EN

Kapsch TrafficCom

Group Report 2022/23

as of March 31, 2023.

Consolidated Management Report and Consolidated Financial Statements 2022/23.

Table of contents.

Selected key data.

2022/23, 2021/22 und 2020/21: refer to the respective financial year (April 1 until March 31)
PP: percent points
Unless otherwise stated, all values in EUR million.

Earnings data	2020/21	2021/22	2022/23	+/-
Revenues	505.2	519.8	553.4	6.5%
Share of tolling segment	70.9%	71.2%	72.9%	1.7 PP
Share of traffic management segment	29.1%	28.8%	27.1%	-1.7 PP
EBITDA [1]	-67.1	32.7	29.4	-9.9%
EBITDA margin	-13.3%	6.3%	5.3%	-1.0 PP
EBIT	-123.2	11.0	7.6	-31.1%
EBIT margin	-24.4%	2.1%	1.4%	-0.7 PP
Result before income tax	-133.1	5.3	-9.9	—
Result for the period	-105.3	-6.2	-24.2	> -100%
Result for the period attributable to equity holders	-102.8	-9.3	-24.8	> -100%
Earnings per share in EUR	-7.91	-0.72	-1.91	> -100%

Business segments	2020/21	2021/22	2022/23	+/-
Tolling				
Revenues	358.2	369.9	403.4	9.1%
EBIT	-117.2	3.3	-7.6	—
EBIT margin	-32.7%	0.9%	-1.9%	—
Traffic management				
Revenues	147.0	149.9	150.0	0.1%
EBIT	-6.0	7.7	15.2	97.9%
EBIT margin	-4.1%	5.1%	10.1%	5.0 PP

Revenues by region	2020/21	2021/22	2022/23	+/-
EMEA	54.8%	54.2%	49.3%	-4.9 PP
Americas	40.6%	40.8%	45.0%	4.2 PP
APAC	4.6%	5.0%	5.7%	0.7 PP

Balance sheet data	March 31, 2021	March 31, 2022	March 31, 2023	+/-
Total assets	593.2	512.1	480.1	-6.2%
Total equity [2]	84.8	77.9	51.3	-34.1%
Equity ratio [2]	14.3%	15.2%	10.7%	-4.5 PP
Net debt [3]	169.6	158.3	186.3	17.7%
Gearing [4]	200.1%	203.2%	363.1%	> 100 PP
Net working capital [5]	91.0	71.0	79.4	11.9%

Cash flow	2020/21	2021/22	2022/23	+/-
Net CAPEX [6]	5.4	5.3	3.3	-38.2%
Free cash flow [7]	4.3	16.8	-6.0	—

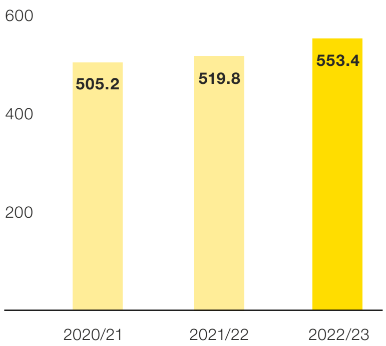
Other information	2020/21	2021/22	2022/23	+/-
Employees, end of period	4,657	4,220	4,039	-4.3%
On-board units, in million units [8]	8.72	9.01	9.23	2.4%

1) Operating result before amortization, depreciation and impairment
2) Including non-controlling interests
3) Cash and cash equivalents + other current financial assets - financial liabilities - lease liabilities
4) Net debt / equity
5) Inventories + trade receivables and other current assets + current contract assets + current tax receivables – trade payables – current contract liabilities – current tax liabilities – current provisions – current other liabilities and deferred income
6) Capital expenditure and proceeds from the disposal of property, plant and equipment and intangible assets
7) Cash flow from operating activities + cash flow from investing activities
8) Starting with 2022/23 excl. sticker tags. Adjusting previous year's figures to allow comparability.

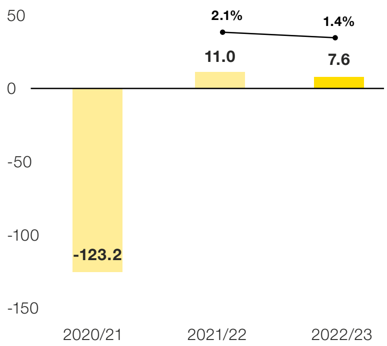
Kapsch TrafficCom 2022/23.

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

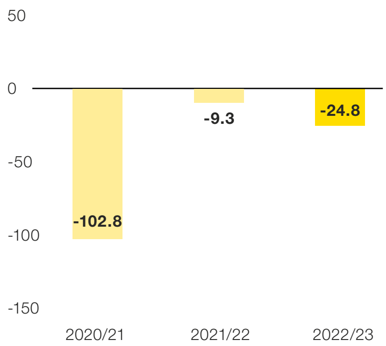
Revenues
in EUR million



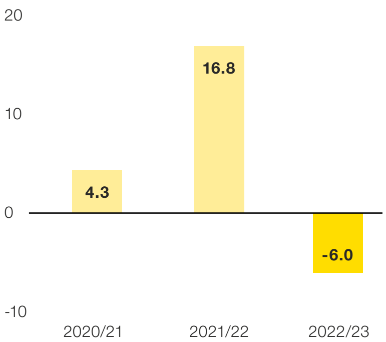
EBIT (in EUR million) and
EBIT margin (in %)



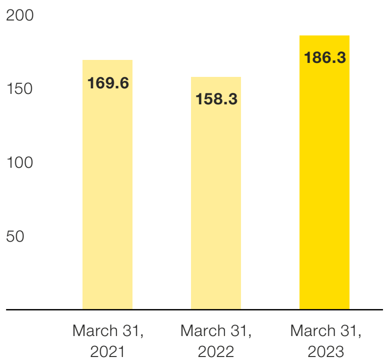
Result for the period attributable to equity holders in EUR million



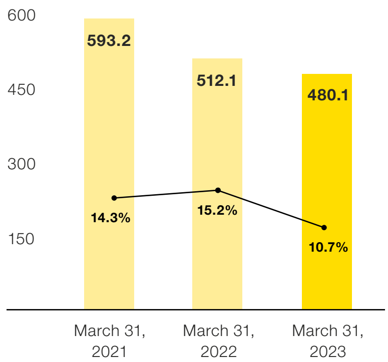
Free cash flow [1)]
in EUR million



Net debt [2)]
in EUR million



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



1) Cash flow from operating activities + cash flow from investing activities
2) Cash and cash equivalents + other current financial assets - financial liabilities - lease liabilities

Headlines 2022/23.

Increase in revenues by 7% to EUR 553 million.

- Business growth in tolling segment due to new implementation projects.
- Double-digit growth in the regions Americas and Asia-Pacific.
- Traffic management systems increasingly generate operating revenues.

Result from operating activities significantly below expectations.

- EBIT decline by 31% to EUR 8 million.
- Restructured and reduced cost base in recent years could not compensate for cost increases and margin adjustments in existing customer projects.
- Traffic management segment with significant EBIT improvement.

Financial indicators remain unsatisfactory.

- Free cash flow negative at EUR -6 million due to higher net working capital.
- Above-average debt at 363%, equity ratio of 11%.
- Restructuring of financing agreed with major financial creditors in May 2023.

Encouraging project successes.

- Good progress on existing projects will also increase liquidity.
- New projects in the urban area confirm the Strategy 2027.

Progress in implementation of Strategy 2027.

- Transition to comprehensive solutions that manage traffic and mobility patterns.
- Digitization of the road and use of data are advancing.
- Sustainability as a key driver.

Outlook to the financial year 2023/24.

- Revenue growth in the single-digit percentage range and slight improvement in the operating result (EBIT).
- Focus on new business as well as cost and liquidity management and improvement of financial indicators.
- Increasing importance of sustainable mobility and urban solutions.

Letter from the CEO.

Dear Shareholders,

Kapsch TrafficCom was able to slightly increase revenues in the financial year 2022/23 based on good project progress and newly won projects, as expected. However, the result is significantly below our expectations, which means that we did not achieve the targets we had set ourselves.

We have implemented numerous measures for our profitability and future growth, which are taking effect. We therefore continue to believe that we are on the right track. In the reporting period, however, several factors led to a decline in the operating result (EBIT) and a negative result for the period.

Financial year 2022/23: Increase in revenues, but result significantly below expectations.

The economic environment continued to be characterized by numerous uncertainties. The recovery from the effects of the COVID 19 pandemic was overshadowed by the ongoing conflict in the Ukraine. We faced price increases in all areas due to inflation and rising interest rates, among other factors, and supply difficulties for electronic components continued. In addition, our capacities and liquidity are still too heavily tied up in a few delayed projects as well as in a higher level of inventory that was necessary to be retained due to the delivery difficulties for components.

New business momentum improved increasingly over the course of the year. This is reflected in the very pleasing projects we were able to win in the financial year. The project pipeline for further orders has also grown.

Financial development.
In light of these circumstances, we were able to increase revenues by 7% to EUR 553 million. Despite the restructured and reduced cost base in recent years, the significant increase in component prices and inflation-related rising personnel costs as well as the negative margin adjustment in existing customer projects led to a 31% decline in EBIT to EUR 8 million. Personnel costs are particularly impacting the tolling segment – due to currency effects and, not least, wage and salary adjustments in connection with the immense inflation rates worldwide. I expect this to continue.

Significant cost increases in all areas.

IIn the tolling segment, which accounts for 73% of our business, we recorded revenue growth from EUR 370 million to EUR 403 million, primarily in the implementation business and in the regions Americas and Asia-Pacific. However, the immense cost increases resulted in a negative EBIT of EUR -8 million. In the traffic management segment, which contributes 27% to the business, revenues remained constant at EUR 150 million. EBIT in this segment almost doubled to EUR 15 million. The components business increased in both segments during the reporting period, in which we see the market recovery after the restrictions of the COVID pandemic in terms of mobility and also our ability to supply.

The financial result shows a significant loss in connection with the foreign currency effects, hyperinflation in Argentina, increased interest expense and a value adjustment. In addition, income taxes were higher than in the previous year, mainly due to the reduction in the balance sheet recognition of deferred taxes. Hence, the result attributable to equity holders remained negative and decreased to EUR -25 million. The earnings per share amounted to EUR -1.91.

Cash flow from operating activities was negative due to the lower EBIT and above all due to the increase in net working capital, as was free cash flow, which amounted to EUR -6 million in the financial year.

The key asset figures reflect the challenges of the past year: Cash and cash equivalents at the end of the financial year were below the previous year's level, equity decreased in particular due to the negative result for the period and currency translation differences, and financial liabilities increased. As a result, the gearing ratio grew to 363% and the equity ratio declined to 11%.

Strategic progress.
On the project side, we achieved very good successes in the reporting period. Our existing projects progressed, and several implementation projects entered the operation phase. Those projects which recently weighed on our margins due to difficulties and delays were further processed and associated risks reduced. The progress achieved will also give us more liquidity and capacity for new projects.

In addition, we were able to win numerous new projects in the past financial year. Particularly pleasing in my view are several projects involving urban traffic management systems. The basis of our Strategy 2027 is the awareness that it is becoming increasingly important to provide smooth mobility in cities that at the same time supports climate and environmental goals. We are therefore focusing on innovative and connected systems for sustainable mobility and on this very growth in the urban sector.

New projects confirm the key themes of the Strategy 2027.

A milestone in our strategic development in the reporting period was the sale of the Spanish public transport business. We can now focus fully on our core business, new developments and solutions. We are convinced that we are addressing the right issues with our Strategy 2027, even though we see that in some areas the market is not yet ready for such solutions. Yet the “digitization of the road” has already begun.

Outlook.
In order to strengthen our financial base for the coming years, we recently, in May, agreed with our major financial creditors on a comprehensive restructuring of financing until May 2025. The goal is an initial significant reduction in net debt of at least EUR 60 million. To achieve this, we have committed ourselves to early repayments and not to pay out dividends.

Restructuring of the financings agreed.

For the financial year 2023/24, we expect sales growth in the single-digit percentage range and a slight improvement in the operating result (EBIT). We will continue to focus on new business, disciplined cost and liquidity management, and improved financial indicators. We also see also a good project pipeline.

Outlook 2023/24: Slight increase in revenues and slight improvement in earnings (EBIT).

We are also working on the further implementation of the Strategy 2027. The contribution of our solutions to sustainable mobility is increasingly proving to be a powerful argument. Kapsch TrafficCom is becoming a green, CO_2-neutral company with a green portfolio that contributes to climate protection.

I would like to take this opportunity to thank all our employees. They are the ones who walk this path, who make Kapsch TrafficCom a globally recognized company that offers innovative transportation solutions for a healthier world without congestion. And I thank our long-term investors for their trust in our vision even in difficult times. I hope that you will continue to accompany us on our journey for a long time to come.

Sincerely,

Georg Kapsch
Chief Executive Officer

Capital markets.

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.

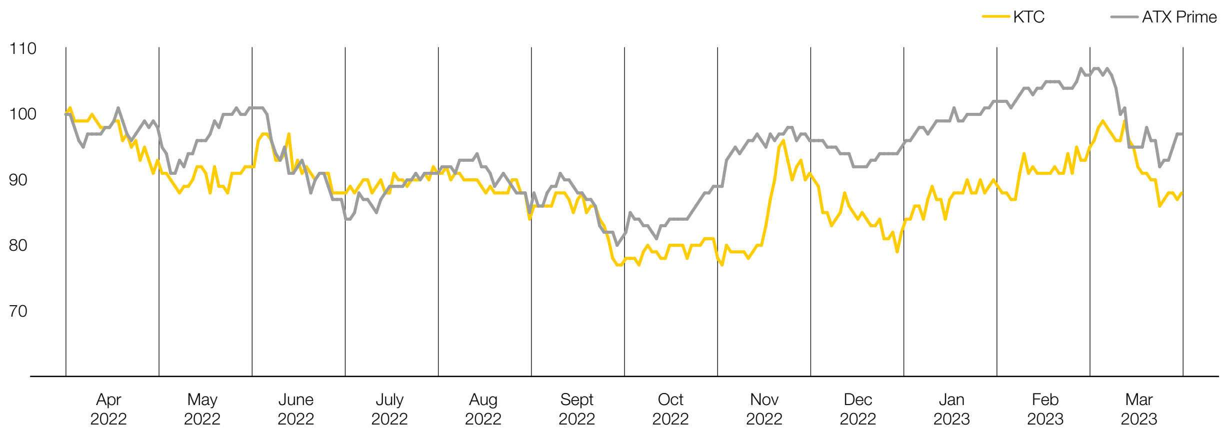
Investor Relations activities in the financial year 2022/23.

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 four investor conferences as well as numerous direct telephone calls and e-mails. In the financial year 2022/23, the team was again able to attend more face-to-face events.

Share price development.

In the financial year 2022/23, the price of the Kapsch TrafficCom share was similarly volatile as the benchmark index ATX Prime. Starting from a closing price of EUR 14.30 on March 31, 2023, the share reached its low (intraday) for the reporting period of EUR 10.50 on November 7, 2022. This was followed by a significant recovery after the publication of the results for the first half of the financial year in November. In March, the share again almost reached its value as of the beginning of the year. After a downward trend, it closed at EUR 12.50 on March 31, 2023, 12.6% below the price recorded one year earlier. The ATX Prime lost 2.7% in the same period.

Development of Kapsch TrafficCom shares and ATX Prime in the financial year 2022/23.



Stock data.

In EUR, unless otherwise stated	2021/22	2022/23
Earnings per share	-0.72	-1.91
High (intraday)	17.04	14.40
Low (intraday)	10.20	10.50
Closing price on March 31	14.30	12.50
Share performance	-4.0%	-12.6%
Ø trading volume (shares, double counting)	16,796	8,491

Analysts.

In the reporting period, the following financial institutions published reports on the Kapsch TrafficCom share (in alphabetical order):
- Erste Group Bank
- ODDO BHF/Frankfurt Main Research (FMR)
- Raiffeisen Bank International

Dividend.

As the profit of Kapsch TrafficCom is fully subject to the distribution ban pursuant to Section 235 (2) of the Austrian Commercial Code (UGB), no resolution on the distribution of profit or a proposal in this regard is required. Kapsch TrafficCom aims to resume dividend payments as soon as it is economically justifiable and 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.

History of dividend payments.

Year	Dividend per share	Earnings per share (reference year)	Payout ratio
2019	EUR 1.50	EUR 3.68	40.8%
2020	EUR 0.00	EUR -3.70	n.a.
2021	EUR 0.00	EUR -7.91	n.a.
2022	EUR 0.00	EUR -0.72	n.a.
2023	EUR 0.00[1]	EUR -1.66	n.a.

