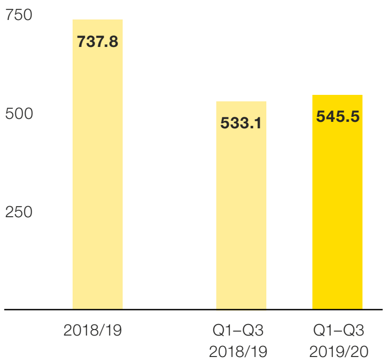
Highlights Q1-Q3 2019/20.

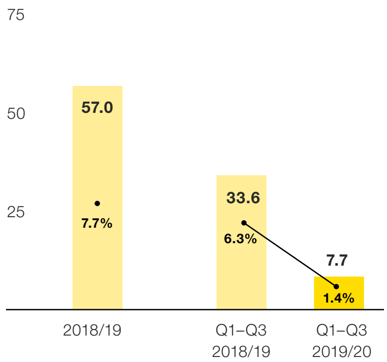
April 1, 2019 – December 31, 2019.

- Revenues increased to EUR 545.5 million (+2%).
- EBIT fell to EUR 7.7 Mio. (previous year: EUR 33.6 million).
- One-off effects (EUR 10.6 million) weigh on EBIT: German infrastructure charge (EUR 5.9 million), tolling project in Czech Republic (EUR 2.3 million) and Streetline (EUR 2.4 million).
- Claims by the operating parties against the Federal Republic of Germany: EUR 560 million.
- New major project in the USA: revenues >USD 100 million; start in 2023; term: >30 years-

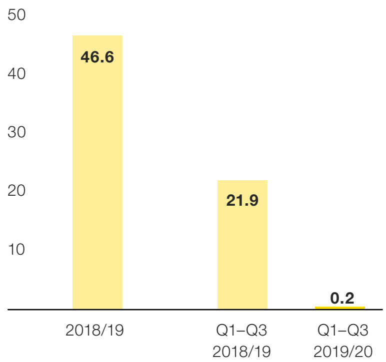
Revenues
in EUR million



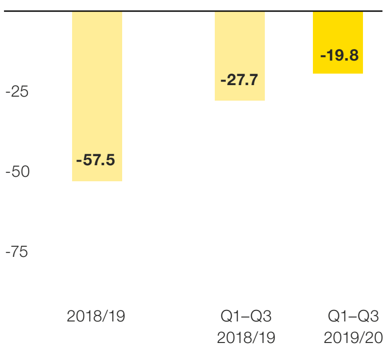
EBIT (in EUR million) and
EBIT margin



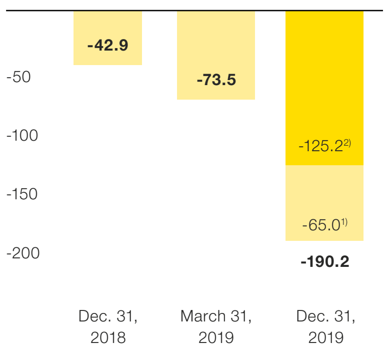
Profit for the period
in EUR million



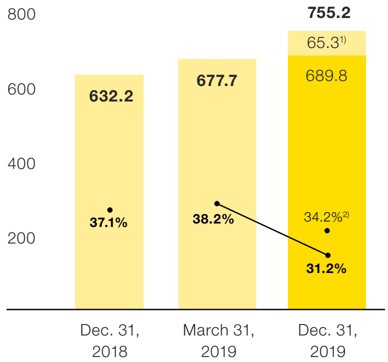
Free cash flow
in EUR million



Net cash (+)/net debt (-)
in EUR million



Total assets (in EUR million) and
equity ratio.



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

[1] Due to the initial application of IFRS 16.

[2] Value excluding IFRS 16 impact.

Remarks by the CEO.

Business development in the Q1-Q3 2019/20 period.

Dear shareholders,

Unfortunately, the first three quarters of financial year 2019/20 did not go as originally planned. Kapsch TrafficCom is undergoing a number of changes that are temporarily affecting profitability at the present time.

