quarter, 2024
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
Fair Value valuation share (according to assumption "zero")	0
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
Profit from the disposal of the company	1,772

Kapsch TrafficCom Russia OOO, Russia.

Kapsch TrafficCom Russia OOO was liquidated and deconsolidated in August 2024. The derecognition of the company resulted in a profit-or-loss effective reclassification of the cumulative currency translation adjustment amounting to EUR 1,090 k, which, together with the derecognition of the net assets, was recognized under other expenses. The assets of Kapsch TrafficCom Russia OOO at the time of deconsolidation were as follows:

	August, 2024
Property, plant and equipment	1
Non-current assets	1
Cash and cash equivalents	2
Current assets	2
TOTAL ASSETS	3
Non-current liabilities	0
Other liabilities and deferred income	2
Current liabilities	2
TOTAL LIABILITIES	2
NET ASSETS	1
Liquidation	0
Carrying amount of net assets sold	-1
Reclassification of the currency translation reserve	-1,090
Loss from the disposal of the company	-1,091

ArtiBrain Software Entwicklungsgesellschaft mbH, Vienna.

As a result of the liquidation of ArtiBrain Software Entwicklungsgesellschaft mbH, Vienna, in September 2024, the following net assets were removed from the Group. This resulted in a deconsolidation loss of EUR -9 k, which was recognized under other operating expenses.

Effect of sales	
	September, 2024
Non-current assets	0
Cash and cash equivalents	9
Current assets	9
TOTAL ASSETS	9
Non-current liabilities	0
Current liabilities	0
TOTAL LIABILITIES	0
NET ASSETS	9
Liquidation	0
Carrying amount of net assets sold	-9
Loss from the disposal of the company	-9

Parat Ltd, Abu Dhabi.

Parat Ltd., Abu Dhabi, was established by Kapsch TrafficCom on September 20, 2024. The founding capital amounted to USD 50,000.

Parat Ltd. acquired 66.55% of the shares and thus the majority interest in Kapsch Telematic Services IOOO, Belarus. The remaining 33.45% of the shares in Kapsch Telematic Services IOOO continue to be held by Kapsch TrafficCom.

Subsequently, Kapsch TrafficCom sold 75.5% of its shares in Parat Ltd. The share transfer was registered in the local register in January, 2025. The effects of the deconsolidation of Parat Ltd. are explained together with those of Kapsch Telematic Services IOOO in the following section.

After the sale, Kapsch TrafficCom retains a 24.5% interest in Parat Ltd., which has been accounted for as an associate using the equity method since January 2025. Reference is made to Note 14.

Kapsch Telematic Services IOOO, Belarus.

With the sale of 75.5% of the shares in Parat Ltd., Abu Dhabi, Kapsch TrafficCom lost control over Kapsch Telematic Services IOOO, Belarus. The company was deconsolidated in early January 2025.

The remaining shares in Kapsch Telematic Services IOOO retained by the Group are accounted for using the equity method in Kapsch TrafficCom's consolidated financial statements from January 2025 onwards. Reference is made to Note 14.

At the time of deconsolidation, the net assets of Kapsch Telematic Services IOOO were fully derecognized from the consolidated financial statements at the following values.

	January, 2025
Property, plant and equipment	1,640
Intangible assets	109
Deferred tax assets	584
Non-current assets	2,334
Inventories	350
Trade receivables and other current assets ¹⁾	3,734
Current contract assets	29
Cash and cash equivalents	1,006
Current assets	5,119
TOTAL ASSETS	7,452
Non-current lease liabilities	1,101
Deferred tax liabilities	10
Non-current liabilities	1,111
Current lease liabilities	146
Trade payables	2,288
Other liabilities and deferred income	843
Current liabilities	3,277
TOTAL LIABILITIES	4,388
NET ASSETS	3,064

The disposal of net assets from Kapsch Telematic Services IOOO therefore had a negative impact on the statement of comprehensive income in the amount of EUR -3,064 k. Offsetting effects from the measurement of the directly and indirectly retained interests in Kapsch Telematic Services IOOO as well as those in Parat Ltd. were recognized in profit or loss. The total deconsolidation result is included in other operating income (see Note 3).

The purchase price for the sale of the shares in Parat Ltd. consisted of a deferred base purchase price amounting to EUR 2,800 k, as well as additional purchase price components, and is reported as of March 31, 2025, under other current receivables amounting to EUR 4,174 k.