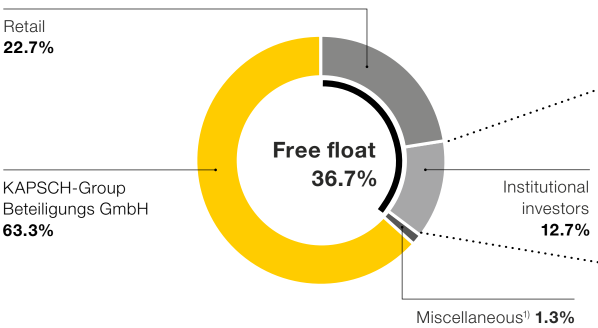
[1] Proposal of the Executive Board

Shareholder structure.

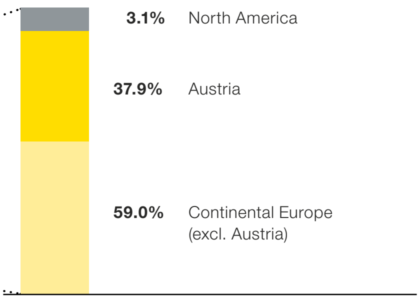
At the end of the financial year 2022/23, KAPSCH-Group Beteiligungs GmbH, as the core shareholder, held 63.3% of the of the shares. As part of a financing agreement, KAPSCH-Group Beteiligungs GmbH pledged 3,250,001 of the shares it holds in favor of banks on January 5, 2023. In May 2023, the entire 63.3% share was pledged as part of a further agreement. In connection with this, KAPSCH-Group Beteiligungs GmbH has pledged 25% plus one share in Kapsch TrafficCom AG in favor of the banks as of the balance sheet date, which also results in restrictions customary in the market with respect to the transfer of the shares and a corresponding requirement for the consent of the banks.

The free float amounted to 36.7%, with around 12.7% held by institutional investors, mainly from continental Europe, according to information provided by the company. The proportion of retail investors increased compared to the previous year to 22.7%.

Shareholder structure.



Institutional investors by regions.



[1] Trading positions and unidentified shareholders.

Contact for investors.

Investor Relations team	Marcus Handl, Valerie Riegler
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.

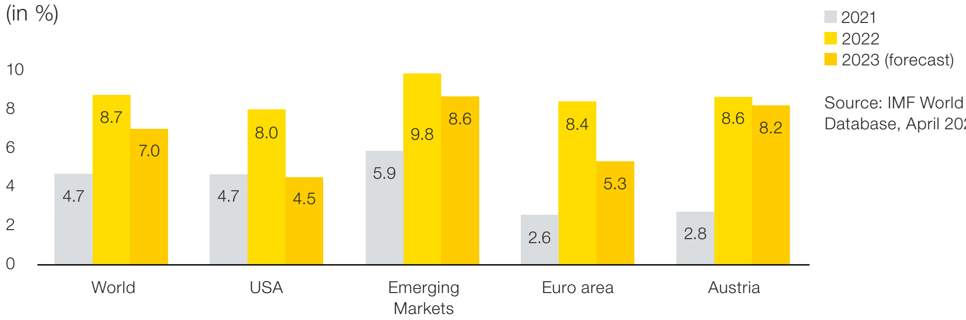
- Supply chain situation in the electronics industry remains tense.
- Conflict in the Ukraine led to downturn in economic environment.
- Inflation, interest rates and exchange rates result in high forecast uncertainty.

The global economy began to recover from the effects of the COVID 19 pandemic in the financial year 2022/23. However, the conflict in the Ukraine that began in February 2022 caused a downturn in the economic environment. Inflation subsequently increased significantly in many countries, driven by rising prices for energy, food, and raw materials, as well as labor shortages and disruptions in supply chains. Key interest rates were raised continuously in several steps over the course of the financial year 2022/23.

Global supply chain situation.
Massive COVID restrictions were in force in China until the end of 2022, as a consequence of which the global supply chain situation remained tense, particularly in the electronics industry. In the tolling sector, this led to bottlenecks and long delivery times for individual electronic parts required in particular for the production of components. According to IHS Markit, delivery times in 2022 were still a factor of four longer than before COVID, and prices had risen by 15% to 20%. According to the analysis, delivery times shortened again in 2022 compared to 2021, but the impact on prices was not noticeable until 2022 and is still apparent in 2023. The mixed situation of the ongoing Russia-Ukraine conflict, inflation and uncertainty about further developments is still seen as a major challenge, at least in the first half of 2023.

Inflation.
The conflict in the Ukraine led to substantial increases in energy prices, which in turn led to a significant rise in inflation. According to the International Monetary Fund (IMF), the global inflation rate reached an average of 8.7% in 2022, compared to 4.7% in the previous year. In Austria, it was 8.6% in 2022 (previous year: 2.8%), thus close to the Euro area inflation rate of 8.4% (previous year: 2.6%). The development in the first quarter of 2023 indicates that thereby the peak was reached. For Kapsch TrafficCom, inflation plays a significant role, especially in connection with personnel costs.

Inflation 2021–2023.
(in %)

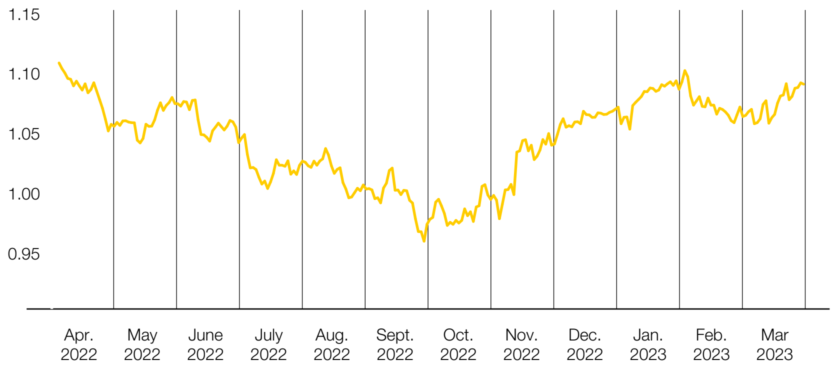


Source: IMF World Economic Outlook Database, April 2023

Interest rates.
Due to the high inflation rate, the European Central Bank (ECB) and the Federal Reserve (FED) in the USA decided to raise their interest rates significantly. The ECB raised key interest rates – the rate for main refinancing operations, the rates on the marginal lending facility and the deposit facility – in several steps from 0.00% in March 2022 to 3.50%, 3.75% and 3.00% respectively in March 2023. The FED also raised interest rates in eight steps from 0.00% in March 2022 to a range of 4.75% to 5.00% in March 2023.

Currencies.
For Kapsch TrafficCom, the development of the US Dollar (USD) is of particular importance in the foreign exchange markets. The influence of the currency on the business development results from the internationality of the Group with a large number of projects as well as locations in the USA and other countries where invoicing is done in USD. In the financial year 2022/23, the Euro (EUR) was significantly weaker on average than the US Dollar, with the conflict in the Ukraine playing a major role in this development. The average for the reporting period was 1.04 EUR/USD (previous year: 1.16) with a maximum of 1.11 on April 1, 2022 and a minimum of 0.96 on September 28, 2022.

EUR-USD development.



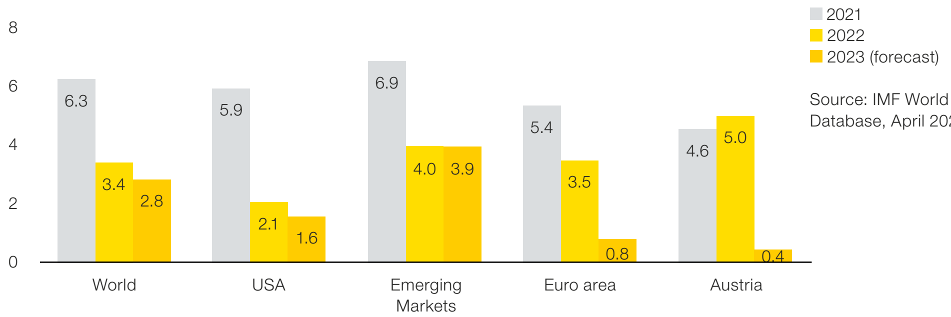
Source: European Central Bank, April 2023

Global economic performance.
The IMF reports a global GDP growth rate of 3.4% for 2022 (previous year: 6.3%). Due to the rise in inflation, the associated increases in key interest rates by the central banks and the Ukraine conflict, a global growth rate of 2.8% is expected for 2023. The forecast is therefore below the historical (2000-2019) annual average of 3.8%.

Global economic performance 2022: +3.4%

In regional terms, emerging and developing countries are the growth drivers, with a GDP growth of 4.0% in 2022 and a forecasted 3.9% in 2023. The lower forecasts for the USA and the Euro zone, on the other hand, reflect the effects of higher inflation rates and key interest rate increases. The effects of the Ukraine conflict are particularly impacting the Euro zone due to its high dependence on energy from Russia.

GDP growth 2021–2023.
(in %)



Source: IMF World Economic Outlook Database, April 2023

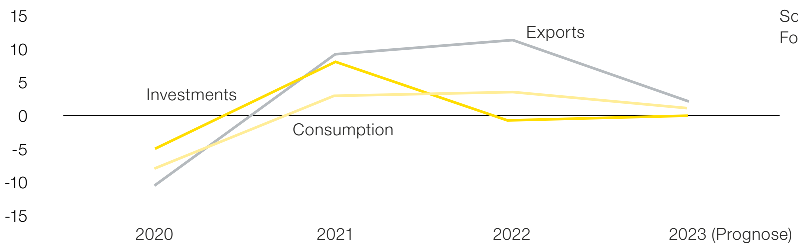
Austria.

The weakening of the global economic environment and, in particular, the effects of the Ukraine conflict in Europe were also reflected in Austria's economic performance. GDP growth averaged 5.0% in 2022, after 4.6% in the previous year. According to the Austrian Institute of Economic Research (WIFO), the plus in 2022 was mainly due to a strong first half of the year, especially in industrial production, as well as in the services sector given the rapid recovery from the COVID-19 pandemic.

BIP in Austria 2022: +5.0%.

This momentum was slowed as of fall 2022 by weaker household consumption and lower investment due to uncertainties and high energy prices. In addition, declining international demand impacted production and exports. The IMF forecasts GDP to remain largely stagnant at +0.4% in 2023.

Export, investment & consumption growth in Austria 2020–2023.
(in %)



Source: WIFO Economic Forecast, March 2023

1.1.2 Definition of market.

Kapsch TrafficCom is a globally renowned provider of transportation solutions for sustainable mobility. Innovative solutions in the application fields of tolling and tolling services, traffic management and demand 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.

Target markets.

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.

Market for Intelligent Transportation Systems with a volume of EUR 26.3 billion in the year 2022.

Grand View Research places the market size for ITS globally at EUR 26.3 billion in 2022 (USD 28.25 billion, converted at an exchange rate of 0.93 as of December 31, 2022), and expects it to grow at a compound annual growth rate (CAGR) of 8.3% from 2023 to 2030.

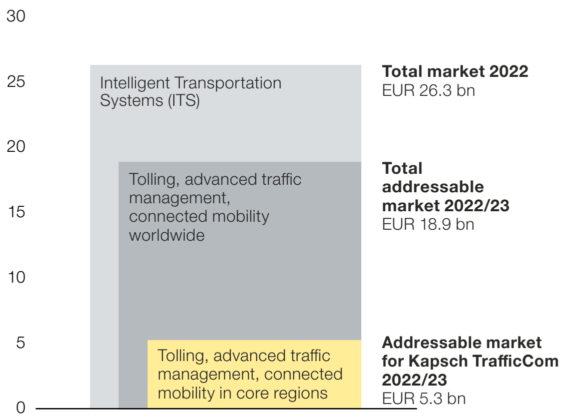
Within the ITS market, Kapsch TrafficCom focuses on tolling and tolling services as well as traffic management and demand management. Core regions of business activity are EMEA (Europe, Middle East, Africa), Americas (North, Central and South America) and APAC (Asia-Pacific).

Addressable market.

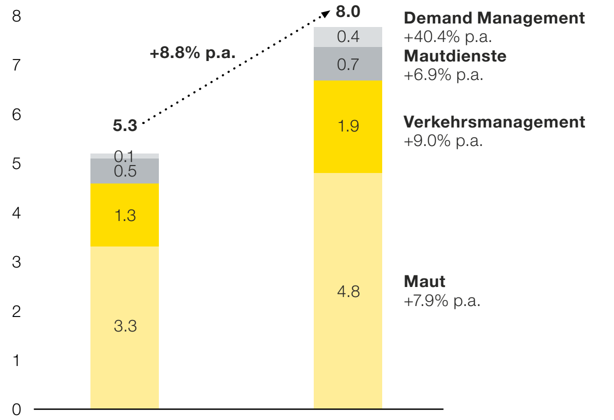
The addressable market for the company had a volume of EUR 5.3 billion in the financial year 2022/23 according to internal calculations. The market is expected to grow at an average annual rate of 8.8% to EUR 8.0 billion until financial year 2027/28.

Focus on niche market with a volume of EUR 5.3 billion. (2022/23).

Addressable market 2022/23.
(in EUR billion)



Addressable market for Kapsch TrafficCom 2022/23–2027/28.
(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 ("European Green Deal") and U.S. President Biden 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 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 around 68% in 2050. At the same time, the world's population will rise from around 7.9 billion people today to 8.5 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 be moved at will to expand roads or even rebuild them. 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, a higher urban population tends to bring about an increase in the volume of transportation.

New means of transportation and services. Analysts expect that urban passenger traffic will more than double by 2050. Autonomous vehicles could intensify this trend. The existing road infrastructure will not be able to meet these needs. This results in two consequences: the increased use of public transport and shared means of transportation, and – if no appropriate countermeasures are taken – more extensive congestion. In addition, the trend toward electric vehicles will continue. While this reduces immediate CO_2 emissions, the particulate matter problem will remain.

Connected mobility. 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. The connected mobility is an important data source. Machine learning and artificial intelligence create new opportunities for data analysis, simulation, forecasting, and management.

Data security. 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 put the focus on the user and are integrated into platforms and devices preferred by them.
- Payment solutions are integrated into vehicle technology, and new payment technologies will enter the market.
- Intelligent traffic infrastructure can be achieved with more affordable sensors, modules, and connection technologies. Specific domain knowledge and the need for customer-specific solutions will remain significant, however.
- New solutions can be rolled out quickly on a global scale.

1.1.3 Business performance 2022/23.

Kapsch TrafficCom recorded slight business growth in the financial year 2022/23, as expected, but EBIT was significantly below expectations. This was caused in particular by the significant increase in component prices and inflation-related rising personnel costs as well as negative margin adjustments in existing customer projects. The significantly restructured and reduced cost base in the past years could not compensate for these effects.

Despite the challenging economic environment – with rising prices and supply difficulties as well as uncertainties regarding the further development of the surrounding economic factors – Kapsch TrafficCom also recorded numerous successes in the reporting period.

The sale of the Spanish public transport business was not only a significant strategic milestone, it also contributed substantially to the result achieved.

Project successes. In the financial year 2022/23, several implementation projects were completed and entered the operation phase, including tolling systems in California and New York as well as a traffic management system in Mexico. In South Africa, the contract for the tolling system in Gauteng province was extended until mid-December 2023.

Especially in urban areas, efficient traffic management is increasingly becoming a necessity. Kapsch TrafficCom was able to win several new urban projects in the reporting period:

- In Sweden, the implementation of a new multi-lane free-flow system was commissioned in Gothenburg. The system covers a complex urban area and is one of the largest urban tolling projects in the world in terms of the number of toll stations and toll plazas.
- In the United Arab Emirates, Kapsch TrafficCom has been selected to work with the capital of the Emirate of Sharjah to develop the next stage of intelligent traffic management. This centralized control system will improve traffic flow and be able to control it in a coordinated manner via a traffic control center.
- In Spain, Kapsch TrafficCom will implement its Kapsch Mobility Data Platform in the city of Seville, which will facilitate intelligent mobility management in the future: The system will be fed with data from sensors, cameras and existing traffic systems throughout the city, enabling city authorities to manage and predict mobility needs and traffic flows in real time.

New tolling projects are also increasingly incorporating sustainable aspects, such as tolling passenger cars based on vehicle emission status, distance traveled, and vehicle type in a pilot project in Norway, or systems in France and Norway that allow automatic payment of the toll fee without stopping.

Technological advancement. Kapsch TrafficCom is considered a pioneer in the field of communication between vehicles and other information sources or receivers (“V2X communication”). In the reporting period, great progress was achieved in the “digitization of the road”. Instead of the segmentation of the traffic system that is still common today, Kapsch TrafficCom is focusing on solutions for so-called corridor orchestration (Orchestrated Connected Corridors; OCC) with a singular technology service offering, both in urban areas and on highways. Initial projects in Austria, the USA and Australia are already pointing the way to this future.

With these developments, Kapsch TrafficCom also sees its Strategy 2027 confirmed, which focuses with new technologies and platforms on a sustainable portfolio and on a sustainable Kapsch TrafficCom Group.

1.2 Financial and non-financial performance indicators.

1.2.1 Results of operations.

Revenues. Revenues of Kapsch TrafficCom increased to EUR 553.4 million in the financial year 2022/23, up by 6.5% (EUR 33.5 million) above the previous year. New business momentum improved significantly during the financial year compared to the previous year, especially outside Europe. Revenues increased in all business areas: implementation (+9.9%), operation (+4.3%) and components (+7.8%).