Expenses in connection with the German passenger vehicle toll in financial year 2019/20.

The European Court of Justice (ECJ) ruled on June 18, 2019, that the infrastructure charge (passenger vehicle toll) planned in Germany was incompatible with EU law. On the following day, our customer, the Federal Republic of Germany, used this as the reason for terminating the contracts concluded for the implementation and operation of the passenger vehicle toll as of September 30, 2019. In December 2019, the operating parties of the terminated contract for the "Toll Collection" project (Kapsch TrafficCom, CTS EVENTIM and a 50/50 joint venture of both companies) filed claims in the amount of EUR 560 million against the Federal Republic of Germany. However, the competent minister disputed these claims. The matter may therefore have to be resolved before an arbitration tribunal. Such proceedings can take several years. The contractor parties in the terminated contract for the economically smaller "Automatic Control of the Toll" project (Kapsch TrafficCom and a project company solely owned by it) also intend to assert claims against the Federal Republic of Germany. The amount of such claims is currently being determined.

Shortage of staff in the USA will likely continue until well into financial year 2020/21.

Business in North America has been growing strongly for quite a while. At the same time, it has turned out to be more difficult than expected to recruit a sufficient number of new employees. In the first nine months of the year, we adopted a new recruiting strategy and were able to increase the number of employees in the USA (excluding the smart parking subsidiary Streetline) by around 110 to a total of 753. It should not be forgotten that the many new employees must often be trained by experienced colleagues. This means that productivity will fall and costs increase before it is possible to achieve the full potential of the expanded team. This must be partly compensated by outsourcing. It is therefore understandable that profitability of the Group will suffer temporarily. This situation will likely continue until well into financial year 2020/21. The number of employees should then reach a stable level and continue to grow at a "healthy" rate.

Regulatory issue in Zambia to be resolved within next three months.

In Zambia, regulatory issues persist. To date, it has not been possible for us to automatically receive the share of the revenues we are entitled to. Rather, an official act is required each time. However, that is no basis for a long-term and successful project and is not acceptable for us. To limit the risk, we therefore reduced our activities in Zambia to a minimum a while ago. However, if the matter cannot be resolved within the next three months or so, we will change our approach.

Discontinuation of toll project in the Czech Republic hurts revenues and EBIT.

At the end of November 2019, our contract to operate the nation-wide toll system in the Czech Republic expired. Our attempt to also set up and operate the new toll system failed due to what we view to be an extremely questionable awarding of the contract. Despite legal success in the meantime, we were ultimately unable to assert our interests. Nonetheless, we cannot accept how we were treated and will continue to take legal action. The fact is, however, that a project with annual revenues of more than EUR 70 million has come to an end and will now be handed over in an orderly manner. At the same time, this means that in the fourth quarter of the current financial year and in the first three quarters of the coming financial year the comparative figures from the previous year include the (high) revenues and earnings from this major project.

No viable business model for the smart parking company Streetline.

We do not know any company that has been able to demonstrate a sustainable and profitable business model in the area of smart on-street parking and curb management. This also applies to our California based smart parking company Streetline. We therefore end this company's business activities.

One major innovation starting in financial year 2019/20 is the initial application of the IFRS 16 "Leases" standard. It addresses the recognition, valuation, and reporting along with the disclosure requirements relating to leases in the financial statements.

IFRS 16 has considerable influence on:
> Net debt
> Balance sheet total

In short: Rights of use arising from leasing agreements are capitalized (tangible assets), and leasing liabilities are shown separately on the liabilities side of the balance sheet. This changed reporting of leases significantly increases the balance sheet total and net debt as of April 1, 2019, lowering the equity ratio.

Leasing expenses (other operating expenses) recorded previously are replaced by a depreciation of the right of use and an interest component (which flows into the financial result). This causes the EBITDA to go up (by the amount of the depreciation of the right of use) and has a slightly positive effect on the EBIT (in the amount of the interest component, which is reported in the financial result).

Influenced by the aforementioned developments, **revenues** year-on-year rose by around 2% to EUR 545.5 million. Growth in the Americas region was particularly noteworthy (+23%).