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					
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 Services, Poland	219	22	0	308	-68	-14
Carrying amount as of March 31, 2025						1,971

	Amounts before intercompany eliminations					
2023/24	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	281	11	373	-102	-41
Consorcio Medellin al Mar, Colombia	0	1,262	0	2,494	-1,233	-604
Consorcio Peaje AGR, Ecuador	2	633	0	717	-81	-40
Consorcio Túneles Al Nus, Colombia	0	431	0	121	310	145
Intelligent Mobility Solutions Limited, Zambia	0	133	8,929	5,251	-14,047	-7,261
Kapsch TrafficCom - Rowing - UTE, Argentina	224	2,940	147	821	2,197	1,098
Traffic AI Services, Poland	102	70	0	152	20	4
Carrying amount as of March 31, 2024						-6,698

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):

2024/25	Amounts before intercompany eliminations				Amounts attributable to non-controlling interests		
	Reve- nues	Result for the period	Other compre- hensive income	Total compre- hensive income	Result for the period	Other compre- hensive income	Total compre- hensive 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 Services, Poland	91	-87	-1	-88	-17	-0	-18
Total					3,755	-1,921	1,834

2023/24	Amounts before intercompany eliminations				Amounts attributable to non-controlling interests		
	Reve- nues	Result for the period	Other compre- hensive income	Total compre- hensive income	Result for the period	Other compre- hensive income	Total compre- hensive income
Consorcio ITS Parques del Rio, Colombia	0	0	-18	-18	0	-7	-7
Consorcio Medellin al Mar, Colombia	690	-2,171	29	-2,141	-1,064	14	-1,049
Consorcio Peaje AGR, Ecuador	482	-183	0	-183	-90	0	-90
Consorcio Túneles Al Nus, Colombia	193	36	50	86	17	25	42
Intelligent Mobility Solutions Limited, Zambia	0	-1,961	2,235	273	-961	1,095	134
Kapsch TrafficCom - Rowing - UTE, Argentina	5,965	2,399	-3,896	-1,497	1,200	-1,948	-748
Kapsch TrafficCom Lietuva UAB, Lithuania	0	-26	0	-26	-13	0	-13
Streetline Inc., USA	0	0	427	427	-13	13	0
Traffic AI Services, Poland	10	24	1	25	5	0	5
Total					-918	-808	-1,727

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):

	Cash flow from				
2024/25	Operating activities	Investing activities	Financing activities	Cash net increase/decrease	Dividends paid to non-controlling interests
Consortio Medellin al Mar, Colombia	-298	0	293	-5	0
Consortio Peaje AGR, Ecuador	-51	50	0	0	0
Consortio 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

	Cash flow from				
2023/24	Operating activities	Investing activities	Financing activities	Cash net increase/decrease	Dividends paid to non-controlling interests
Consortio Medellin al Mar, Colombia	-99	176	-351	-273	0
Consortio Peaje AGR, Ecuador	-240	249	-9	0	0
Consortio Túneles Al Nus, Colombia	-9	0	-0	-10	0
Intelligent Mobility Solutions Limited, Zambia	599	0	-599	0	0
Kapsch TrafficCom - Rowing - UTE, Argentina	600	0	-74	526	0
Kapsch TrafficCom Lietuva UAB, Lithuania	-20	-8	0	-28	0
Streetline Inc., USA	0	-18	-0	-17	0
Traffic AI Services Poland	78	-41	-0	-41	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:

	2023/24	2024/25
Parent company		
Revenues	65	70
Expenses	-207	-104
Income (+) / Expense (-) from tax allocation	0	-36
Affiliated companies		
Revenues	314	262
Expenses	-5,897	-3,178
Associated companies		
Revenues	204	0
Expenses	120	0
Joint ventures		
Revenues	53	1,836
Expenses	0	0
Other related parties		
Revenues	0	0
Expenses	-771	-93

The following table provides an overview of receivables and liabilities to the related parties at the respective balance sheet dates :

	March 31, 2024	March 31, 2025
Parent company		
Trade receivables and other assets	150	234
Trade payables and other liabilities	-4,418	-3,788
Receivables (+) / Liabilities (-) from tax allocation	-26	0
Affiliated companies		
Trade receivables and other non-current and current assets	475	770
Trade payables and other liabilities	-2,786	-6,243
Associated companies		
Trade receivables and other non-current and current assets	0	51
Joint ventures		
Trade receivables and other non-current and current assets	0	182
Other related parties		
Trade receivables and other non-current and current assets	492	1
Trade payables and other payables including pension benefits	-9,224	-9,182

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. The utilization of these tax loss carryforwards is presented under deferred tax assets/liabilities.