Geographically, the breakdown of Group sales was as follows:

- EMEA region (Europe, Middle East, Africa): 49.3 % (previous year: 54.2 %)
- Americas region (North, Central and South America): 45.0 % (previous year: 40.8 %)
- APAC region (Asia-Pacific): 5.7 % (previous year: 5.0 %)

Revenues by region.
The Americas and APAC regions again generated sales growth, while the EMEA region recognised a slight decline due to the termination of the nationwide operations project in Poland, but remained the largest contributor to revenue.

in EUR million	2021/22	2022/23	+/-
EMEA	**282.0**	**272.9**	**-3.2%**
Implementation	42.2	45.8	8.5%
Operations	207.5	195.1	-6.0%
Components	32.2	32.1	-0.4%
Americas	**212.1**	**249.0**	**17.4%**
Implementation	95.9	105.1	9.6%
Operations	73.6	97.1	31.8%
Components	42.6	46.8	9.9%
APAC	**25.7**	**31.5**	**22.4%**
Implementation	11.2	13.2	17.6%
Operations	8.6	10.1	18.4%
Components	6.0	8.2	37.2%
Total	**519.8**	**553.4**	**6.5%**

In the financial year 2022/23, 9.23 million on-board units were sold, 2.4% more than in the previous year (9.01 million units). These figures exclude sticker tags; the previous year's figure has been adjusted for comparison purposes. While sales in the Americas and EMEA declined, increases were recognised in the APAC region (especially Australia).

Other operating income increased to EUR 22.4 million in the financial year 2022/23. This includes EUR 10.6 million in operating foreign currency gains (previous year: EUR 6.4 million) and income from the sale of companies (EUR 6.0 million), mainly from the sale of the spanish company "Arce Mobility Solutions". In the financial year 2022/23, income in the amount of EUR 0.9 million (previous year: EUR 0.8 million) resulted from premiums and support to mitigate the impact of the COVID 19 pandemic on Kapsch TrafficCom, which were granted in some countries. Premiums from short-time work or to reimburse personnel costs are also included in this income.

Cost of materials and other production services increased by 9.7% (EUR 19.7 million) to EUR 222.6 million (previous year: EUR 202.8 million), reflecting the higher level of sales. The ratio of materials and other purchased manufacturing services to sales revenue remained stable at 40.2% (previous year: 39.0%).

Personnel expenses increased by EUR 20.8 million to EUR 247.9 million (previous year: EUR 227.1 million) in line with the growth of revenue, but also due to unfavourable currency developments, salary indexation in different countries and the change in the variable remuneration configuration in the financial year 2022/23. The efficiency improvements and cost-saving measures caused a decrease in the average number of employees by 311. The personnel ratio (ratio of personnel expenses to revenues) increased slightly from 43.7% to 44.8%.

Other operating expenses increased by EUR 7.1 million to EUR 76.2 million in the financial year 2022/23, compared to the previous year by 10.3%. The change is mainly driven by higher expenses for value adjustments (EUR +2.5 million), the increase in legal and consulting costs by EUR 3.1 million due to legal disputes, the higher operating foreign currency losses (EUR +5.0 million mainly concerning US Dollar (USD), South African Rand (ZAR) and Zambian Kwacha (ZMW) against the Euro) as well as the increased travel expenses (EUR +2.7 million), which reflect a return of travel behaviour to pre-Corona levels.

The proportional result from associates and joint ventures originated mainly from the joint venture autoTicket GmbH in Germany amounting to EUR -1,8 million (previous year: EUR -1,8 million) and a joint venture in Colombia in the amount of EUR 0,0 million (previous year EUR -0,3 million).

EBITDA. The operating result before amortization, depreciation and impairment (EBITDA) of EUR 29.4 million were below the previous year's level of EUR 32.7 million. The EBITDA margin thus fell to 5.3% (previous year: 6.3%).

Expenses for **amortization and depreciation** in the financial year 2022/23 business year was EUR 21.8 million and thus at a stable level compared to the previous year (EUR 21.6 million), with net investments remaining unchanged.

EBIT. The operating result (EBIT) at EUR 7.6 million amounted below the previous year's value of EUR 11.0 million and was influenced by the following special effects:

- Increased personnel costs influenced by unfavourable currency developments as well as salary indexations in different countries due to inflation adjustments and changes in the variable remuneration configuration.
- For individual projects in EMEA and the Americas, project margins were adjusted, sales and contract assets from customer contracts were reduced and provisions for onerous contracts were recognized.
- COVID-related changes in office presence resulted in adjustments to existing leases with the reversal of lease liabilities, but also one-off lease exit expenses, particularly in the Americas region.
- Income from the sale of the spanish company "Arce Mobility Solutions" (EUR 5.8 million).

The Group has initiated short- and medium-term measures to improve the operating result and net working capital, which will also lead to an improvement in the financial indicators.

Financial result. The financial result decreased from EUR -4.5 million in the previous year to EUR -16.2 million in the financial year 2022/23. The most significant difference resulted from the change in the net foreign currency result of EUR -6.4 million, which includes a loss of EUR 2.2 million in the 2022/23 financial year (previous year: profit of EUR 4.2 million) and is mainly related to the US Dollar (USD), the Zambian Kwacha (ZMW), the South African Rand (ZAR) and the Chilean Peso (CLP) against the Euro (EUR). In addition, hyperinflation adjustments of EUR -5.1 million (previous year: EUR -3.5 million) and an inpairment of loan to an associated company of EUR -2.5 million (previous year: EUR 0 million) were recognised in the financial year 2022/23. The net interest result of EUR -5.2 million is also above the previous year's value of EUR -3.9 million.

Proportional result from associated companies and joint ventures from financial investments. The contribution to earnings from Traffic Technology Services, Inc., USA, amounted to EUR -1.3 million (previous year: EUR -1.2 million).

Income taxes. Tax expenses in the financial year amounted to EUR 14.4 million (previous year: EUR 11.5 million). The relatively high tax expense compared to the pre-tax result is mainly due to the write-off of previously recognised loss carryforwards.

Result for the period. The result for the period was clearly negative at EUR -24.2 million (previous year: EUR -6.2 million). A result of EUR -24.8 million (previous year: EUR -9.3 million) was attributable to the equity holders in the Group. This corresponds to earnings per share of EUR -1.91 (previous year: EUR -0.72).

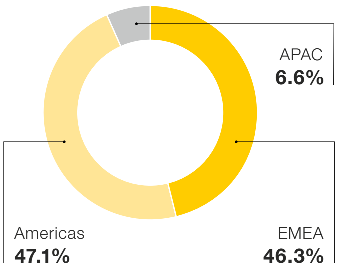
Other comprehensive income. This item mainly includes currency translation differences and revaluations of post-employment benefit obligations. The other comprehensive income amounted to EUR -2.1 million (previous year: EUR -0.4 million)

Total comprehensive income. The comprehensive income as the sum of the result for the period and other comprehensive income amounted to EUR -26.3 million (previous year: EUR -6.5 million).

1.2.2 Results of operations by segment.

Tolling.

Tolling revenues by regions.



Revenues. In the financial year 2022/23, revenues in the tolling segment increased by 9.1% to EUR 403.4 million. Revenues contributed 72.8% (previous year: 71.9%) to total revenue.

At EUR 189.7 million (+20.0%), the Americas region recognised for the first time more revenues in the tolling segment than the EMEA region. The increase came primarily from the USA in all business areas: Implementation, Operations and Components. Other countries in Latin America, such as Chile, Puerto Rico, Costa Rica and Argentina, also contributed to the increase in revenues. The largest negative difference came from Mexico, where implementation projects were included in the previous year that did not contribute to sales in the current year due to the finalisation of the projects.

The EMEA region, which was the strongest in the tolling segment in the previous financial year, recognised a decrease in revenue of 2.4% (EUR 4.5 million) to EUR 187.1 million. The most important reason for this is the termination of the nationwide tolling project in Poland at the end of 2021, but also a decline in revenue in Belarus and Russia. The revenue increases in South Africa, Spain and Bulgaria could not compensate the negative effects in the financial year 2022/23.

The APAC region recorded the highest relative growth of 31.7% (EUR +6.4 million) and thus achieved revenue of EUR 26.6 million (previous year: EUR 20.2 million). After the difficult phase of the COVID 19 pandemic, implementation projects have started up again, which is reflected in an increase especially in Australia and New Zealand. Component sales in the region increased in the financial year 2022/2023.

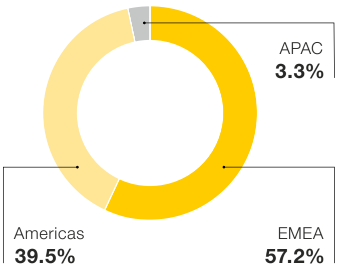
Segment tolling by business type.

in EUR million	2021/22	2022/23	+/-
Revenues	**369.9**	**403.4**	**9.1%**
Implementation	89.2	119.4	33.8%
Operations	205.2	202.5	-1.3%
Components	75.5	81.5	8.0%
EBIT	**3.3**	**-7.6**	**–**

EBIT. The operating result in the Tolling segment amounted to EUR -7.6 million (previous year: EUR +3.3 million). The profitability of operations and component businesses declined compared to the previous year, but was partially compensated by positive effects from the construction projects. The cost of materials and other purchased production services increased by 8.8%, in line with the growth in revenues (+9.1%). Personnel expenses increased by 20.3% due to unfavourable currency developments, salary indexation in different countries and the change in the variable remuneration configuration in the 2022/23 financial year. Depreciation and amortisation increased by 5.2% to EUR 16.6 million. As in the previous year, no significant impairments were recognised in this segment in the financial year 2022/23. Other operating expenses increased by EUR 4.6 million to EUR 55.5 million. The operating currency result in the Tolling segment amounted to EUR +2.8 million (previous year: EUR +1.9 million) and thus contributed significantly to the change in EBIT.

Traffic management

Traffic management revenues by regions.



Revenues. In the financial year 2022/23, revenues in the traffic management segment was stable at the previous year's level (EUR 149.9 million) of EUR 150.0 million and contributed 27.2% (previous year: 27.1%) to total revenues.

Whereas implementation revenues decreased compared to the previous year (-25.6%), operations revenues increased by 18.0%, mainly in Argentina, Spain, the USA and New Zealand. Component sales were stable compared to the previous year. Regionally, despite a decline in revenues, the EMEA region made the largest contribution to revenues (EUR 85.8m) with 57%, the Americas region contributed 40% and the APAC region 3%.

Revenues in the Americas region increased slightly compared to the previous year and amounted to EUR 59.3 million (+9.6%) in the financial year 2022/23.

Revenues in the APAC region decreased slightly and amounted to EUR 4.9 million in the financial year 2022/23 (previous year: EUR 5.5 million), with the decline primarily affecting revenues in Australia.

Segment traffic management by business type.

in EUR million	2021/22	2022/23	+/-
Revenues	**149.9**	**150.0**	**0.1%**
Implementation	60.0	44.6	-25.6%
Operations	84.6	99.8	18.0%
Components	5.4	5.6	4.8%
EBIT	**7.7**	**15.2**	**97.9%**

EBIT. EBIT in the traffic management segment amounted to EUR 15.2 million in the financial year and was thus significantly better than in the previous year (EUR 7.7 million), including the positive special effect (EUR 5.8 million) from the sale of the Spanish Group company "Arce Mobility Solutions" and compensating the increased expenses for materials and purchased production services. Personnel expenses fell by 13.4% to EUR 64.8 million and depreciation and amortisation also decreased by 10.7%. The operating foreign currency result in the traffic management segment had only slight effect in the financial year 2022/23 (EUR 0.1 million).

1.2.3 Net assets position.

Kapsch TrafficCom's total assets as of 31 March 2023 amounted to EUR 480.1 million (31 March 2022: EUR 512.1 million).

Assets.
Property, plant and equipment increased by EUR 3.1 million compared to 31 March, 2022. The change resulted mainly from the addition of rights of use due to the extension of the lease agreement until 2032 for the office building at the headquarters in Vienna as well as scheduled depreciation. Intangible assets decreased by EUR 4.0 million essentially due to current amortisation.

Investments in associates and joint ventures decreased by EUR 3.1 million. The main effects were derived from the negative proportional results of the joint ventures autoTicket GmbH, Germany, Copiloto Colombia S.A.S., Colombia, and Traffic Technology Services, Inc, USA, totalling EUR -2.9 million.

Other non-current financial assets and investments increased by a total of EUR 1.2 million due to additional financing for the joint venture autoTicket GmbH, Germany (EUR +3.0 million) and the associated company Traffic Technology Services, Inc., USA (EUR +1.5 million), allowance on loans in the amount of EUR -2,4 million, as well as a decrease of EUR 0.8 million due to the sale of securities.

Deferred tax assets amounted to EUR 49.8 million as at 31 March, 2023 (previous year: EUR 60.2 million). The majority of deferred tax assets relate to loss carryforwards in Austria and the USA.

Inventories increased by EUR 9.5 million to EUR 45.1 million, largely due to higher stock levels in the manufacturing companies in Austria and Canada. Through active receivables management, the item “Trade receivables and other current assets” was reduced by EUR 13.4 million compared to the previous year.

At EUR 45.2 million, cash and cash equivalents were lower than in the previous year (EUR 59.8 million), mainly due to the negative free cash flow in the financial year 2022/23 (EUR -6.0 million).

Liabilities and equity.
Non-current financial liabilities decreased by a total of EUR 77.6 million compared to the previous year, mainly due to the reclassification between non-current and current financial liabilities according to maturity (EUR -84.2 million) Additions amounted to EUR 6.6 million.

As of 31 March, 2023, non-current lease liabilities amounted to EUR 32.2 million (previous year: EUR 27.6 million), with the increase mainly resulting from the extension of the lease agreement until 2032 for the office building at the headquarters in Vienna. Current leasing liabilities remained constant at EUR 11.6 million (previous year: EUR 11.9 million).

Non-current and current contract liabilities decreased by EUR 5.4 million as current projects were further continued to be worked off. Trade payables increased by EUR 3.6 million to EUR 75.1 million compared to the previous year, with part of these liabilities relating to invoices not yet received for purchased services.

Current provisions were reduced again and amounted to EUR 18.9 million as of 31 March, 2023 (previous year: EUR 28.6 million). The decrease was mainly due to the reversal of project provisions and provisions for impending losses in connection with projects in the USA and South Africa.

Equity as of 31 March, 2023 was EUR 51.3 million and thus EUR 26.6 million lower than the value at the end of the previous year. This development essentially reflects the “comprehensive income for the period” of EUR -26.3 million. The equity ratio as at 31 March, 2023 was 10.7% (31 March, 2022: 15.2%).

1.2.4 Financial position.

Cashflow.
The cash flow from operating activities in the 2022/23 financial year was EUR -5.8 million (previous year: EUR 25.5 million) and consists of the cash flow from earnings of EUR 2.8 million (previous year: EUR 8.8 million) and the change in net working capital of EUR -8.7 million (previous year: EUR +16.6 million).

In addition to the operating result – adjusted for non-cash expenses and income – payments for income taxes (EUR -6.2 million) and the interest result (net: EUR -6.4 million) were the main factors influencing the cash flow from operating activities.

The change in working capital (EUR -8.7 million) was positively influenced by the decrease in trade receivables, current contract assets from customer contracts and other current assets (cash inflows EUR +11.8 million), but could not compensate for the cash outflows from the increase in inventories (EUR -10.3 million) and the change in other current provisions (EUR -9.6 million).

Cash flow from investing activities amounted to EUR -0.2 million in the financial year 2022/23 (previous year: EUR -8.7 million). At EUR 3.6 million, investments in property, plant and equipment were approximately at the previous year’s level (2021/22: EUR 3.2 million). Payments for the purchase of securities, investments and other non-current financial assets mainly included financing of the associated company Traffic Technology Services, Inc., USA, in the amount of EUR 1.5 million (previous year: EUR 1.1 million), as well as financing of the joint venture autoTicket GmbH, Germany, in the amount of EUR 3.0 million (previous year: EUR 1.9 million). Proceeds of EUR 6.6 million were generated from the sale of the Group company “Arce Mobility Solutions”, Spain.

Free cash flow (cash flow from operating activities plus cash flow from investing activities) amounted to EUR -6.0 million in the financial year 2022/23 (previous year: EUR 16.8 million). This development is mainly influenced by the increase in net working capital.

Free Cashflow: EUR -6,0 million

Cash flow from financing activities was negative in the financial year 2022/23 at EUR -4.5 million (previous year: EUR -61.1 million). The change was mainly due to the scheduled repayment of current financial liabilities (EUR -18.4 million) in the first two quarters of the financial year, the addition of new borrowings in the amount of EUR 28.3 million (of which EUR 6.6 million was non-current) and current repayments of leasing liabilities in the amount of EUR -14.2 million. Dividends to non-controlling interests amounted to EUR 0.3 million in the financial year (previous year: EUR 0.3 million). As in the previous year, no dividend was paid in the financial year 2022/23.