Revenues in the "Electronic Toll Collection" (ETC) segment saw an increase of 3% to EUR 420.1 million. The driver was growth in the Americas region (+32%). 85% growth in revenues in the area of implementation more than compensated for 7% and 6% declines in the areas of operations and components, respectively. In the EMEA region (Europe, Middle East, Africa), revenues fell by 4%. 1% and 28% growth in the areas of implementation and components were not able to compensate for the 11% decline in the area of operations. The major reason for this was that an old contract with a larger scope of services for operating the nation-wide toll system in Poland was in effect in the comparative period of the previous year until November 2. In addition, our largest project, namely the operation of the toll project in the Czech Republic, came to an end in the past quarter. Although we have been contracted for a few months to handle the orderly winding down of our activities, monthly revenues for this are far from the previous revenue level. In the APAC region (Asia-Pacific), we were able to keep operating revenues constant, but revenues in the areas of implementation and components fell by 54%, respectively.

Revenues in the "Intelligent Mobility Solutions" (IMS) segment came down by 1% during Q1-Q3 2019/20. While we saw 3% growth in the Americas, revenues fell by 8% in the EMEA. The main reason for the latter was the project in Zambia, where – as mentioned above – we significantly reduced our activities. In the APAC region, we increased IMS revenues strongly, starting from a low level.

EBIT significantly weaker than in the comparative period. One-off effects of EUR -10.6 million.

The operating result (**EBIT**, Earnings Before Interest and Taxes) fell by 77% to EUR 7.7 million, corresponding to an EBIT margin of 1.4%. I have already explained the reasons for this in detail above. Excluding one-off effects, EBIT would have been EUR 18.3 million.

The **financial result** of EUR -5.2 million was below the previous year's figure of EUR -2.3 million. The latter included a positive one-off effect in the amount of EUR 5.1 million from the sale of our stake in ParkJockey.

Due to the significantly lower pre-tax earnings, the **tax expenses** after nine months were EUR -1.4 million and thus substantially below the value in the previous year (EUR -9.4 million).

In this way, we attained a **profit for the period** of EUR 0.2 million (previous year: EUR 21.9 million) and **earnings per share** of EUR 0.14 (previous year: EUR 1.77).

At EUR -19.8 million, **free cash flow** was much better than in the comparative period of the previous year (EUR -27.7 million). The main reason for the positive development was the reclassification of lease payments on account of IFRS 16. While the figure for the current financial year includes a payment (financing for a joint venture in Germany) of EUR 14.4 million, the comparative figure for the previous year was boosted by an incoming payment of EUR 12.9 million in connection with the sale of ParkJockey.

On December 31, 2019, **net debt** was EUR 190.2 million. Without the initial application of IFRS 16, it would have been EUR 125.2 million (March 31, 2019: EUR 73.5 million). The **equity ratio** as of December 31, 2019, was still satisfactory despite the effect of IFRS 16: It was at 31.2% (March 31, 2019: 38.2%). The **balance sheet total** – also mainly due to the initial application of IFRS 16 – rose to EUR 755.2 million (March 31, 2019: EUR 677.7 million).

Based on the weak development of earnings, we have revoked the existing outlook for the full-year EBIT (EUR 35 million excluding one-off effects) and will not provide a new forecast. For financial year 2019/20, we continue to expect that revenues in the previous year (EUR 737.8 million) will be exceeded by at least 5%.

The departure of the United Kingdom from the EU (Brexit), which has now actually taken place, should have no significant impact on results for Kapsch TrafficCom, as our local revenues there are in the single-digit million range.

I do not hide the fact that the results have not met my expectations or what we have aimed for. We are currently experiencing a certain amount of upheaval as we move into a new phase of expansion. The business model is being extended in a way to address both existing and new customer groups with innovative solutions. The necessary investments have a direct influence on our profit and loss statement as we do not capitalize much. We will continue working purposefully. As soon as we have succeeded in rebuilding a solid staffing level in North America and recovered the usual high productivity we are accustomed to, as well as overcome the challenges in Africa, we will be able to enjoy profitable growth again. I am completely convinced of this because we

- address megatrends such as mobility, urbanization and environmental protection,
- see the demand for our products, solutions and services,
- have potential due to new technologies (e.g. networked vehicles) and addressing new customer segments,
- employ highly talented staff around the world,
- have unique domain expertise,
- drive technological innovation,
- invest heavily in the further development of our solutions,
- have more than 1,200 patents.