Expenses to the parent company decreased by EUR 103 k due to the repayment of financial liabilities, for which no interest expenses were incurred in financial year 2024/25. The decline in trade payables and other liabilities by EUR 630 k to EUR 3,788 k results from the repayment of trade payables to KAPSCH-Group Beteiligungs GmbH. In the previous year, the change in trade payables and other liabilities comprised a decrease in non-current financial liabilities of EUR 5,083 k in connection with the capital increase, and an increase in trade payables of EUR 4,418 k to KAPSCH-Group Beteiligungs GmbH.

Affiliated companies.

Trade payables to Kapsch Aktiengesellschaft related to license fee increased by EUR 3,456 k.

In connection with the use of the Kapsch trademark and logo, the Group is charged license fees by Kapsch Aktiengesellschaft, Vienna. These amount to 0.55% of the Group's total net sales with third parties. The resulting expenses in financial year 2024/25 totalled EUR 2,959 k (previous year: EUR 2,696 k).

Services in the field of Human Resources (payroll accounting, administration, recruiting, labor law consulting, personnel development, and personnel secondments) and the provision of apprentices and trainees were centralized within the Group and transferred from Kapsch Partner Solutions GmbH, Vienna, to Kapsch TrafficCom AG on March 1st, 2024. In the previous year, expenses of EUR 1,484 k were incurred by the Group for these services.

Other expenses of the Group from transactions with sister companies related to insurance contracts amounting to EUR 10 k (previous year: EUR 52 k), which cover multiple Group entities. The remaining expenses in relation to sister companies pertained to other goods and services provided to the Group.

Expenses from transactions with affiliated companies in the financial year 2024/25 related to the costs for the provision of the central consolidation system by Kapsch Aktiengesellschaft, amounting to EUR 138 k (previous year: EUR 137 k). The remaining revenue with affiliated companies related to other goods and services provided.

Associated companies and joint ventures.

Revenues from joint ventures increased to EUR 1,836 k in the financial year 2024/25 due to rental income from the leasing of on-board units and various goods deliveries. In the previous year, revenues from joint ventures amounted to EUR 53 k and primarily included interest charges to autoTicket GmbH, Germany.

Trade receivables and other long- and short-term assets totaling 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 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 country since July 1, 2018. The remeasurement in accordance with IAS 29 has been made. The financial statements including comparative figures have been adjusted due to the change in public purchasing power of the Argentine Peso. In the financial year 2024/25 the expenses from hyperinflation adjustment amounted to EUR 4.829 k (2023/24: EUR 7,007 k).

The following table simulates the effect of changes in the exchange rate on the result before taxes. To do so a change in 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.

Currency	Effect on result before taxes			
	2023/24		2024/25	
	Volatility +10%	Volatility -10%	Volatility +10%	Volatility -10%
USD	-7,322	8,950	-454	555
ZAR	1,129	-1,380	198	-242
SEK	331	-404	608	-743
GBP	-17	21	-314	384
BGN	1,113	-1,361	1,136	-1,388
EUR	4,339	-5,303	-623	762

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 the cash flow. With variable interest financial instruments, adjustments in the interest rates may result from changes in the market interest rates. Such changes would entail changes in interest payments. The portion of variable interest-bearing financial liabilities (financial liabilities and lease liabilities) amounts to 64%. If the market interest rate had been 50 basis points higher (lower) (+/- 0.5%) as of March 31, 2025, this, as in the previous year, would not have had any material impact on the result of the Group. In the Group, derivative instruments exist to minimize interest rate risk of financial liabilities

33.3 Liquidity risk.

The ongoing monitoring, control and measurement of financial and liquidity positions is carried out at the level of the operational entities, is monitored and optimized in the overall group.

The Group provides sufficient liquidity by maintaining suitable financial reserves, by issuing bonds, through customer prepayments and the continuous reconciliation of the terms of receivables, liabilities and financial assets. To this end, cash flow forecasts are prepared at regular intervals for short-term periods (the next twelve weeks), on a quarterly basis for the medium term (current financial year) as well as for long-term periods (in accordance with long-term payment obligations, particularly those arising from loans). Suitable measures for ensuring sufficient liquidity are then deducted 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.