Cash and cash equivalents as of March 31, 2023 amounted to EUR 45.2 million (March 31, 2022: EUR 59.8 million).

Key figures.
Net debt as of March 31, 2023 was EUR 186.3 million (March 31, 2022: EUR 158.3 million) and thus EUR 28.0 million higher than in the previous year. This development resulted mainly from the lower level of cash and cash equivalents (EUR -14.5 million), the change in financial liabilities (EUR +9.6 million) and leasing liabilities (EUR +4.3 million) with a simultaneous decrease in equity (EUR -26.6 million). The gearing ratio was thus 363.1% (March 31, 2022 203.2%).

Net working capital amounted to EUR 79.4 million (March 31, 2022: EUR 71.0 million).

1.2.5 Non-financial information.

Kapsch TrafficCom Group prepares a separate consolidated Non-Financial Report that fulfils the legal requirements pursuant to section 267a of the Austrian Commercial Code (UGB).

1.3 Research and development.

In the financial year 2022/23 Kapsch TrafficCom invested 5% of its revenues in generic development, development support and product management.

In line with the corporate strategy “Strategie 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 technological leadership. The emphasis is on advancing an agile way of working, developing the company's technology stack faster and more flexibly as well as adapting the current product and solution portfolio to the ever-evolving market requirements.

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 teams were strengthened. They were also given responsibility to manage and steer the portfolio by means of a holistic view and a portfolio strategy aimed at consolidation and optimization. This identifies commonalities and synergies and builds on intelligent platforms.
- **Technology stack.** The technology stack evolution will allow Kapsch TrafficCom to accelerate the migration to the cloud as well as the adoption of new technologies and architectures. The technology stack is the frame for standardizing and developing technologies.
- **Organisation and processes.** At Kapsch TrafficCom, the necessary organizational setup is already in place. It is based on the two Application Centers (former: Solution Centers) Tolling and Traffic, responsible for the activity within their respective domain. The technology & platforms (former Corporate Technology) function is responsible for the governance, security guidance, development infrastructure and tools. Furthermore it is responsible for cross-domain smart platforms such as in data and video. Product management is in charge of the company's product portfolio. The newly created software excellence function acts as a center of excellence to drive and accelerate the adoption of the best and state of the art software development practices.
- **Culture.** Fostering and nurturing a culture of collaboration, curiosity and innovation is the fourth pillar of transformation and a key success factor.

In the financial year 2022/23, the patent portfolio of Kapsch TrafficCom was further optimized. The focus was on topics of high strategic importance. As of March 31, 2023, the patent portfolio consisted of 116 patent families (compared to the previous year, three patent families expired) with 820 individual patents and 46 pending patent applications. In the financial year, two new patent families were filed in the fields of tolling and demand management.

Focused patent strategy:
> Patent monitoring
> Freedom to operate
> Improved market knowledge

Kapsch TrafficCom strives to mitigate the risk of patent infringements and to foster the patenting of new ideas. Hence, the Intellectual Property Rights (IPR) management focusses 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 expanded. 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 78.3 million in the financial year 2022/23 (previous year: EUR 83.5 million). This corresponds to 14.2% (previous year: 16.1%) of total Group revenues. They are divided as follows:

- Expenses for customer-specific developments: EUR 51.3 million (previous year: EUR 46.1 million)
- Expenses for product management, development support and generic development: EUR 27.1 million (previous year: EUR 37.4 million)

2 Anticipated development and risks.

2.1 Outlook to financial year 2023/24.

Management expects revenue growth in the single-digit percentage range and a slight improvement in the operating result (EBIT) for the financial year 2023/24. The focus will remain on new business as well as on consistent cost and liquidity management and on the improvement of the financial indicators.

Expectation for financial year 2023/24:
> Slight increase in revenues
> Slight improvement in earnings (EBIT)

Revenues.
In the course of the past financial year, there was a broad recovery from the effects of the COVID 19 pandemic. New business momentum improved, particularly in the regions Americas and Asia-Pacific. This led to numerous new orders, which will be reflected in the revenues of the coming years. In addition, the management also sees a good project pipeline.

In the EMEA region, the contract for the tolling system in Gauteng Province, South Africa, was last extended until mid-December 2023. In the Americas region, a further increase in revenues is expected, in particular in South America Kapsch TrafficCom sees growth potential. Business in the APAC region should again increase strongly, although the share of total revenues is still very low (2022/23: 5.7%).

The situation in the supply chain was still tense at the beginning of financial year 2023/24. An improvement, at least in terms of volumes, is expected for the further course, which means that the resulting restrictions in Kapsch TrafficCom's ability to deliver and the impact on revenues should not materialize. It remains to be seen to what extent component prices will return to a reasonable level.

EBIT (operating result).
Inflation reached new highs worldwide at the end of 2022. The subsequent decline suggests that the peak has passed. Nevertheless, Kapsch TrafficCom expects costs to continue to rise for the time being. This will affect all areas, and further increases are expected in wages and salaries as well. In addition, further increases in interest rates are to be expected. The reduction in the cost base that has taken place is proving to be particularly valuable in this context.

In previous years and also in the past financial year, project risks arose which led to negative margin adjustments. As these projects have been increasingly processed, the risks have now been significantly reduced.

Liquidity.
The progress of projects should have a positive impact on liquidity in the future. In addition, Kapsch TrafficCom has agreed with its main financial partners in May 2023 on a restructuring of the financing to ensure financial stability.

In Germany, Kapsch TrafficCom continues to wait for further developments after the termination of the contracts by the customer. Kapsch TrafficCom had most recently reached an interim arbitration award in March 2022, which affirmed a claim for compensation on the merits. In the current phase of the arbitration proceedings, the amount of the claim will be decided.

Dividend.
As the profit of Kapsch TrafficCom is fully subject to the distribution ban pursuant to Section 235 (2) of the Austrian Commercial Code (UGB), no resolution on the distribution of profit or a proposal in this regard is required. Management aims to resume dividend payments as soon as it is economically justifiable and permissible from the company's perspective and ideally to return to the suspended dividend policy. 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.

Non-financial targets.
The company's non-financial targets can be found in the separate Non-Financial Report.

Strategy 2027.
The continuing global megatrends as well as the increasing awareness and legal requirements for climate and environmental protection are increasing the need for comprehensive and intelligent transportation solutions. Kapsch TrafficCom is convinced that it is addressing the right issues with its Strategy 2027 and continues to implement it consistently. According to the strategy, the financial goals are to increase revenues to approximately EUR 1 billion by 2027 (financial year 2027/28) and to reach a double-digit EBIT margin. Both targets will not be achievable by 2027 in view of the current corporate and market situation.

Kapsch TrafficCom relies on strategic partnerships, particularly in the area of connected mobility. In terms of urban traffic management, significant project successes were achieved in the past year, and the contribution of the solutions to sustainable mobility is increasingly proving to be a powerful argument. Kapsch TrafficCom is becoming a green, CO_2-neutral company with a green portfolio that contributes to climate protection.

2.2 Risk report.

2.2.1 Risk management.

The enterprise-wide risk management process (Enterprise Risk Management, ERM) of the Kapsch TrafficCom Group is based on the international risk management standard COSO Enterprise Risk Management — Integrated Framework.

The ERM aims at an early identification, assessment, and management of those risks that can significantly affect the achievement of the strategic and operating objectives of the company. The primary goal is not risk avoidance. It is much more a question of the controlled and conscientious handling of risks and the timely recognition and exploitation of opportunities that arise. In this way, ERM makes a valuable contribution to corporate management.

As part of ERM, major risks are identified, quantified, and globally aggregated on a quarterly basis. The risk report derived from this enables the concise assessment and monitoring of the major business risks. The report is sent to the Executive Board, the Audit Committee of the Supervisory Board, and the first reporting level. The Audit Committee is informed immediately by the Executive Board about important events. The Supervisory Board also deals with the effectiveness of the risk management system as part of its monitoring of the Executive Board. The assessment of the effectiveness of the risk management system in accordance with Rule 83 of the Austrian Corporate Governance Code (ÖCGK) is carried out once a year by the auditor of the annual financial statements.

The project-oriented risk management encompasses both customer projects and internal development projects. Using institutionalized processes, an analysis of all relevant risks and opportunities is already carried out in the course of offer preparation. Consequently, a basis is created for decisions and for the timely planning and implementation of control measures.

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

The main generic risks and opportunities of Kapsch TrafficCom and the general handling of these risks are briefly discussed in the following.

2.2.2 Industry-specific risks.

Volatility of new orders. Kapsch TrafficCom's most relevant customer groups include primarily government agencies and municipal authorities as well as private concessionaires, public-private partnerships and consumers. Larger contracts are usually tendered. Until a contract is actually awarded to Kapsch TrafficCom, there are a number of uncertainty factors both within and outside of the company's area of influence. For example, political changes, appeals or lawsuits by unsuccessful bidders can lead to a delay in the awarding of a contract, to its cancellation or to a modification of the tender. There is also the risk that offers made by Kapsch TrafficCom will not succeed for technological, financial, formal or other reasons.

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

The expansion into new business areas and business areas adjacent to Kapsch TrafficCom's core business is intended not only to generate revenue growth, but also to smooth out revenue spikes and thus to achieve a more stable revenue development. This is to be achieved in particular by further broadening the customer and product portfolio and by increasing the share of revenue from the operating business (technical and commercial operations of systems usually previously set up by the company) and from the tolling service business. The latter is typically commissioned on a long-term basis and is therefore characterized by better predictable revenues.

The economic situation of relevant national economies, possible government investment programs, changes in political priorities, an increasing focus on sustainability, trade conflicts, military conflicts or epidemics can have a significant impact on incoming orders. The unexpected outbreak of the fighting in Ukraine, the accompanying sanctions against Russia and Belarus, and the resulting global supply chain difficulties have increased both the uncertainty regarding new orders and the risk of being unable to service existing projects and ongoing contracts. The ability to provide materials and services for projects in a timely manner was limited. Previous assumptions, in particular about the expected timing of new customer orders, had to be questioned and in some cases had to be revised. In addition, the massive COVID restrictions in force in China until the end of 2022 led to a continued tense supply chain situation, especially in the electronics industry.

Risks of project execution. Intelligent transportation solutions are often technically complex and challenging systems, that must be implemented within a strict timeframe. However, the actual project environment cannot be fully analyzed and taken into account during the preparation of an offer. Therefore, uncertainties remain with regard to integration efforts for third-party systems, efforts for interfaces and other factors accelerating or delaying the handling of projects. Unavoidable dependencies on suppliers and service providers can also have a negative effect on the quality and timely completion of a project. All of these factors thus affect the risk of missed deadlines and/or system and product defects.

Technical challenges and tight schedules cause typical project risks..

In connection with the installation of systems, Kapsch TrafficCom is generally contractually obligated to issue performance and delivery date guarantees. If the contractual services are not fulfilled or if deadlines are exceeded, penalties and damages usually have to be paid, in some cases even damages for lost toll revenue. Significant missed deadlines can also result in premature termination of a contract by the customer. A significant delay in a project, a clear failure to meet the contractually agreed performance criteria or failed implementation of a project could reduce the chances of success in future tenders. There is also the risk that projects of Kapsch TrafficCom cannot be realized at the previously calculated costs. Due to the strong social opposition to toll systems that is sometimes encountered, the risk of a late or limited start to toll collection exists, which can have further consequences on revenues, profitability and payment flows in the operation project.

Kapsch TrafficCom employs project management methods and project risk management procedures based on the IPMA (International Project Management Association) standards in order to minimize such risks in projects.

Long-term contracts with public agencies. For many projects, contracts are awarded by public agencies. Framework agreements and service contracts in connection with tolling or traffic management projects may include terms and conditions that are not negotiable in a tender process and that may be disadvantageous for Kapsch TrafficCom. Some multi-year contracts contain demanding requirements regarding the targeted performance of the implemented systems, components and processes. Failure to meet these requirements can result in considerable contractual penalties, obligations to pay damages or termination of the contract. On the other hand, in some contracts substantial bonus payments may be earned in the case of over-performance. Moreover, for long-term contracts, the achievable margins may deviate from the original calculations due to cost changes.

Contracts may entail liabilities relating to a loss of profit by customers, product liabilities and other liabilities. Kapsch TrafficCom strives to include appropriate limitations of liability in contracts. However, there can be no assurance that all contracts will contain sufficient limitations of liability or that they will be enforceable under applicable law.

2.2.3 Strategic risks.

Ability to innovate. The strong market position of Kapsch TrafficCom is based to a large extent on its ability to develop high quality, efficient and reliable systems, components, solutions and services. Kapsch TrafficCom is committed to ongoing and consistent innovation. In order to maintain its high technological standards, Kapsch TrafficCom invests a considerable portion of its revenues in research and development activities. However, if Kapsch TrafficCom does not succeed in developing innovative systems, components, solutions and services in line with market requirements, this may be detrimental to its competitive position.

An ongoing and consistent innovation process supports the strong market position.

Since the striving for innovation leadership is based to a large extent on technology, internal know-how and intellectual property, the global increase in product piracy and reverse engineering may have negative impacts on the market position of Kapsch TrafficCom. The company therefore places great importance on protecting technologies and the company's internal know-how, such as through patents and non-disclosure agreements with relevant contractual partners. On the other hand, newly developed systems, components, solutions or services may also infringe the intellectual property rights of third parties.

Acquisition and integration of companies as part of the Group's growth. The Group's growth can be organic as well as through selected acquisitions or the establishment of joint ventures. In the course of these activities, it is necessary to overcome a number of challenges in order to achieve the desired goals and synergies, as well as to realize the expected opportunities arising from the acquisition of new technologies and market know-how.

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

Country risk. Due to the further expansion of business activities in countries outside of Europe, Kapsch TrafficCom is subject to increased political risk in some countries. Significant and currently unforeseeable political changes may have a major impact on the ability to implement or operate projects in these countries as well as to make funds available or withdraw them again. Interference with the property rights of Kapsch TrafficCom or problems with business practices and activities may also arise. Kapsch TrafficCom includes these risks in the evaluation of such projects.

2.2.4 Financial risks.

Foreign exchange risk. As a global company, Kapsch TrafficCom maintains branches and subsidiaries in many countries outside the Euro zone. Consequently, transaction risks arise from possible exchange rate fluctuations, which may be reflected in the consolidated financial statements as exchange rate losses or gains. Kapsch TrafficCom strives as far as possible to avoid these transaction risks in the amount of the net currency positions from the respective projects or to hedge them, if necessary. However, because the net currency position at the respective payment flow deadlines is often difficult to predict, hedging is only possible to a limited extent. The remaining exchange rate risk is accepted and included in the business planning. Due to the conversion of individual financial statements of the subsidiaries outside the Euro zone into the Group currency of the Euro, Kapsch TrafficCom is also subject to a translation risk. In addition, long-term disadvantageous exchange rate changes can also cause a change in the position of Kapsch TrafficCom relative to competitors, such as when products or services based on a euro-cost structure can no longer be offered at competitive prices outside the Euro zone.

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.

Interest rate risk. Within the framework of project financing, the Group regularly agrees to variable interest rates that are tied to market interest rates (e.g. Euribor). In this context, there is an interest rate risk, which — where material — is hedged by suitable financial instruments.

Liquidity risk. Sufficient financial resources have to be available for Kapsch TrafficCom to meet its payment obligations at all times. The availability of medium- and long-term financing is necessary for the implementation of large-scale projects, such as the implementation of a nationwide tolling system with an agreed delayed payment by a major client, and for the acquisition of companies. In addition, the execution of large projects regularly requires the provision of bank guarantees, some of which are extensive, as collateral for bid obligations (bid bonds) or to secure possible warranty claims (performance bonds).

In financing agreements, Kapsch TrafficCom is subject to the usual limitations of its business policy, such as with regard to taking on additional borrowings, the use of assets as collateral or the provision of guarantees and sureties in favor of third parties. The availability of financing and bank guarantees depends not only on market conditions but in particular on the net assets, financial position and earnings situation of Kapsch TrafficCom. A lack of liquid assets (even if the Group is otherwise essentially solvent), of financing or of bank guarantees could in turn have an extremely adverse impact on the net assets, financial position and earnings situation of Kapsch TrafficCom. The Group continuously monitors compliance with all covenants in connection with loan agreements.

Liquidity risk is counteracted by ongoing Group-wide cash flow planning. This enables potential liquidity bottlenecks to be identified at an early stage and appropriate countermeasures to be taken in time.