Sincerely,

Georg Kapsch
Chief Executive Officer

Selected key data.

2019/20 and 2018/19: refers to the respective financial year (April 1 until March 31)
Q1-Q3: first three quarters of a financial year (April 1 until December 31)
Unless otherwise stated, all values in EUR million.

Earnings Data	2018/19	Q1-Q3 2018/19	Q1-Q3 2019/20	+/-
Revenues	737.8	533.1	545.5	2.3%
thereof in ETC segment	558.4	406.9	420.1	3.2%
thereof in IMS segment	179.4	126.1	125.3	-0.6%
EBITDA [1]	71.5	44.1	33.0	-25.3%
EBIT [1]	57.0	33.6	7.7	-77.2%
thereof in ETC segment	64.9	40.3	18.5	-54.0%
thereof in IMS segment	-7.9	-6.7	-10.9	-61.6%
EBIT margin	7.7%	6.3%	1.4%	-4.9%p
EBIT margin ETC segment	11.6%	9.9%	4.4%	-5.5%p
EBIT margin IMS segment	-4.4%	-5.3%	-8.7%	-3.3%p
Financial result and result from associated companies	-2.0	-2.3	-6.1	-168.0%
Income taxes	-8.5	-9.4	-1.4	84.9%
Profit for the period	46.6	21.9	0.2	-99.3%
Earnings per share in EUR [2]	3.68	1.77	0.14	-91.9%

Cash flow	2018/19	Q1-Q3 2018/19	Q1-Q3 2019/20	+/-
Cash flow from operating activities	-39.5	-26.7	3.6	—
thereof cash flow from earnings	34.5	21.9	17.8	-18.9%
thereof change in net working capital	-74.0	-48.7	-14.2	-70.9%
Cash flow from investing activities	-18.0	-1.0	-23.4	-2,277.4%
Free cash flow [3]	-57.5	-27.7	-19.8	28.6%
Cash flow from financing activities	-27.1	-26.6	38.9	—

Balance sheet data	March 31, 2019		Dec. 31, 2019	+/-
Total assets [4]	677.7		755.2	11.4%
Non-current assets	183.3		253.2	38.1%
Current assets	494.4		502.0	1.5%
Non-current liabilities	183.8		272.0	48.0%
Current liabilities	235.2		247.8	5.3%
Total equity [2]	258.7		235.4	-9.0%
Equity ratio [2]	38.2%		31.2%	-7.0%p
Net cash (+)/debt (-) [4] [5]	-73.5		-190.2	158.8%
Gearing [6]	28.4%		80.8%	52.4%p

Other information	March 31, 2019		Dec. 31, 2019	+/-
Employees, end of period	4,981		5,181	4.0%

1) In the first three quarters of 2019/20 including EUR 10.0 million from depreciation on right-of-use assets from leases due to IFRS 16 and an EBIT effect of EUR 0.5 million
2) Including non-controlling interests
3) Cash flow from operating activities + cash flow from investing activities
4) As of December 31, 2019 including lease liabilities amounting to EUR 65.0 million from the initial application of IFRS 16 (increase in net debt and total assets in a similar amount)
5) Cash and cash equivalents + other current financial assets - financial liabilities - lease liabilities
6) Net debt/equity

Financial calendar.

June 16, 2020	Results 2019/20
August 12, 2020	Results Q1 2020/21
August 30, 2020	Record Date: Annual General Meeting
September 9, 2020	Annual General Meeting
September 11, 2020	Dividend Ex Date
September 14, 2020	Record Date: Dividend
September 16, 2020	Dividend Payment Date
November 18, 2020	Results H1 2020/21
February 16, 2021	Results Q1-Q3 2020/21

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