Kapsch TrafficCom employs a risk-averse investment strategy. Liquid funds are held such that they are generally available in the short term and can therefore be used quickly whenever needed. When it comes to securities, conservative security funds, which are actively managed on an ongoing basis and include an appropriate share of bonds, are used as a rule for the coverage and hedging of pension obligations. In the event of international financial market turbulence, however, the financial investments made might still develop unfavorably or individual securities might even become untradeable. This might result in reductions in value and impairments, which in turn have a negative impact on the financial result and equity of Kapsch TrafficCom. Such a crisis also increases the default risk of individual issuers of securities or their customers. In addition, the Group might for strategic reasons acquire a direct interest in individual entities by purchasing shares. A sufficiently bad performance of these entities might also necessitate an impairment, which in turn leads to the mentioned negative impact on the financial result and equity.

Cash flows (gross cash flows including interest) show the liquidity risk of future periods and are split in

- First half year of the next 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 note 24 and 25.

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.

The maximum credit risk corresponds to the following carrying amounts:

	March 31, 2024	March 31, 2025
Other non-current financial assets and investments	4,135	3,419
Non-current contract assets	2,603	847
Non-current lease receivables	225	615
Other non-current assets	5,755	5,092
Other current financial assets	1,375	1,358
Current contract assets	77,954	73,037
Trade receivables and other current assets	131,000	120,410
Current lease receivables	474	148
Current income tax receivables	5,005	5,480
Cash and cash equivalents	33,376	47,806
Total	261,902	258,212

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 CO₂ emissions by 42% by 2030 compared to the baseline year 2019/20. In addition, the goal is to demonstrate taxonomy alignment for 50% of the product and service portfolio by 2030.

Since 2021, the sustainability strategy has been continuously developed to achieve CO₂ 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 conducted in 2023/24 and updated in 2024/25. 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 the Non-Financial Statement.

Consideration of Climate-related Estimates and Judgements as of March 31, 2025

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 CO₂ certificates.

33.5.4 Trade Receivables

In the area of trade receivables and other receivables, no customers were identified as being affected by climate-related 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. Under the current agreements with the banks, the equity ratio has been defined as a financial covenant, which must be complied with annually as of March 31, starting on March 31, 2026. From that date, the threshold is set at 22.5 %, and from March 31, 2027, a minimum threshold of 25.0 % will apply.

In the past financial year 2024/25, the Group was able to increase its equity ratio from 18.8% to 20.0%.

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. The Group is required to comply with this covenant on a quarterly basis, starting on June 30, 2025. The current thresholds are set at 4.25, and from March 31, 2026, at 3.75. The Group continuously monitors compliance with all covenants related to loan agreements. In the past financial year, net debt in relation to EBITDA amounted to 3.49 (previous year: 1.20). In the medium term, the Group aims to achieve a value below 1.5.

Thus, in the financial year 2024/25, the Group was able to both increase the equity ratio and clearly remain below the threshold for net debt in relation to EBITDA. Several factors contributed to this: on the one hand, the Group achieved a stable result in the past financial year (whereas the previous year’s EBITDA included a positive one-off effect related to the German settlement); on the other hand, the Group was able to keep net financial liabilities nearly unchanged despite a higher financing volume.

The Group expects to continue to comply with the agreed covenants well into the future.

The focus for the next financial year remains on further improving these key indicators.

Another important objective is to ensure sufficient liquidity, both in the short and long term, to guarantee the Group’s successful going concern. As in previous years, the Group also placed the highest importance on active liquidity management in the financial year 2024/25—both through daily monitoring of Group-wide liquidity levels and by significantly increasing the reliability of the weekly 12-week cash flow forecasts. Payment management was also further professionalized during the past financial year, and appropriate payment agreements were concluded with key long-standing suppliers and business partners.

On March 21, 2025, Kapsch TrafficCom AG concluded a strategically important long-term refinancing agreement with its core banks in the amount of EUR 104.6 million (see Note 24). This agreement secures financing until 2030, with half of the amount due at maturity and the other half to be repaid in semi-annual installments. An amount of EUR 35 million from the new total volume can be repaid and re-drawn flexibly as needed. This structure offers a stable and well-planned solution for the coming years while also providing a high degree of flexibility to optimize the capital structure.

As of the balance sheet date, the Group’s cash position amounted to EUR 47.8 million. The increase compared to the previous year (March 31, 2024: EUR 33.4 million) is primarily attributable to the drawdown of credit facilities and is consistent with the higher financial liabilities. In addition to the above mentioned short- and medium-term objectives regarding liquidity, repayment, and refinancing, the medium- and long-term goals of the Group’s capital management also include financing the continued growth path and maintaining an optimal capital structure.