Credit risk. Kapsch TrafficCom is exposed to the risk of non-payment by customers. The main customers of Kapsch TrafficCom are to a large extent state agencies, especially in connection with the implementation or operation of nation-wide or regional tolling and traffic management systems. Kapsch TrafficCom also acts as a subcontractor to third parties (for example concessionaires, general contractors, etc.) in public sector projects. The scope of a potential non-payment varies depending on the size of the order and can have a noticeable impact on the earnings situation in the case of individual large projects. The creditworthiness of new and existing customers is evaluated, and hedging is performed according to the assessment of the existing non-payment risk. In addition, Kapsch TrafficCom takes advantage of offers from public institutions, such as OeKB (Oesterreichische Kontrollbank), EKN (Exportkredit-nämnden; Swedish National Export Credits Guarantee Board) and MIGA (Multilateral Investment Guarantee Agency), to hedge against the non-payment risk on the basis of guarantees. Moverover, there is a risk that counterparties of both original and derivative financial instruments (including financial institutions assumed to have good credit ratings) cannot meet their payment liabilities when due. A payment default or the need to impair receivables could have an extremely adverse impact on the net assets, financial position and earnings situation of Kapsch TrafficCom.

2.2.5 Personnel risk.

The success of Kapsch TrafficCom depends to a significant extent on key personnel, in particular technical experts with many years of specific experience. In addition, the ability to recruit qualified employees with state-of-the-art technology knowledge, to integrate them into the Company and to retain them in the long term is of high importance for the success of the Group. The loss of important employees in key positions and difficulties in recruiting personnel can have a negative impact on the success of the Group.

Kapsch TrafficCom is taking attractive measures to counteract personnel risk.

Kapsch TrafficCom has been proactively implementing measures to counteract this risk for two years. These include, for example, an internal career and training platform that allows employees to advance their careers autonomously and away from approval processes. Attractive offers such as bonus systems or further training opportunities additionally support these efforts. A periodic employee survey as well as an "OpenLine2CEO" to Georg Kapsch enable the management to identify current concerns, worries and wishes as well as the general mood and to respond appropriately.

2.2.6 Legal risk.

A large number of regulations and legal requirements must be observed in connection with participation in public sector tenders, the establishment and operation of tolling and mobility solutions, acquisitions and cooperations as well as capital market issues. It may take a considerable administrative, technical and commercial effort to capture, monitor and enforce all compliance requirements. If applicable regulations or official requirements cannot be met or fulfilled, this can lead to severe penalties and also reduce the ability of (successfully) taking part in future tenders as well as restrict the continuation of the relevant business activity.

The expansion of business activities into new regions and into select new business fields tends to increase the risk of patent violations or the violation of intellectual property rights (IPR). This can result in financial damages from lawsuits and court actions and settlement proceedings. Kapsch TrafficCom attempts to counteract this risk as far as possible by performing an evaluation of possible IPR violations prior to entry into new markets or regions, for example. However, it is not possible to completely avoid this risk.

2.2.7 Cyber-risk.

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 considering risks related to information security is derived from Kapsch TrafficCom's business processes and represents a holistic approach. The risk management process is implemented in all companies whose IT is fully integrated into the Group IT, regardless of whether they are formally certified in accordance with ISO/IEC 27001 or not.

2.2.8 Opportunities.

The enterprise risk management approach of Kapsch TrafficCom not only addresses risks but also encompasses the regular identification, evaluation and management of opportunities. The goal of these efforts is to manage the strategic orientation of the product portfolio and market activities through the early identification of opportunities and to develop corresponding potential.

The early identification of opportunities opens up new potential.

Market opportunities exist in geographic diversification as well as increasing expansion of the customer and product portfolios, driven in part by the following factors:

- Opportunities arise from so-called change requests – requests for changes from customers that only arise in the course of project execution. These change requests result in extensions to the contractual delivery components and are priced and paid for separately.
- In addition, the increasing financing requirements of infrastructure projects and the growing need to relieve government budgets are creating opportunities both to open up new tolling markets in so-called emerging and developing countries and to expand activities in already developed markets.
- The global rise in traffic volumes and the associated impact on the environment and society open up further opportunities in the area of mobility solutions, as, for example, toll collection, traffic management and demand management are increasingly being used as controlling instruments in environmental and traffic policy. In both segments, this creates opportunities to further develop and market the portfolio in line with the new requirements.
- Furthermore, demands with regard to increasing the productivity of vehicles and vehicle operations, as well as the rising comfort expectations of travelers, are opening up opportunities by expanding the functionalities of existing systems. This offers opportunities to acquire new customers or to serve both public-sector customers and end customers with new concepts. This particularly applies in the area of tolling services.

Other opportunities. Continuous innovation, technical advancements and the acquisition of new technologies by means of corporate acquisitions create opportunities for Kapsch TrafficCom to improve efficiency and performance of customer systems and to gain a technological edge over competitors with regard to the performance and functionality of the offered systems.

2.2.9 Overall assessment of the risk situation.

From the current perspective, no risks have been identified that could endanger the continued operations of Kapsch TrafficCom. Due to the geographic diversification, the continuous expansion of the product and solution portfolio as well as the development of new business models through selected new ITS solutions, the business activities of Kapsch TrafficCom could be positioned more broadly without the need to step outside the core business area. The concentration of risk in individual regions and in individual large projects was thereby reduced.

Conflict in the Ukraine and effects of the COVID 19 pandemic. The global economy began to recover from the effects of the COVID 19 pandemic in the financial year 2022/23. However, the global supply chain situation in the electronics industry remained tense due to the COVID restrictions that continued to be in place in China. Kapsch TrafficCom also recorded a decline in revenues, especially in component sales. In addition, there were more delays in invitations to tender and the awarding of contracts. These delays were further increased by the outbreak of the conflict in the Ukraine and the accompanying sanctions against Russia. The sanctions imposed at the same time against Belarus meant that supply opportunities to this country had to be re-evaluated. To date, however, there has been no significant impact on the risk situation of Kapsch TrafficCom.

2.3 Internal control system (ICS) with respect to the accounting process.

As in the previous year, the Group-wide uniform documentation of all controls for achieving the key controlling goals was advanced again in the financial year 2022/23. This aims to increase efficiency and at the same time reduce risk in the Group as well as to show alternative courses of action to management.

The uniform documentation of all controls is being advanced.

The basis of the processes for Group accounting and reporting is an accounting manual (IFRS Accounting Manual), that is issued and regularly updated by the Kapsch Group. In this manual, the essential accounting and reporting requirements based on the International Financial Reporting Standards (IFRS) are specified throughout the Group. Another important basis of the ICS are the Group guidelines, work instructions and process descriptions.

Central elements of the ICS are regular execution of the principle of dual control and the segregation of duties as well as defined actions for monitoring the effectiveness and efficiency of operating activities, the reliability of financial reporting and compliance with relevant legal regulations. In this regard, Kapsch TrafficCom acts based on international standards and best practices, such as COSO Enterprise Risk Management – Integrated Framework..

The accounting of business transactions in Kapsch TrafficCom is managed by a variety of software solutions. In a number of countries, the accounting has been outsourced to local tax accountants due to the small size of the subsidiaries. The individual companies submit reporting packages to the head office on a monthly basis containing all relevant accounting data pertaining to the income statement, the balance sheet and the cash flow accounting. This data is then entered into the central consolidation system OneStream on a monthly basis. The financial information is reviewed at Group level by Kapsch TrafficCom AG and forms the basis for interim reporting.

The Executive Board informs the Supervisory Board in regular meetings about the economic development in the form of consolidated presentations consisting of segment reporting, earnings development with budget and year-on-year comparison, forecasts, consolidated financial statements, personnel and order development as well as selected key financial figures.

The ICS is implemented locally and monitored centrally.

In accordance with local requirements, responsibility for the implementation and monitoring of the internal control system lies with the relevant local management. The management of the individual subsidiaries is responsible for establishing and designing an internal control system in line with the requirements of the respective company with regard to the accounting process and for ensuring compliance with the Group-wide guidelines and regulations.

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 13.0 million. It is divided into 13.0 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, 2023. In connection with the refinancing, KAPSCH-Group Beteiligungs GmbH has pledged 25% plus one share in Kapsch TrafficCom AG in favor of the banks as of the balance sheet date, which also results in restrictions customary in the market with respect to the transfer of the shares and a corresponding requirement for the consent of the banks.

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) 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, 2023. In the financial year 2022/23, 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 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 determine the issue price as well as the terms of issue. Shareholders' subscription rights to the new shares issued from the authorized capital are excluded. 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, such as the promissory note bond ("Schuldscheindarlehen") and further financing, totaling about EUR 142 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.

Vienna, June 13, 2023

Georg Kapsch Chief Executive Officer	Andreas Hämmerle Executive Board member	Alfredo Escribá Gallego Executive Board member

Consolidated Financial Statements.

Primaries.

Consolidated statement of comprehensive income.

in EUR	Note	2021/22	2022/23
Revenues	2	519,802,106	553,415,225
Other operating income	3	16,583,854	22,409,619
Changes in finished and unfinished goods	4	-2,683,552	1,962,297
Cost of materials and other production services	5	-202,829,552	-222,552,087
Personnel expenses	6	-227,119,331	-247,933,852
Other operating expenses	7	-69,065,914	-76,202,569
Proportional result of associates and joint ventures	14	-2,023,447	-1,680,820
Operating result before amortization, depreciation and impairment (EBITDA)		**32,664,164**	**29,417,812**
Amortization and depreciation	8	-21,743,269	-21,821,058
Impairment charge and write-up from impairments	8	108,540	0
Operating result (EBIT)		**11,029,435**	**7,596,755**
Finance income	9	5,602,417	5,909,876
Finance costs	9	-10,120,654	-22,130,782
Financial result		**-4,518,237**	**-16,220,906**
Proportional results from associates and joint ventures from financial investments	14	-1,190,168	-1,266,063
Result before income taxes		**5,321,030**	**-9,890,214**
Income tax	10	-11,484,359	-14,350,432
Result for the period		**-6,163,329**	**-24,240,646**
Equity holders of the company		-9,311,675	-24,803,258
Non-controlling interests	30	3,148,346	562,612
Earnings per share from the result for the period attributable to the equity holders of the company			
diluted = undiluted		-0.72	-1.91
Other comprehensive income for the period			
Currency translation differences		-2,740,100	-4,399,896
Currency translation differences from net investments in foreign operations		2,725,770	818,098
Income tax relating to items subsequently to be reclassified to the result for the period		-681,442	-188,163
Total items subsequently to be reclassified to the result for the period		**-695,772**	**-3,769,961**
Total items subsequently not to be reclassified to the result for the period		**334,296**	**1,665,709**
Other comprehensive income for the period net of tax	11	**-361,476**	**-2,104,252**
Total comprehensive income for the period		**-6,524,805**	**-26,344,898**
Equity holders of the company		-8,044,680	-26,896,539
Non-controlling interests	30	1,519,875	551,641

Consolidated balance sheet.

in EUR	Note	March 31, 2022	March 31, 2023
ASSETS			
Property, plant and equipment	12	48,993,220	52,129,598
Intangible assets	13	35,748,198	31,756,209
Interests in associates and joint ventures	14	27,832,024	24,736,245
Other non-current financial assets and investments		14,984,253	16,217,289
Non-current contract assets	20	3,703,067	3,866,610
Other non-current assets [1]	16	4,100,921	4,311,496
Deferred tax assets	17	60,222,681	49,777,330
Non-current assets		**195,584,364**	**182,794,777**
Inventories	18	35,556,124	45,102,860
Trade receivables and other current assets [1]	19	131,449,312	118,005,425
Current contract assets	20	83,787,347	82,212,716
Current tax receivables		4,391,665	4,873,179
Other current financial assets		1,579,991	1,908,856
Cash and cash equivalents	21	59,751,049	45,227,819
Current assets		**316,515,488**	**297,330,855**
TOTAL ASSETS		**512,099,852**	**480,125,632**
EQUITY			
Share capital	22	13,000,000	13,000,000
Capital reserve	22	117,508,771	117,508,771
Retained earnings and other reserves	22	-47,312,605	-74,209,144
Capital and reserves attributable to equity holders of the company		**83,196,166**	**56,299,627**
Non-controlling interests	22	-5,294,405	-4,993,721
TOTAL EQUITY		**77,901,761**	**51,305,907**
LIABILITIES			
Non-current financial liabilities	23	136,051,366	58,471,993
Non-current lease liabilities	24	27,603,572	32,198,572
Liabilities from post-employment benefits to employees		24,197,891	20,601,773
Non-current provisions		1,685,490	1,454,271
Non-current contract liabilities	20	1,206,691	450,304
Other non-current liabilities		425,485	430,497
Deferred tax liabilities	17	2,858,964	1,650,960
Non-current liabilities		**194,029,459**	**115,258,370**
Current financial liabilities	23	44,013,354	131,169,870
Current lease liabilities	24	11,940,079	11,594,999
Trade payables		71,475,718	75,051,500
Current contract liabilities	20	35,677,564	31,062,050
Current provisions		28,629,955	18,879,947
Current tax liabilities		2,314,100	2,138,794
Other liabilities and deferred income		46,117,862	43,664,196
Current liabilities		**240,168,632**	**313,561,356**
TOTAL LIABILITIES		**434,198,091**	**428,819,726**
TOTAL EQUITY AND LIABILITIES		**512,099,852**	**480,125,632**

[1] Non-current and current lease receivables were reclassified and are not shown separately anymore 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, 2021	**13,000,000**	**117,508,771**	**-44,171,199**	**4,903,275**	**91,240,846**	**-6,479,918**	**84,760,928**
Dividend					-0	-334,362	-334,362
Result for the period				-9,311,675	-9,311,675	3,148,346	-6,163,329
Other comprehensive income for the period:							0
Currency translation differences			932,699		932,699	-1,628,471	-695,772
Remeasurements of liabilities from post-employment benefits			334,296		334,296	0	334,296
Reclasification of remeasurements of liabilities from post-employment benefits			-89,578	89,578	0	0	0
Other comprehensive income for the period			1,177,417	89,578	1,266,995	-1,628,471	-361,476
Carrying amount as of March 31, 2022	**13,000,000**	**117,508,771**	**-42,993,782**	**-4,318,823**	**83,196,166**	**-5,294,405**	**77,901,761**
Dividend		0			-0	-250,956	-250,957
Result for the period				-24,803,258	-24,803,258	562,612	-24,240,646
Other comprehensive income for the period:							0
Currency translation differences			-3,758,990		-3,758,990	-10,971	-3,769,961
Remeasurements of liabilities from post-employment benefits			1,665,709		1,665,709	0	1,665,709
Other comprehensive income for the period			-2,093,280	0	-2,093,280	-10,971	-2,104,252
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**

Details of equity are presented in note 22.

Consolidated cash flow statement.

in EUR	Note	2021/22	2022/23
Operating result		**11,029,435**	**7,596,755**
Scheduled depreciation and amortization	8	21,743,269	21,821,058
Impairment charge and reversals	8	-108,540	0
Change in obligations for post-employment benefits		-2,615,526	-1,781,004
Change in non-current receivables, non-current contract assets and other non-current assets		1,549,768	-19,547
Change in non-current trade payables, non-current contract liabilities and other non-current liabilities and provisions		-10,268,746	-1,007,996
Net payments of income taxes		-12,552,340	-6,157,726
Interest received		740,292	2,133,579
Interest payments		-5,745,384	-8,579,315
Other (net)		5,055,692	-11,199,343
Cash flow from earnings		**8,827,920**	**2,806,461**
Change in net working capital:			
Change in trade receivables, current contract assets and other current assets		20,540,139	11,799,790
Change in inventories		6,126,772	-10,348,799
Change in trade payables, current contract liabilities and other current payables		3,819,921	-504,556
Change in current provisions		-13,841,740	-9,595,975
Change in net working capital		**16,645,092**	**-8,649,540**
Cash flow from operating activities		**25,473,012**	**-5,843,079**
Purchase of property, plant and equipment	12	-3,179,632	-3,610,189
Purchase of intangible assets	13	-3,925,483	-617,164
Purchase of securities, investments and other non-current financial assets		-8,927,215	-4,558,582
Payments for the acquisition of shares in at-equity-consolidated entities		-593,154	0
Proceeds from the disposal of shares in subsidiaries		842,800	6,614,659
Proceeds from the disposal of property, plant and equipment		1,439,923	750,093
Proceeds from the disposal of intangible assets		370,130	206,733
Proceeds from the disposal of securities and other financial assets		5,259,568	1,016,745
Cash flow from investing activities		**-8,713,063**	**-197,705**
Free cash flow [1]		**16,759,949**	**-6,040,784**
Dividends paid to non-controlling interests		-334,362	-250,956
Increase in non-current financial liabilities	23	18,943,641	6,600,000
Increase in current financial liabilities	23	5,354,369	21,653,632
Decrease in current financial liabilities	23	-69,931,237	-18,374,248
Lease payments	24	-15,105,945	-14,174,016
Cash flow from financing activities		**-61,073,534**	**-4,545,588**
Cash and cash equivalents at beginning of year		102,010,356	59,751,049
Changes in cash and cash equivalents [2]		-44,313,585	-10,586,372
Exchange gains/losses		2,054,278	-3,936,858
Cash and cash equivalents at end of year	21	**59,751,049**	**45,227,819**

[1] Cash flow from operating activities + cash flow from investing activities
[2] Free cash flow + cash flow from financing activities

Notes to the Consolidated Financial Statements.

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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, 2023 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 29.

1.2 Basis of Preparation.

Pursuant to Section 245a Austrian Commercial Code (UGB), the consolidated financial statements as of March 31, 2023 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 consolidated financial statements as of March 31, 2023 are prepared under the historical cost concept, with the exception of financial instruments measured at fair value in accordance with IFRS 9. The measurement was made accordingly at the balance sheet date. Pertinent explanations can be found within the scope of the corresponding accounting policies. 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 34 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 Revenue recognition for contract work.

The Group applies the rules of IFRS 15. Revenue for implementation projects, that fulfill the criteria of IFRS 15.35 for revenue recognition over time, is recognized in accordance with the corresponding stage of completion, with an expected profit margin already being assumed. The stage of completion is determined by an input orientated method using the ratio between the costs already incurred and the expected total costs of the corresponding contract. This requires to continuously estimate and update the planned costs arising from the contract as well as the risks arising from project management. This may result from technical difficulties, delays in the schedule or difficulties with sub-suppliers or other external general conditions, and which influence the profit margin of the project. Furthermore, these projects may also lead to damages or penalties that are to be considered during the project evaluation and which require an assessment of risks. For most contracts, contract revenue is defined and includes fixed elements and partly variable elements that are assessed by probability as to their amounts and timing. Large-scale orders of the Group are usually technically complex individual orders based on specific terms and conditions which therefore are to be critically assessed with regard to revenue recognition and project risks on an individual basis. Details to the revenue recognition are included in note 34.3 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 34, 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 realized. Assumptions have to be made and used for this purpose. The sensitivities are disclosed in note 17.

1.4.4 Other estimates and assumptions.

Further areas where assumptions and estimates are significant to the consolidated financial statements include impairment of inventories, assumption of useful lives for intangible assets and property, plant and equipment, assumptions and interest rates related to liabilities from post-employment benefits to employees, assumptions and interest rates related to leasing contracts, as well as provisions for warranties and losses for onerous contracts. Sensitivity analyses of the assumptions made by the Group are included 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 (chiefoperating 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 34.4):

- Tolling
- Traffic Management

The segment results, as well as capital expenditure, depreciation and impairment and other non-cash-effective positions for the financial years 2021/22 and 2022/23 are as follows:

	2021/22			2022/23		
	Tolling	**Traffic Manage-ment**	**Total**	**Tolling**	**Traffic Manage-ment**	**Total**
Revenues	**369,856**	**149,946**	**519,802**	**403,380**	**150,035**	**553,415**
Implementation	89,230	60,001	149,231	119,389	44,620	164,009
Operations	205,161	84,577	289,738	202,486	99,789	302,274
Components	75,465	5,368	80,834	81,506	5,626	87,132
Operating result	**3,342**	**7,687**	**11,029**	**-7,617**	**15,213**	**7,597**
EBIT margin	**0.9%**	**5.1%**	**2.1%**	**-1.9%**	**10.1%**	**1.4%**
Capital expenditure [1]	11,513	4,748	16,261	20,015	6,458	26,473
Depreciation and impairment	15,770	5,865	21,635	16,584	5,237	21,821
Other non-cash-effective positions	-237	174	-64	4,420	-1,280	3,140

[1] Capital expenditures include also capital expenditures 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 segment assets and liabilities as of March 31, 2022 and March 31, 2023 are as follows:

	March 31, 2022			March 31, 2023		
	Tolling	**Traffic Manage-ment**	**Total**	**Tolling**	**Traffic Manage-ment**	**Total**
Segment assets	242,658	101,108	343,765	228,859	90,664	319,523
Interests in associates and joint ventures	27,832	0	27,832	24,736	0	24,736
Segment liabilities	164,609	86,666	251,274	153,460	84,067	237,527

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 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 financial year 2022/23 there was one customer who contributed more than 10% to the revenues of the Group with TEUR 57,233 (Tolling segment). In the previous year there was no customer above 10% Group's revenue.

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	
	2021/22	**2022/23**	**March 31, 2022**	**March 31, 2023**
Austria	13,812	15,677	24,716	30,874
EMEA (excluding Austria) [1]	268,140	257,260	9,247	7,098
Americas [2]	212,110	248,969	42,140	37,613
APAC [3]	25,739	31,509	8,639	8,300
Total	**519,802**	**553,415**	**84,741**	**83,886**

1) EMEA: Europe, Middle East, Africa
2) Americas: North, Central and South America
3) APAC: Asia-Pacific

3 Other operation income.

	2021/22	**2022/23**
Exchange rate gains from operating activities	6,415	10,611
Income from sale of subsidiaries	709	5,976
Operative gains from derivatives	1,937	2,352
Income from research tax credits	1,241	1,304
Income from subsidies related to COVID-19-pandemic	819	861
Income from the sale of non-current assets	452	497
Income from insurance refunds	266	164
Gains from early termination of a leasing contract	3,143	0
Sundry operating income	1,602	646
Total	**16,584**	**22,410**

Operating foreign exchange gains mainly related to exchange rate fluctuations from the US Dollar, Canadian Dollar and Argentine Peso against the Euro.

Income from the sale of subsidiaries in the financial year 2022/23 refers mainly to the sale of Arce Mobility Solutions, S.A. and from the sale of Arce Mobility Solutions, S.A. and in the previous year to the sale of Kapsch TrafficCom S.r.l. a socio unico, Italy.

Income from subsidies related to COVID-19 pandemic refers to premiums and support due to the COVID-19 pandemic including public sector grants from short-time work or compensation of personnel expenses. The majority of the compensation was granted in Canada.

Sundry operating income include several recharges and deferrals.

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

	2021/22	**2022/23**
Change in unfinished goods and work in progress	121	1,095
Change in finished goods	-2,805	868
Total	**-2,684**	**1,962**

Details on inventories can be found in note 18.

5 Cost of materials and other production services.

	2021/22	2022/23
Cost of materials	-83,962	-85,105
Cost of purchased services	-118,868	-137,448
Total	**-202,830**	**-222,552**

Cost of materials and purchased services increased in line with sales increase.

6 Personnel expenses.

	2021/22	2022/23
Wages, salaries, and other remunerations	-186,671	-203,201
Expenses for social security and payroll-related taxes and contributions	-29,299	-29,693
Expenses for termination benefits (see note 25)	-233	-192
Expenses for pensions (see note 25)	-4	-3
Contributions to pension funds and other external funds	-1,442	-3,802
Restructuring costs related to personnel	0	128
Fringe benefits	-9,470	-11,171
Total	**-227,119**	**-247,934**

As of March 31, 2023, the number of staff amounted to 4,039 employees (March 31, 2022: 4,220) and averaged 4,063 employees in the financial year 2022/23 (2021/22: 4,447).

Personnel expenses increased in the line with sales growth, but also due to unfavourable currency developments, salary indexation in different countries and the change in variable compensation configuration. Restructuring costs involved USA, Sweden, Spain and Austria.

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

7 Other operating expenses.

	2021/22	2022/23
Legal and consulting fees	-9,299	-12,368
Communication and IT expenses	-14,936	-12,101
Exchange rate losses from operating activities	-2,687	-7,723
Maintenance	-5,185	-6,674
Travel expenses	-3,397	-6,097
Automobile expenses	-3,733	-4,565
Rental and other building expenses	-3,253	-4,122
Marketing and advertising expenses	-3,500	-3,630
License and patent expenses	-7,008	-3,617
Insurance costs	-3,159	-2,964
Allowances on trade and other receivables	-444	-2,927
Taxes and charges	-2,495	-2,589
Office expenses	-2,187	-2,236
Damanges	-1	-1,657
Bank charges	-1,187	-1,124
Training costs	-965	-942
Transport costs	-1,055	-715
Warranties and guarantees	-630	-11
Restructuring costs	-1,478	-2
Other	-2,468	-138
Total	**-69,066**	**-76,203**

Operating foreign currency losses of EUR 7,723 k were significantly higher than in the previous year (EUR 2,687 k) and were primarily due to fluctuations in the exchange rates of the South African Rand, the US Dollar and the Argentinean Peso against the Euro.

Legal and consulting fees increased by EUR 3,070 k compared to the previous year due to litigation. Travel expenses increased after the COVID 19 pandemic again by EUR 2,700 k. Licence and patent expenses decreased by EUR 3,391 k compared to the previous year, because in the financial year 2021/22 the legal dispute against Kapsch TrafficCom in the USA was settled by payment of a licence fee.

8 Expenses for amortization, depreciation and impairment.

	2021/22	2022/23
Depreciation of property, plant and equipment	-17,532	-17,330
Amortization of intangible assets	-4,211	-4,491
Impairment on right-of-use assets from leases	109	0
Total	**-21,635**	**-21,821**

Depreciation of property, plant and equipment also includes depreciation of right-of-use assets from leases (EUR 12,837 k). Details can be found in note 12.

In the previous year, an impairment of EUR 109 k was reversed, which previously had to be impaired due to the reduction in rental space and shorter rental agreements to the remaining use (based on a fair value calculation, Level 3). This refers to the toll segment.

9 Financial result.

	2021/22	2022/23
Interest income	708	2,087
Interest income from leases	7	11
Income from securities, recognized at fair value through profit or loss	25	36
Income from other investments, recognized at fair value through profit or loss	0	436
Gains from the change of the fair value of derivative financial instruments	35	0
Income from hyperinflation adjustment	240	825
Exchange rate gains from financing activities	4,587	2,514
Finance income	**5,602**	**5,910**
Interest expense	-4,631	-7,131
Interest expenses from leases	-1,070	-1,493
Income from securities, recognized at fair value through profit or loss	-20	0
Expense from other investments, recognized at fair value through profit or loss	-3	-21
Expense from interest accretion of non-current liabilities	-0	-11
Expense from change in fair value of derivative financial instruments	-126	-31
Expense from hyperinflation adjustment	-3,549	-5,935
Exchange rate losses from financing activities	-387	-4,717
Interest expense from liabilities from post-employment benefits to employees (see note 26)	-185	-260
Interest expense from liabilities from anniversary bonuses to employees (see note 27)	-17	-15
Expense from the disposal of financial assets	-132	-167
Impairment of financial assets	-0	-2,350
Finance cost	**-10,121**	**-22,131**
Financial result	**-4,518**	**-16,221**

The exchange rate gains and losses resulted mainly from foreign currency fluctuations on intercompany financing, in particular of the subsidiaries in Zambia (Zambian Kwacha against the South African Rand and US Dollar) and in South Africa (South African Rand against the Euro).

Argentina is classified as a hyperinflationary country and the income and expense from hyperinflation adjustment are shown in the financial result.

10 Income taxes.

	2021/22	2022/23
Current income taxes	-7,875	-6,311
Deferred taxes	-3,609	-8,039
Total	**-11,484**	**-14,350**
thereof income/expense from group taxation	0	-26

The reasons for the difference between the arithmetic tax expense/income based on the Austrian corporate income tax rate of 23% (previous year: 25%) and the recognized tax expense/income are as follows:

	2021/22	2022/23
Result before income taxes	5,321	-9,890
Arithmetic tax expense/income	-1,330	2,275
Effects of different tax rates in the Group	-1,437	-566
Unrecognized deferred tax assets on current tax losses and impairment of previously recognized tax losses	-14,875	-10,524
Recognition of deferred tax assets for unrecognized previous-year tax losses	2,186	0
Change of tax rate	0	-2,073
Tax allowances claimed and other permanent tax differences	-185	4,341
Income and expenses not subject to tax and other differences	2,886	-6,156
Tax effects from previous periods	1,272	-1,648
Recognized tax expense/income	**-11,484**	**-14,350**

Unrecognized deferred tax assets for current losses and write-downs of previously recognized losses relate primarily to unrecognized losses in the USA and Brazil. Based on the planning for the next few years, it is not expected that these can be fully utilized. Deferred tax assets for previously unrecognized losses in fiscal year 2022/23 related mainly to loss carryforwards in Austria, and in the previous year mainly to Spain. The tax effects relating to prior periods include adjustments of prior-year values due to tax audits and adjustments in the context of the preparation of tax returns.

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

11 Other comprehensive income.

	2021/22			2022/23		
	Before taxes	**Tax expense/ income**	**After taxes**	**Before taxes**	**Tax expense/ income**	**After taxes**
Remeasurements of liabilities from post-employment benefits	409	-74	334	2,076	-410	1,666
Currency translation differences	-2,740	0	-2,740	-4,400	0	-4,400
Currency translation differences from net investments in a foreign operation	2,726	-681	2,044	818	-188	630
Fair value changes recognized in equity	**394**	**-756**	**-361**	**-1,506**	**-598**	**-2,104**

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 on these loans are recognized in other comprehensive income.

12 Property, plant and equipment.

	Land and buildings	Right-of-use from leases of buildings	Technical equip-ment and machinery	Construc-tion in progress	Other equipment, factory and office equipment	Right-of-use from other leases	Total
Carrying amount as of March 31, 2022	**2,363**	**34,177**	**4,195**	**539**	**5,320**	**2,400**	**48,993**
Currency translation differences	-8	92	-122	-38	-166	-96	-337
Reclassification	0	0	48	-230	182	-0	-0
Disposals relating to sale of subsidiaries	0	-24	0	0	-26	-104	-154
Additions	198	19,958	533	865	2,015	2,288	25,856
Disposals	-263	-3,963	-241	-189	-1	-241	-4,897
Write-up from impairments	0	0	0	0	0	0	0
Scheduled amortization	-725	-11,150	-1,824	0	-1,944	-1,687	-17,330
Carrying amount as of March 31, 2023	**1,564**	**39,089**	**2,589**	**947**	**5,381**	**2,559**	**52,130**
Acquisition/production costs	12,239	74,583	39,290	947	28,869	5,992	161,921
Accumulated depreciation	-10,675	-35,494	-36,701	0	-23,487	-3,433	-109,791
Carrying amount as of March 31, 2023	**1,564**	**39,089**	**2,589**	**947**	**5,381**	**2,559**	**52,130**

	Land and buildings	Right-of-use from leases of buildings	Technical equip-ment and machinery	Construc-tion in progress	Other equipment, factory and office equipment	Right-of-use from other leases	Total
Carrying amount as of March 31, 2021	**3,015**	**36,879**	**5,929**	**248**	**5,769**	**3,331**	**55,171**
Currency translation differences	22	719	121	2	160	64	1,088
Reclassification	0	0	-7	-2	9	-0	-0
Disposals relating to sale of subsidiaries	0	-367	-49	0	-6	-16	-438
Additions	220	8,187	554	594	1,812	969	12,335
Disposals	-90	-483	-120	-303	-484	-260	-1,740
Write-up from impairments	0	109	0	0	0	0	109
Scheduled amortization	-803	-10,867	-2,233	0	-1,940	-1,688	-17,532
Carrying amount as of March 31, 2022	**2,363**	**34,177**	**4,195**	**539**	**5,320**	**2,400**	**48,993**
Acquisition/production costs	12,919	63,746	40,543	539	29,449	5,655	152,852
Accumulated depreciation	-10,557	-29,569	-36,348	0	-24,128	-3,256	-103,858
Carrying amount as of March 31, 2022	**2,363**	**34,177**	**4,195**	**539**	**5,320**	**2,400**	**48,993**

Right-of-use from other leases mainly concerns leases of cars and other vehicles. Lease liabilities are presented in note 24.

13 Intangible assets.

	Capitalized development costs	Concessions and rights	Goodwill	Intangible assets in completion	Total
Carrying amount as of March 31, 2021	**2,192**	**10,626**	**22,735**	**194**	**35,748**
Currency translation differences	33	56	-0	0	88
Additions	0	504	0	113	617
Disposals	-1	-0	0	-206	-207
Scheduled amortization	-400	-4,091	0	0	-4,491
Carrying amount as of March 31, 2022	**1,824**	**7,095**	**22,735**	**102**	**31,756**
Acquisition/production costs	13,184	98,976	60,246	102	172,508
Accumulated depreciation	-11,360	-91,880	-37,511	0	-140,752
Carrying amount as of March 31, 2022	**1,824**	**7,095**	**22,735**	**102**	**31,756**

	Capitalized development costs	Concessions and rights	Goodwill	Intangible assets in completion	Total
Carrying amount as of March 31, 2021	**2,746**	**10,253**	**22,755**	**474**	**36,229**
Currency translation differences	52	143	0	0	195
Reclassification	-94	94	0	0	0
Disposals relating to sale of subsidiaries	0	0	-20	0	-20
Additions	0	3,835	0	90	3,925
Disposals	0	0	0	-370	-370
Scheduled amortization	-512	-3,699	0	0	-4,211
Carrying amount as of March 31, 2022	**2,192**	**10,626**	**22,735**	**194**	**35,748**
Acquisition/production costs	13,752	100,806	44,051	194	158,804
Accumulated depreciation	-11,560	-90,179	-21,316	0	-123,055
Carrying amount as of March 31, 2022	**2,192**	**10,626**	**22,735**	**194**	**35,748**

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 there are any indications of impairment.