As of March 31, 2025, and March 31, 2024, the net debt to EBITDA ratio, gearing ratio, and equity ratio were as follows:

	March 31, 2024	March 31, 2025
Non-current financial liabilities	91,906	96,413
Current financial liabilities	12,751	21,977
Non-current lease liabilities	26,932	24,580
Current lease liabilities	9,158	7,674
Total financial liabilities	140,747	150,644
Cash and cash equivalents	-33,376	-47,806
Other current financial assets	-1,375	-1,358
Net debt	105,996	101,481
Equity	83,423	91,016
Gearing	127.1%	111.5%
EBITDA	88,534	29,044
Gearing in relation to EBITDA	1.20	3.49
Equity ratio	18.8%	20.0%

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 statements (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 measurement 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 or has 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 losses are 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 for the 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 TrafficCom are 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 issued by 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 seller with 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 Euros, 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 currency translation 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 realizable 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:

	2023/24		2024/25	
	Average exchange rate	Exchange rate as at balance sheet date	Average exchange rate	Exchange rate as at balance sheet date
AUD	1.65	1.66	1.65	1.73
CAD	1.46	1.47	1.49	1.55
GBP	0.86	0.86	0.84	0.84
SEK	11.49	11.53	11.42	10.85
USD	1.08	1.08	1.07	1.08
ZAR	20.29	20.52	19.63	19.88

Foreign currency transactions.

Transactions in foreign currencies are translated into the functional currency at the exchange rate as of the transaction 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 or liabilities. 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 nationwide 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 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 2024/25, 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 TrafficCom has sub-leasing contracts with affiliated companies as well as the parent company and therefore discloses lease receivables instead of right-of-use assets from leases, which are classified as finance leases. The Group only acts as lessor to an insignificant extent, and thus does not expect any material impact on the Group's financial statements from such 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.

Generally, equity investments are mandatorily measured at fair value through profit or loss. In the case of equity instruments that are not held for trading, in accordance with IFRS 9, an entity can make an irrevocable election at initial recognition to classify equity investments at fair value through other comprehensive income (without recycling). The assets are measured at fair value, with gains or losses recognized in other comprehensive income without recycling. The gains and losses resulting from these assets are recognised 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 and the cost of acquisition includes transaction costs. 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, 2025 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, 2025. 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 classification as “held for sale,” the assets are remeasured in accordance with IFRS 5. Subsequent measurement is at the lower of carrying amount and fair value less costs to sell. The group follows the approach of allocating any resulting impairment loss to the non-current assets (IFRS 5.23). The carrying amounts of these assets therefore represent the upper limit of the impairment recognized.

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 coverage for 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.

Deferred tax assets/liabilities are determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. In addition, it is to be assumed that such temporary differences will be reversed in the foreseeable future.

Deferred tax assets for unused tax loss carried forward are recognised to the extent that it is probable that future taxable profits will be available and, in particular in the case of a losses history, there is convincing evidence that sufficient taxable profit will be available in the future against which these unused tax losses can be utilized. A planning horizon of six years is used, with the Group applying appropriate deductions in later planning periods due to greater uncertainties in the utilisation of the loss carry forward.

The carrying value of deferred tax assets is reviewed annually at the balance sheet date and revalued if it is no longer likely that sufficient taxable income will be available to realize such assets partially or in full.

Deferred tax liabilities are provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed 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 2024/25.

	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
IAS 1	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants	January 2023	January 1, 2024	None
IFRS 16	Amendments to IFRS 16: Lease Liability in a Sale and Leaseback	September 2022	January 1, 2024	None
IAS 7, IFRS 7	Amendments to IAS 7: Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements	May 2023	January 1, 2024	None

The application had no impact on the consolidated financial statements.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants clarify that the classification of liabilities as current or non-current is based on the rights that exist at the end of the reporting period.

According to the amendments, the following applies:

- A liability is classified as non-current if, at the end of the reporting period, the entity has a substantive right to defer settlement for at least 12 months.
- If the right to defer settlement for at least 12 months depends on conditions that must be met within 12 months after the reporting period, these conditions do not affect the classification of the liability as current or non-current.

For liabilities classified as non-current that are subject to conditions within 12 months after the reporting date, the following disclosures are required to enable users of the financial statements to assess potential risks:

- Details of the conditions (including their nature and the timing of when the entity must comply)
- The carrying amount of the affected liabilities.
- If applicable: facts and circumstances indicating that the entity may have difficulty complying with the conditions. This includes, where relevant, measures taken during or after the reporting period to comply with the conditions, and whether the conditions would not have been met as of the reporting date.