As at 31 March 2023, 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, 2022	March 31, 2023
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**

At the end of financial year 2022/23 an impairment test for each group of CGUs was carried out based on the budget for the financial year 2023/24 as well as a new mid-term plan, which also considers the effects from rightsizing measures and efficiency gains. These measures, include, among others, improvements in procurement, adaptions of overhead and cost structure, operational improvements in project delivery with the goal of efficiency gain and selective personnel measures. The results from this impairment test are included 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:

	2021/22	2022/23
Determination of recoverable amount	Value in use	Value in use
Detailed planning period	4 years	4 years
Terminal value growth rate	2.00%	2.00%
Market risk premium	7,31 %	5.71%
Risk-free rate	0,69 %	2.29%

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 an 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 as carefully as possible for each performance obligation in its project planning tool. Projects can be planned very reliable, 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 associated with. 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 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 due to 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 TM-EMEA**, management expects an increasing demand for traffic management systems, especially for road telematics solutions in urban areas. This is also included accordingly in the planning of this CGU.

The planning for the **CGU Tolling-APAC** is based on finalized implementation projects and current operation projects and their expansions, as well as the fact that tenders are in preparation or already in progress in 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 hostilities in Ukraine and their potential impact on the Group's business in the surrounding countries of Russia and Belarus (where projects are predominantly handled in the Tolling-EMEA CGU area), it should be noted that uncertainties and risks in these countries have also been taken into account in the planning as part of flat-rate discounts based on an overall Group view.

13.2.2 Peer Group.

In addition to Kapsch TrafficCom AG, the peer group assumed for the impairment test comprises another eleven peer companies, of which only six companies were relevant for determining the parameters in the financial year 2022/23 (2021/22: eleven companies – thereof seven relevant). The composition of the companies in the peer group has not changed since the previous year. The debt/equity ratio of the peer group in the financial year 2022/23 was 22.3% (2021/22: 30.8%); the unlevered beta factor was 0.87 (2021/22: 0.7).

13.2.3 Results of the impairment test.

	Tolling-			TM-		
2022/23	**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	85	0	0	17	0
Value in use of the CGU	100,623	90,201	18,740	33,819	28,576	7,581
Carrying amount of the CGU	58,126	66,748	10,771	32,017	8,282	131
Discount rate	9.8%	13.9%	7.9%	19.7%	9.9%	7.8%
Discount rate before tax	14.2%	20.3%	10.8%	26.8%	14.1%	10.7%
Break-even discount rate before tax	33.9%	26.4%	18.8%	30.6%	22.6%	83.2%

In the Tolling-EMEA CGU, the book value increased by a total of EUR 21.0 million due to the increase in fixed assets from the extension of a significant leasing contract, inventories and the reduction in trade payables. The decrease in the TM-EMEA CGU by EUR 29.8 million is mainly due to the decrease in trade receivables and the increase in trade payables.

	Tolling-			TM-		
2021/22	**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	158	0	0	36	0
Value in use of the CGU	173,079	61,007	56,350	61,261	49,478	86,333
Carrying amount of the CGU	67,277	45,794	10,474	23,881	38,080	283
Discount rate	7.2%	8.9%	6.6%	8.2%	8.0%	6.6%
Discount rate before tax	9.6%	11.7%	9.5%	11.2%	10.1%	8.5%
Break-even discount rate before tax	21.9%	15.3%	155.9%	28.9%	17.0%	189.7%

13.2.4 Sensitivity analysis with impact of changes to the value in use of the CGUs.

2022/23	Increase in assumption	Tolling-			TM-		
		Americas	EMEA	APAC	Americas	EMEA	APAC
Discount rate	+ 10%	-7,024	-9,784	-1,941	-1,222	-5,609	-1,037
Revenue growth	+ 10%	2,045	6,088	367	554	4,008	1,212
EBITDA margin	+ 10%	2,225	4,857	514	684	1,915	188
Terminal value growth rate	+ 0,5%p	3,626	3,436	1,338	201	3,079	746
	Decrease in assumption	Tolling-			TM-		
		Americas	EMEA	APAC	Americas	EMEA	APAC
Discount rate	- 10%	8,974	12,409	2,531	1,468	7,258	1,363
Revenue growth	- 10%	-2,020	-5,963	-364	-541	-3,897	-1,142
EBITDA margin	- 10%	-2,225	-4,857	-514	-684	-1,915	-188
Terminal value growth rate	- 0,5%p	-3,192	-3,160	-1,128	-190	-2,714	-628

2021/22	Increase in assumption	Tolling-			TM-		
		Americas	EMEA	APAC	Americas	EMEA	APAC
Discount rate	+ 10%	-20,005	-6,230	-5,271	-6,541	-2,603	-12,018
Revenue growth	+ 10%	4,153	2,441	1,952	2,000	328	12,371
EBITDA margin	+ 10%	3,155	2,297	1,527	1,289	690	904
Terminal value growth rate	+ 0,5%p	15,488	3,901	4,517	4,267	1,742	10,540
	Decrease in assumption	Tolling-			TM-		
		Americas	EMEA	APAC	Americas	EMEA	APAC
Discount rate	- 10%	26,383	8,079	7,005	8,521	3,357	16,077
Revenue growth	- 10%	-4,107	-2,409	-1,919	-1,976	-327	-11,382
EBITDA margin	- 10%	-3,155	-2,297	-1,527	-1,289	-748	-904
Terminal value growth rate	- 0,5%p	-12,782	-3,374	-3,634	-3,629	-1,475	-8,479

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 2022/23 amounted to EUR 78,329 k (20201/22: EUR 83,527 k). Thereof, project-specific development costs charged to the customer amounted to EUR 51,267 k in the financial year 2022/23 (2021/22: EUR 46,146 k). The remaining amount of EUR 27,063 k (2021/22: EUR 37,381 k) was recognized as an expense.

14 Interests in associates and joint ventures.

	2021/22	2022/23
Carrying amount as of March 31, 2022	**29,751**	**27,832**
Additions	593	0
Reclassification of other investments due to additional purchase of shares	667	0
Proportional result of the period from core business	-2,073	-1,731
Adjustments for elimination of intercompany transactions	50	50
Proportional result of the period from financial investments	-1,190	-1,266
Currency translation differences	34	-149
Carrying amount as of March 31, 2023	**27,832**	**24,736**
thereof interests in associates	8,544	7,278
thereof interests in joint ventures	19,288	17,458

The addition in the previous year related to the capital contribution in Copiloto Colombia S.A.S., Colombia. The debt equity swap in the previous year resulted to the increase of the interest in Traffic Technology Services, Inc., USA (EUR 667 k).

Associated companies.

Traffic Technology Services Inc., USA, is recognized as an associated company.

Traffic Technology Services, Inc., USA.
As of March 31, 2023, Kapsch TrafficCom held 42.44% in the entity (March 31, 2022: 42.44%). The company is accounted for using the equity method and the carrying amount of the investment as at March 31, 2023 was EUR 7,278 k (March 31, 2022: EUR 8,544 k). In the financial year 2022/23, the proportional result of this associate amounted to EUR -1,266 k (2021/22: EUR -1,190 k) and is reported in result before tax after the financial result. The financial data of the entity as of the latest balance sheet date is as follows:

	March 31, 2022	March 31, 2023
Non-current assets	6,288	6,273
Current assets	1,781	1,511
Non-current liabilities	-1,532	-4,192
Current liabilities	-1,166	-1,381
Net assets	**5,370**	**2,211**
	2021/22	**2022/23**
Revenues	2,398	3,060
Result for the period	-2,796	-2,992
Other comprehensive income	-9	-0
Total comprehensive income	**-2,804**	**-2,993**

Joint ventures.

The joint ventures include autoTicket GmbH, Germany, Copiloto Colombia S.A.S., Colombia, and the consortium MyConsorzio, Italy. These companies are also accounted for using the equity method.

autoTicket GmbH, Deutschland.
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 (2022/23: EUR -1,765 k and 2021/22: EUR -1,785 k) are disclosed separately in the operating result (Item: "Proportional result from associates and joint ventures"). The carrying amount as at March 31, 2023 was EUR 16,663 k (March 31, 2022: EUR 18,427 k).

For further information, see note 28.

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

	March 31, 2022	March 31, 2023
Non-current assets	56,625	58,161
Current assets	188	476
Non-current liabilities	-18,293	-24,681
Current liabilities	-1,667	-631
Net assets	**36,852**	**33,325**
Cash and cash equivalents	181	465
Financial liabilities (non-current and current)	-18,604	-24,681
	2021/22	**2022/23**
Revenues	304	318
Result for the period	-3,570	-3,527
Other comprehensive income	0	0
Total comprehensive income	**-3,570**	**-3,527**

Reconciliation	**March 31, 2022**	**March 31, 2023**
Net assets at beginning of financial year	40,422	36,852
Increase of nominal capital and capital reserve	0	0
Total comprehensive income	-3,570	-3,527
Net assets as of March 31 of financial year	**36,852**	**33,325**
Share of Kapsch TrafficCom (50%)	18,427	16,662
Carrying amount as of March 31 of financial year	**18,427**	**16,662**

Copiloto Colombia S.A.S., Colombia.
In the financial year 2019/20, the company Copiloto Colombia S.A.S., Colombia, was established with a partner in equal shares (50%). The proportional result in the financial year 2022/23 amounted to EUR 34 k (2021/22: EUR -288 k). As the activities and strategy of Copiloto are part of Kapsch TrafficCom's core business, the proportional results are disclosed separately in the operating result. The carrying amount as of March 31, 2023 amounted to EUR 669 k (March 31, 2022: EUR 735 k).

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

	March 31, 2022	March 31, 2023
Non-current assets	638	1,170
Current assets	1,185	729
Non-current liabilities	0	-280
Current liabilities	-122	-147
Net assets	**1,702**	**1,472**
Cash and cash equivalents	578	426
Financial liabilities (non-current and current)	0	0
	2021/22	**2022/23**
Revenues	48	151
Result for the period	-576	68
Other comprehensive income	0	0
Total comprehensive income	**-576**	**68**

Reconciliation	**March 31, 2022**	**March 31, 2023**
Net assets at beginning of financial year	1,023	1,702
Increase of nominal capital and capital reserve	1,186	0
Total comprehensive income	-576	68
Currency translation differences	69	-298
Net assets as of March 31 of financial year	**1,702**	**1,472**
Share of Kapsch TrafficCom (50%)	851	736
Adjustments for elimination of intercompany transactions	-116	-66
Carrying amount as of March 31 of financial year	**735**	**670**

Consortia.
tolltickets GmbH, Germany, holds 50% of the shares in the MyConsorzio consortium, which is managed jointly with a partner. The consortium members are generally excluded from liability. It is accounted for using the equity method. Proportional results from the joint venture (2022/23: EUR 0 k and 2021/22: EUR 0 k) are reported in earnings before taxes after the financial result.

The carrying amount of the shares as at March 31, 2023 in MyConsorzio was EUR 1 k (March 31, 2022: EUR 1 k). The financial information of the company as at the last balance sheet date is not material. Net assets as at December 31, 2022 amounted to EUR 2 k (December 31, 2021: EUR 2 k). Revenues for the financial year 2022 were EUR 3,545 k (2021: EUR 4,727 k) and profit after tax was EUR 0 k (2021: EUR 2 k).

Joint operations.
The Group had several joint arrangements in the financial year 2022/23, mainly for implementation and maintenance projects. These joint arrangements are classified as joint operations. The company MoKA SAS, France, is also included in the Group as a joint operation. None of the joint operations is material individually to the Group in the financial year 2022/23. Proportional revenues in the amount of EUR 14,593 k (2021/22: EUR 4,282 k) and proportional results in the amount of EUR 954 k (2021/22: EUR 1,332 k) were included in the respective items in the consolidated financial statements.

15 Financial instruments.

Financial instruments by category	Fair Value Level	March 31, 2022 Carrying amount	March 31, 2022 Fair value	March 31, 2023 Carrying amount	March 31, 2023 Fair value
Trade receivables and other current and non-current assets		**135,550**	**—**	**122,317**	**—**
At amortized cost		**98,023**	**—**	**88,270**	**—**
Trade receivables (current and non-current)	Level 3	98,023	—	88,270	—
At fair value through profit or loss		**1,545**	**1,545**	**1,234**	**1,234**
Derivative financial instruments	Level 2	1,545	1,545	1,234	1,234
Other non-financial assets[2]		**35,982**	**—**	**32,813**	**—**
Contract assets (non-current and current) at amortized cost[1]	**Level 3**	**87,490**	**—**	**86,079**	**—**
Other financial assets and investments (non-current and current)		**16,564**	**—**	**18,126**	**—**
At fair value through profit or loss		**3,807**	**3,807**	**3,030**	**3,030**
Securities	Level 1	3,700	3,700	2,931	2,931
Investments	Level 3	107	107	98	98
Investments (with option to fair value through OCI)	Level 3	0	0	0	0
At amortized cost[1]		**12,757**	**—**	**15,097**	**—**
Other financial assets and loans (non-current)	Level 3	11,177	—	13,188	—
Other financial assets and loans (current)	Level 3	1,580	—	1,909	—
Cash and cash equivalents at amortized cost[1]	**Level 3**	**59,751**	**—**	**45,228**	**—**
Financial liabilities (non-current and current) at amortized cost		**180,065**	**179,041**	**189,642**	**185,788**
Promissory note bond	Level 2	31,479	31,478	31,257	30,782
Project financing	Level 2	33,226	33,310	44,052	44,097
Operating loans	Level 2	99,626	98,561	92,483	89,211
Other financial liabilities	Level 2	15,734	15,692	21,849	21,697
Lease liabilities (non-current and current) at amortized cost		**39,544**	**—**	**43,794**	**—**
Lease liabilities (non-current and current)[3]	—	39,544	—	43,794	—
Trade payables at amortized cost[1]	**Level 3**	**71,476**	**—**	**75,051**	**—**
Other liabilities and deferred income (non-current and current)		**46,543**	**—**	**44,095**	**—**
At amortized cost[1]		**425**	**—**	**430**	**—**
Other financial liabilities	Level 3	425	—	430	—
At fair value through profit or loss		**74**	**74**	**74**	**74**
Derivative financial instruments	Level 2	74	74	74	74
Other non-financial liabilities[2]		**46,044**	**—**	**43,590**	**—**

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 2022/23.

As in the previous year, the securities as of March 31, 2023 relate to government and bank bonds as well as shares in investment funds. Kapsch TrafficCom used the option in accordance with IFRS 9 to recognize one debt instrument at fair value through profit and loss instead of amortized costs.

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:

	2021/22	2022/23
Loans and receivables recognized at (amortized) cost	1,474	-7,731
Financial liabilities recognized at (amortized) cost	-5,701	-8,635
At fair value through profit or loss	-106	406
Total	**-4,333**	**-15,960**

Derivative financial instruments.
Derivative financial instruments that are measured at fair value through profit or loss are shown in the operating or financial result.

The table in this note shows the balance sheet values. The operating gains/losses from the change in the fair value of derivative financial instruments amounted to EUR 0 k and EUR -31 k respectively (2021/22: EUR 35 k and EUR -126 k). The gains and losses included in the financial result are shown in note 9.

As of March 31, 2023 the position “Trade receivables and other current receivables” includes derivative financial instruments in the amount EUR 1,234 k (March 31, 2022: EUR 1,545 k) and the position “Other liabilities and deferred income (non-current and current)” includes derivative financial instruments in the amount of EUR 74 k (March 31, 2022: EUR 74 k), that will be fully cash-effective in the next year.

To hedge the foreign currency risk, certain derivative financial instruments could be designated as cash flow hedges and mainly would be forward exchange contracts with different maturities and currencies. As in the previous year, there were no hedges designated as cash flow hedges as of March 31, 2023.

16 Other non-current assets.

	March 31, 2022	March 31, 2023
Non-current trade receivables	3,289	3,289
Non-current lease receivables	503	741
Other non-current receivables	309	282
Total	**4,101**	**4,311**

Non-current trade receivables concern receivables related to the project “Automatic control of the toll” in Germany which are not settled in the short term (see note 28).

For details on non-current lease receivables see note 24.

Other non-current receivables include rental guarantees for buildings of the Spanish companies. The remaining term is more than 1 year but less than 2 years from the balance sheet date. Gross cash flows of other non-current assets up to 2 years amount to EUR 291 k (March 31, 2022: EUR 3,361 k), between 2 and 3 years EUR 3,289 k (March 31, 2022: EUR 251 k) and more than 3 years EUR 3 k (March 31, 2022: EUR 3 k).

17 Deferred tax assets/liabilities.

	March 31, 2022	March 31, 2023
Deferred tax assets to be recovered after more than 12 months	21,380	44,823
Deferred tax assets to be recovered within 12 months	38,842	4,954
Deferred tax assets	**60,223**	**49,777**
Deferred tax liabilities to be recovered after more than 12 months	6	752
Deferred tax liabilities to be recovered within 12 months	2,853	899
Deferred tax liabilities	**2,859**	**1,651**
Deferred tax assets net (+)/deferred tax liabilities net (-)	**57,364**	**48,126**

Deferred tax assets from tax loss carry-forwards and other temporary differences are recognized only to the extent of their potential realization. In these consolidated financial statements, tax loss carry-forwards amounting to EUR 351,596 k (March 31, 2022: EUR 284,488 k) are not recognized due to the unsecure potential for future taxable income. The not recognized tax loss carry-forwards relate to foreign subsidiaries, primarily in Spain, in the USA and in Zambia and are, for the predominant part, not expiring or not before 2030. All other deferred tax assets have been recognized in the respective Group companies as future deductible items.