In assessing whether a (substantive) right exists, the entity does not consider whether it intends to exercise that right. Management's intentions therefore do not affect the classification.

Unchanged remains the requirement that if, as of the reporting date, loan covenants (e.g. financial covenants) have been breached, giving the lender the right to demand repayment within 12 months, the liability must be classified as current—even if the lender waives the right to demand repayment after the reporting date.

As of today's perspective, no material impact on the Group's financial position, financial performance, or cash flows is expected.

Amendments to IFRS 16 – Lease Liability in a Sale-and-Leaseback Transaction: The amendments specify that, in the subsequent measurement of the lease liability, the seller-lessee must determine "lease payments" and "revised lease payments" in a manner that prevents the recognition of a gain or loss relating to the retained right-of-use asset. These amendments may particularly affect sale-and-leaseback transactions that include variable lease payments not based on an index or rate.

From today's perspective, no material impact on the Group's financial position, financial performance, or cash flows is expected.

Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements: The amendments introduce disclosure requirements and provide guidance within the existing disclosure framework, requiring entities to disclose qualitative and quantitative information about supplier finance arrangements in the context of liquidity risk under IFRS 7.

Supplier finance arrangements occur occasionally within subsidiaries. Based on an analysis of the contracts, there were no substantial changes to the contractual payment terms compared to the original trade payables. As a result, Kapsch TrafficCom continues to present these liabilities under trade payables. Further details can be found in Note 15; no disclosures were made for the comparative period in the year of initial application.

The related cash outflows are presented within cash flows from operating activities in the statement of cash flows, reflecting their economic substance.

From today's perspective, no material impact on the Group's financial position, financial performance, or cash flows is expected.

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
IAS 21	Amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	August, 2023	January 1, 2025	None
IFRS 9, IFRS 7	Amendments to IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments	May, 2025	January 1, 2026	None

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.

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 amendments clarify that a financial liability is derecognized on the “settlement date” and introduce an accounting policy option that allows financial liabilities settled through an electronic payment system to be derecognized before the settlement date.

Further clarifications relate to the classification of financial assets with ESG-linked features by providing additional guidance on the assessment of contingent terms. Clarifications were also made regarding non-recourse loans and contractually linked instruments.

Additional disclosure requirements are introduced for financial instruments with contingent features and for equity instruments classified at fair value through other comprehensive income (OCI).

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 18	Presentation and Disclosures in Financial Statements	April, 2024	January 1, 2027	not yet determined
IFRS 19	Subsidiaries without Public Accountability: Disclosures	May, 2024	January 1, 2027	not yet determined
IFRS 9, IFRS 7	Amendments to IFRS 9 and IFRS 7 Contracts referencing Nature-dependent Electricity	December, 2024	January 1, 2026	not yet determined
IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7	Annual Improvements to IFRS Accounting Standards — Volume 11	July, 2024	January 1, 2026	not yet determined

The Group does not apply these new or amended standards and interpretations early.

IFRS 18 – Presentation and Disclosure in Financial Statements. The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements to ensure that such statements provide relevant information that faithfully represents an entity’s assets, liabilities, equity, income, and expenses.

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.

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.

Annual Improvements to IFRS Accounting Standards – 2023–2025 Cycle (Cycle 11) This cycle includes amendments to the following standards:

- IFRS 1 – First-time Adoption of International Financial Reporting Standards: Accounting for hedging relationships by a first-time adopter
- IFRS 7 – Financial Instruments: Disclosures:
 - Gains or losses from derecognition
 - Disclosures where there are differences between fair value and transaction price
 - Credit risk disclosures
- IFRS 9 Financial Instruments:
 - Derecognition of lease liabilities
 - Transaction price
- IFRS 10 Consolidated Financial Statements: Determination of a “de facto agent”
- IAS 7 Statement of Cash Flows: Acquisition cost method.

Standards and Interpretations issued by the IASB but not yet adopted by the EU:

These standards, interpretations, or amendments thereto are not yet mandatorily applicable and, from today’s perspective, are not expected to have a material impact on the Group.

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, 2025, as in the previous year, no treasury shares were held by the company. There were no dilutive effects.

	March 31, 2024	March 31, 2025
Result for the period attributable to equity holders of the company (in EUR)	23,182,648	-6,858,455
Weighted average number of ordinary shares	13,454,645	14,300,000
Earnings per share (in EUR)	1.72	-0.48

37 Events after the reporting period.

No subsequent events to be reported, have occurred after March 31, 2025.

38 Supplementary disclosures.

The average number of staff in the financial year 2024/25 was 3,064 salaried employees and 484 waged earners (2023/24: 3,500 salaried employees and 498 waged earners)

Expenses for the auditor.

The expenses for the auditor amounted to EUR 254 k (2023/24: EUR 227 k) for the audit of the consolidated financial statements and are broken down as follows:

	2023/24	2024/25
Audit of the consolidated financial statements	227	254
Subsequent settlement	131	23
Other assurance services	150	240
Tax advisory services	0	0
Other services	5	0
Total	513	516

Compensation and other payments to members of the Executive and the Supervisory Board.

In the financial year 2024/25, the following persons served on the Executive Board:

- Georg Kapsch (Chairman)
- Alfredo Escribá Gallego
- Samuel Kapsch (since April 1st, 2025)

The current remuneration of the Executive Board (including pension fund payments) amounted to EUR 1,783 k in the financial year 2024/25 (2023/24: EUR 3,171 k). The total remuneration of the Executive Board decreased by 43.8%. This was mainly due to the performance-related remuneration not being achieved this year, as well as the termination of Andreas Hämmerle's service contract in June 2024. Expenses for severance payments and pensions for members of the Executive Board amounted to EUR 25 k (2023/24: EUR 32 k). In total, this results in overall remuneration of the Executive Board (before offsetting against provisions) of EUR 1,783 k in the financial year 2024/25 (2023/24: EUR 3,171 k).

In the financial year 2024/25, the following persons served on the Supervisory Board:

- Franz Semmernegg (Chairman until September, 4th 2024)
- Sonja Hammerschmid (Chairwoman since September, 4th 2024)
- Harald Sommerer (Deputy-Chairman until September, 4th 2024)
- Monika Brodey (Deputy-Chairwoman since September, 4th 2024)
- Sonja Wallner (since September, 4th 2024)
- Martin Fellendorf (since September, 4th 2024)

Delegated by the works council:

- Christian Windisch
- Robert Kutschera

The compensation paid to the members of the Supervisory Board in the financial year 2024/25 amounted to EUR 142 k (2023/24: EUR 120 k).

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.

Proposed appropriation of retained earnings.

The Executive Board will propose to the Annual General Meeting 2025 not to distribute a dividend for the financial year 2024/25 and to carry forward the retained earnings to new account.

Authorized for issue:

Vienna, June 24, 2025



Georg Kapsch
Chief Executive Officer



Alfredo Escribá Gallego
Executive Board member



Samuel Kapsch
Executive Board member (since April 1st, 2025)

Erklärung der gesetzlichen Vertreter.

Gemäß § 124 Abs. 1 BörseG 2018.

Wir bestätigen nach bestem Wissen, dass der im Einklang mit den maßgebenden Rechnungslegungsstandards aufgestellte Konzernabschluss ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Konzerns vermittelt, dass der Konzernlagebericht den Geschäftsverlauf, das Geschäftsergebnis und die Lage des Konzerns so darstellt, dass ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Konzerns entsteht, und dass der Konzernlagebericht die wesentlichen Risiken und Ungewissheiten beschreibt, denen der Konzern ausgesetzt ist.

Wien, am 24. Juni 2025



Georg Kapsch
Vorsitzender des Vorstands



Alfredo Escribá Gallego
Mitglied des Vorstands



Samuel Kapsch
Mitglied des Vorstands (seit 1. April 2025)

Auditor's Report.

Report on the Consolidated Financial Statements.

Audit Opinion

We have audited the 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, 2025, 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 accompanying 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, 2025, and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU (IFRSs) and the additional requirements under section 245a Austrian Company Code.

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 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.

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 22,735 k (previous year: EUR 22,735 k) under the item intangible assets, of which EUR 11,771 k (previous year: EUR 11,771 k) is allocated to the cash-generating unit Tolling-Americas and EUR 7,371 k (previous year: EUR 7,371 k) 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). In the financial year 2024/25, the impairment test did not indicate a need for impairment. Moreover, the consolidated financial statements as at March 31, 2025 include other intangible assets in the amount of EUR 4,401 k (previous year: EUR 5,140 k) and property, plant and equipment in the amount of EUR 43,058k (previous year: EUR 45,960 k).

The CGU Tolling-Americas includes goodwill whose recoverability is significantly determined by business development in North America. In this region, significant losses were incurred in the previous financial years which mainly result from considerable cost overruns and adjustments to planned costs and margins for material projects. In the business year 2024/25, past measures identified, resolved and implemented by management led to higher profitability in customer projects, especially in Latin America (Argentina, Ecuador, Brazil) but also in the US, resulting in the CGU Tolling-Americas achieving a significant increase in EBIT in the amount of EUR 9,222 k (previous year: EUR -13,192 k) due to improved project margins, despite revenue developing as planned. Management considers

this development sustainable, which was included accordingly in the future cash flows of the impairment test. Based on the impairment test, no need for impairment exists for the CGUs Tolling-Americas and TM-Americas, 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, which usually is associated with certain uncertainties. 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 partly 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. 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 2024/25, from the total revenue in the amount of EUR 530,316 k (previous year: EUR 538,843 k), revenue in the amount of EUR 161,448 k (previous year: EUR 152,551k) related to the implementation of tolling and traffic management systems. The non-current and current contract assets as at March 31, 2025 amount to EUR 73,884 k (thereof EUR 10,839 k from Kapsch TrafficCom USA), and the non-current and current contract liabilities amount to EUR 52,315 k (thereof EUR 38,153 k from Kapsch TrafficCom USA). In addition, provisions for losses from onerous contracts were set up in the amount of EUR 15,513 k (thereof EUR 13,304 k from Kapsch TrafficCom USA) 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.

As in the previous year, we performed extended audit procedures with regard to the projects in North America (the subsidiary Kapsch TrafficCom USA). In particular, we checked the effectiveness of project controlling of selected key controls and discussed with local management and the project managers in charge the risk provisions and cost adjustments as well as the most recent approved planning for the sample projects examined, and critically assessed it.

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 1.4.1 "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 53,359 k (previous year: EUR 45,568 k) are reported in the consolidated financial statements, mainly resulting from tax loss carry-forwards in the amount of EUR 44,872 k (previous year: EUR 36,863 k) predominantly in Austria in the amount of EUR 20,644 k (previous year: EUR 20,192 k) (intragroup loss carry-forward via group taxation) and the US in the amount of EUR 21,487 k (previous year: EUR 9,615 k). 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 1.4.3. "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".

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 previous 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 International Financial Reporting Standards as adopted by the EU (IFRSs), 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.

Additional Information in Accordance with Article 10 of the EU Regulation

We were elected as statutory auditor at the ordinary general meeting dated September 4, 2024. We were appointed by the Supervisory Board on October 3, 2024. 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
June 24, 2025

PwC Wirtschaftsprüfung GmbH

Frédéric Vilain
Austrian Certified Public Accountant

signed

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.

Kapsch TrafficCom AG
Georg Kapsch
Alfredo Escribá Gallego
Samuel Kapsch
Am Europlatz 2
1120 Vienna

We have performed a limited assurance engagement of the consolidated sustainability reporting included in the section “Sustainability Statement” of Kapsch TrafficCom AG, Vienna, for the financial year ended as at March 31, 2025.

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 (KFS/PG13) and additional opinions (KFS/PE28). 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 Matter – Previous-year Disclosures as at March 31, 2024

Previous-year disclosures were not subject to a comparable assurance engagement.

Other Information

Management is responsible for the other information. The other information comprises the information included in the consolidated financial statements and the 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 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 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 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 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 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

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 CO₂ 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 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 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 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 corresponding to the Company's size criteria based on the size criteria pursuant to section 221 UGB.

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
June 24, 2025

PwC Wirtschaftsprüfung GmbH

Frédéric Vilain
Austrian Certified Public Accountant

signed

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 section "Sustainability Statement" together with our independent assurance report is only allowed if the sustainability reporting included 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	International Financial Reporting Standards.
ICS	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 20, 2025	Result Q1 2025/26
August 24, 2025	Record date: Annual General Meeting
September 3, 2025	Annual General Meeting
November 19, 2025	Result H1 2025/26
February 27, 2026	Result Q1–Q3 2025/26

Contact for investors.

Investor Relations team	Marcus Handl, Teresa Hartlieb
ESG officer	Doris Gstatter
Shareholders' telephone line	+43 50 811 1122
E-mail	IR.kapschtraffic@kapsch.net
Website	www.kapsch.net

Disclaimer.

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

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

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

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

Imprint.

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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 2024/25 financial year, over 3,000 employees generated revenues of EUR 530 million.

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