Sensitivity analyzes indicate that the deferred tax assets would deviate from the previously assumed estimates by around EUR +3,031 k or EUR -3,846 k in the event of a change in earnings before taxes of +/-10%.

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

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

	March 31, 2022	Through profit or loss of the period	Through other comprehensive income	Currency translation differences	Reclassification and off-set	March 31, 2023
Tax loss carry-forwards	41,310	-2,949	0	98	0	38,460
Provisions disallowed for tax purposes	2,311	-106	-410	1	0	1,795
Depreciation disallowed for tax purposes	3,030	-1,643	0	0	0	1,387
Other (active deferred income)	13,571	-855	-188	-737	-3,656	8,135
Deferred tax assets	**60,223**	**-5,552**	**-598**	**-639**	**-3,656**	**49,777**
Special depreciation/amortization of non-current assets	30	-9	0	-21	21	21
Gains from recognition at fair value	971	0	0	0	0	971
Other (passive deferred income)	1,858	2,496	0	-18	-3,677	659
Deferred tax liabilities	**2,859**	**2,487**	**0**	**-38**	**-3,656**	**1,651**
Total net	**57,364**	**-8,039**	**-598**	**-600**	**0**	**48,126**

	March 31, 2021	Through profit or loss of the period	Through other comprehensive income	Currency translation differences	Reclassification and off-set	March 31, 2022
Tax loss carry-forwards	42,517	-1,628		721	-300	41,310
Provisions disallowed for tax purposes	4,024	-1,653	-74	13	0	2,311
Depreciation disallowed for tax purposes	3,662	-631	0	0	0	3,030
Other (active deferred income)	11,789	-1,130	-681	36	3,558	13,571
Deferred tax assets	**61,992**	**-5,042**	**-756**	**771**	**3,258**	**60,223**
Special depreciation/amortization of non-current assets	40	-127	0	0	117	30
Gains from recognition at fair value	8,595	-337	0	0	-7,287	971
Other (passive deferred income)	-7,619	-969	0	19	10,428	1,858
Deferred tax liabilities	**1,016**	**-1,434**	**0**	**19**	**3,258**	**2,859**
Total net	**60,976**	**-3,609**	**-756**	**752**	**0**	**57,364**

18 Inventories.

	March 31, 2022	March 31, 2023
Purchased parts and merchandise, at acquisition cost	13,848	20,759
Unfinished goods and work in progress, at production cost	2,801	3,896
Finished goods, at production cost	18,363	19,943
Prepayments on inventories	544	505
Total	**35,556**	**45,103**

Inventories increased especially in the production entities Austria and Canada. Individual inventory items were written down, to their net realizable values. The write-downs of inventories amount to EUR -15,285 k as at March 31, 2023 (March 31, 2022: EUR -22,721 k). In the reporting period EUR +1,611 k were recognized in the statement of comprehensive income (2021/22: EUR +7,617 k). In case the assumptions made for the impairment of inventories would change by +/-10%, the effect would be approximately EUR -4,510 k and EUR +4,510 k (March 31, 2022: EUR -3,556 k or EUR +3,556 k).

19 Trade receivables and other current assets.

	March 31, 2022	March 31, 2023
Trade receivables	100,394	98,117
Allowance for bad debt	-5,968	-13,418
Trade receivables – net	**94,425**	**84,699**
Receivables from tax authorities (other than income tax)	17,173	14,629
Current lease receivables	525	567
Other receivables and prepaid expenses	19,327	18,110
Total	**131,449**	**118,005**

For details on current lease receivables, see note 24.

Allowance for bad debt developed as follows:

	Allowances	ECL according to IFRS 9	March 31, 2022	Allowances	ECL according to IFRS 9	March 31, 2023
Balance as of April 1 of previous year	**-4,571**	**-1,966**	**-6,537**	**-4,401**	**-1,567**	**-5,968**
Additions	-56	636	581	-7,719	-335	-8,054
Utilization	20	-238	-218	54	121	175
Disposals	326	0	326	275	0	275
Currency translation differences	-120	0	-120	154	0	154
Balance as of March 31 of financial year	**-4,401**	**-1,567**	**-5,968**	**-11,637**	**-1,781**	**-13,418**

The increase in allowances for trade receivables mainly relates to a long-standing customer in the EMEA region, who was unable to settle invoices over an extended period. An agreement on a payment plan was reached in April 2023, resulting in a reduction of the allowance in the amount of EUR 4.5 million, if the payment plan is adhered to.

Maturity structure of trade receivables:

	March 31, 2022	March 31, 2023
Not yet due	52,507	52,228
Overdue		
1-30 days	9,257	9,433
31-60 days	7,115	3,154
61-90 days	2,426	1,870
91-180 days	22,423	7,776
181-270 days	790	2,146
More than 271 days	5,877	21,511
Total	**100,394**	**98,117**

Total trade receivables are with 62.8% not due or overdue for 1-30 days (previous year: 61.5%). The increase in receivables overdue by more than 271 days mainly concerns customers in the USA, Mexico and Chile, as well as a long-standing customer in the EMEA region. There is no concentration of credit risk with respect to trade receivables, 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, 2022	March 31, 2023
Current contract assets	85,335	82,620
Allowance on current contract assets	-1,548	-408
Total current contract assets	**83,787**	**82,213**
Non-current contract assets	3,703	3,867
Allowance on non-current contract assets	0	0
Total non-current contract assets	**3,703**	**3,867**
Total contract assets	**87,490**	**86,079**
Current contract liabilities	35,678	31,062
Non-current contract liabilities	1,207	450
Total contract liabilities	**36,884**	**31,512**

In the financial year 2022/23 negative margin adjustments amounting to EUR 14,375 k (2021/22: EUR 29,897 k) were included. The adjustments in the USA were reduced significantly (from EUR 29,897 k to EUR 8,328 k). However, there were margin reductions in the EMEA region of EUR 5,175 k and for a project in the LAM region of EUR 873 k.

Impairment on contract assets amounted to EUR 408 k as of March 31, 2023 (March 31, 2022: EUR 1,548 k) and relates to the expected impairments according to IFRS 9. In the statement of comprehensive income for 2022/23, income in the amount of 1,141 EUR k (2021/22: EUR 85 k) was recognised.

An amount of EUR 18,859 k of the contract liabilities in total amounting to EUR 36,884 k as of March 31, 2022 was recognized in revenues in the financial year 2022/23 (2021/22: EUR 12,860 k).

The future revenues from performance obligations that are unsatisfied are as follows:

	2021/22	2022/23
Future revenues	**1,274,615**	**1,186,933**
Total up to 1 year	403,106	401,716
Between 1 and 2 years	213,759	196,415
Between 2 and 3 years	129,408	128,719
Between 3 and 4 years	105,648	86,851
Between 4 and 5 years	77,885	74,639
More than 5 years	344,809	298,593

In case the margins would change by +/-10% compared to the assumptions made, the sensitivity analysis indicates that operating result would change by approximately EUR +6,005 k and EUR -5,272 k respectively (March 31, 2022: EUR +4,603 k and EUR -4,195 k).

21 Cash and cash equivalents.

	March 31, 2022	March 31, 2023
Cash on hand	35	41
Deposits held with banks	59,716	45,187
Total	**59,751**	**45,228**

The carrying amounts of this item also represent cash and cash equivalents at the end of the reporting period as presented in the cash flow statement.

22 Equity.

Share capital.
The registered share capital of the company amounts to EUR 13,000,000. The share capital was fully paid. The total number of ordinary shares issued is 13,000,000. Each share entitles to one vote. There are no caps or restrictions on the exercise of voting rights or the transfer of shares.

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 are 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.

Authorization of repurchase of shares.
An authorisation to repurchase shares granted by the Annual General Meeting of September 10, 2019 expired on March 10, 2022. As of March 31, 2023, Kapsch TrafficCom held, as in the previous year, no treasury shares, no shares retained 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.

Dividend paid.
In the financial year 2022/23, as in the previous year, no dividend was paid by Kapsch TrafficCom AG. Dividends in the amount of EUR 251 k were paid to non-controlling interests in the financial year 2022/23.

Non-controlling interests.
Non-controlling interests represent the third party shares in the equity of fully consolidated subsidiaries.

Reclassification of remeasurements of liabilities from post-employment benefits.
These effects in the financial year 2021/22 relate to the reclassification of the remeasurements of employment benefit obligations of Kapsch TrafficCom S.r.l. a socio unico, Italy, due to the sale of the company.

23 Current and non-current financial liabilities.

	March 31, 2022	March 31, 2023
Non-current financial liabilities	136,051	58,472
Current financial liabilities	44,013	131,170
	180,065	**189,642**

Movements are as follows:

	March 31, 2022	Disposal from sale of entities	Reclas-sification	Addi-tions	Repay-ment	Currency translation differences and interest accrued	March 31, 2023
Promissory note bond	31,479	0	-22,996	0	0	9	8,491
Loans for acquisitions	3,568	0	-3,568	0	0	0	0
Loans for project financing	12,500	0	-12,500	0	0	0	0
Operating loans	88,505	0	-45,138	1,600	0	14	44,981
Loans from affiliated companies	0	0	0	5,000	0	0	5,000
Non-current financial liabilities	**136,051**	**0**	**-84,202**	**6,600**	**0**	**23**	**58,472**
Promissory note bond	0	0	22,996	0	0	-230	22,766
Loans for acquisitions	3,572	0	3,568	0	-1,786	0	5,354
Loans for project financing	20,726	0	28,421	364	-6,250	792	44,052
Operating loans	11,911	0	28,064	16,358	-8,693	-137	47,502
Other current loans	7,805	-234	1,153	4,931	-1,645	-515	11,495
Current financial liabilities	**44,013**	**-234**	**84,202**	**21,654**	**-18,374**	**-91**	**131,170**
Total	**180,065**	**-234**	**0**	**28,254**	**-18,374**	**-68**	**189,642**

	March 31, 2021	Reclassifi-cation	Additions	Repayment	Currency translation differences and interest accrued	March 31, 2022
Promissory note bond	31,468	0	0	0	11	31,479
Loans for acquisitions	7,140	-3,572	0	0	0	3,568
Loans for project financing	25,000	-12,500	0	0	0	12,500
Operating loans	57,287	10,723	18,944	0	1,551	88,505
Non-current financial liabilities	**120,895**	**-5,349**	**18,944**	**0**	**1,562**	**136,051**
Promissory note bond	42,879	0	0	-42,549	-330	0
Loans for acquisitions	3,572	3,572	0	-3,572	0	3,572
Loans for project financing	20,715	12,500	0	-12,528	38	20,726
Operating loans	27,928	-10,723	1,160	-6,695	242	11,911
Other current loans	7,268	0	4,195	-4,587	929	7,805
Current financial liabilities	**102,362**	**5,349**	**5,354**	**-69,931**	**879**	**44,013**
Total	**223,257**	**0**	**24,298**	**-69,931**	**2,441**	**180,065**

Additions and repayments are cash-effective.

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 23.0 million	6M EURIBOR + 150 Bp	semi-annual	June 16, 2023
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:

2022/23	Promissory note bond	Loans for acquisi-tions	Loans for project financing	Operating loans	Other loans	Total
In the next 6 months	23,398	3,600	13,575	28,335	5,752	74,658
In the next 7 to 12 months	117	1,793	31,726	22,905	5,363	61,905
Gross cash flows up to one year	**23,515**	**5,393**	**45,301**	**51,240**	**11,115**	**136,564**
Between 1 and 2 years	59	0	694	11,673	5,728	18,154
Between 2 and 3 years	59	0	0	10,424	-0	10,483
Between 3 and 4 years	8,550	0	0	10,273	-0	18,823
Between 4 and 5 years	0	0	0	14,276	-0	14,276
Gross cash flows more than 5 years	0	0	0	0	0	0
Total	**32,182**	**5,393**	**45,995**	**97,886**	**16,843**	**198,299**

2021/22	Promissory note bond	Loans for acquisi-tions	Loans for project financing	Operating loans	Other loans	Total
In the next 6 months	326	1,831	6,501	6,777	6,015	21,449
In the next 7 to 12 months	326	1,828	14,661	7,858	1,964	26,637
Gross cash flows up to one year	**652**	**3,659**	**21,162**	**14,635**	**7,979**	**48,086**
Between 1 and 2 years	23,412	3,590	12,589	53,765	358	93,715
Between 2 and 3 years	192	0	0	10,613	22	10,827
Between 3 and 4 years	192	0	0	10,312	380	10,883
Between 4 and 5 years	8,584	0	0	10,147	0	18,732
Gross cash flows more than 5 years	0	0	0	5,275	0	5,275
Total	**33,032**	**7,249**	**33,751**	**104,747**	**8,739**	**187,518**

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

	2021/22	2022/23
Carrying fixed interest rates	78,739	77,872
Carrying variable interest rates	101,326	111,770
Total financial liabilities:	**180,065**	**189,642**
Average interest rates:		
Promissory note bond	2.00–2.26 %	2.00–4.52%
Loans for acquisitions	1.26%	1.09–3.07%
Loans for project financing	1.00–6.00%	2.00–7.21%
Operating loans	1.29–13.08%	0.26–12.00%
Other loans	0.41–13.08%	0.15–5.50%

[1] The higher interest rates relate also to financial liabilities in countries outside Europe, mostly with high inflation.

Bills of exchange amounting to EUR 49,679 k (March 31, 2022: EUR 56,465 k) were issued for an export promotion loan and loans for acquisitions as well as for an operating loan.

Kapsch TrafficCom AG reached an agreement with its major financial creditors on 31 May 2023 on a comprehensive restructuring of its financial liabilities. Details are set out in note 37.

24 Lease liabilities.

	March 31, 2022	March 31, 2023
Non-current lease liabilities	27,604	32,199
Current lease liabilities	11,940	11,595
	39,544	**43,794**

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, 2023, non-current receivables from leases amounted to EUR 741 k (March 31, 2022: EUR 503 k) and current receivables from leases to EUR 567 k (March 31, 2022: EUR 524 k).

The movements are as follows:

	2021/22	2022/23
Balance as of April 1 of previous year	**49,277**	**39,544**
Disposal resulting from the sale of subsidiaries	-388	-128
New leases (non-cash relevant additions)	8,550	23,543
Disposal from termination of leases	-3,571	-4,663
Repayments (included in financing cashflow)	-15,106	-14,174
Interest payments (included in operating cashflow)	-1,113	-1,742
Interest expenses	1,070	1,493
Currency translation differences	823	-79
Balance as of March 31 of financial year	**39,544**	**43,794**
thereof non-current lease liabilities	27,604	32,199

The addition in financial year 2022/23 results mainly from the extension of the lease agreement until 2032 for the office building of the headquarters in Vienna.

The cash flows of lease liabilities are as follows:

	March 31, 2022	March 31, 2023
In the next 6 months	6,258	6,022
In the next 7 to 12 months	5,682	5,573
Gross cash flows up to one year	**11,940**	**11,595**
Between 1 and 2 years	9,789	7,668
Between 2 and 3 years	5,786	5,122
Between 3 and 4 years	3,282	4,327
Between 4 and 5 years	3,013	3,846
More than 5 years	5,734	11,235
Total	**39,544**	**43,794**

The weighted average incremental borrowing rate applied for the valuation of lease liabilities as of March 31, 2023 amounted to 3.49% (March 31, 2022: 2.68%). 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 -640 k (March 31, 2022: EUR -438 k); In case the incremental borrowing rate would change by -0.5 pp, the lease liabilities would change by approximately EUR +659 k (March 31, 2022: EUR +443 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:

	2021/22			2022/23		
	Rental expenses	IT expenditures	Automobile expenses	Rental expenses	IT expenditures	Automobile expenses
Expenses of low value assets	22	6,941	90	601	5,074	460
Expenses of short term leases	947	505	998	660	205	1,267
Variable lease payments	2,283	4,378	2,645	2,861	3,451	2,838
Total	**3,253**	**11,823**	**3,733**	**4,122**	**8,730**	**4,565**

25 Liabilities from post-employment benefits to employees.

	March 31, 2022	March 31, 2023
Termination benefits	9,419	8,143
Pension benefits	12,962	10,907
Obligations from anniversary bonuses	1,817	1,551
Total	**24,198**	**20,602**

Parameters.

Termination benefits obligations were valued based on an interest rate of 3.95% (2021/22: 0.85%–0.95%) and in Mexico on an interest of 8.90% (2021/22: 7.64%). Retirement benefit obligations were valued based on an interest rate of 3.95% (2021/22: 0.95%) for the Euro zone and based on an interest rate of 4.90% (2021/22: 3.47%) for Canada as well as compensation increases based on a rate of 3.00%–5.50% (2021/22: 2.50%–5.00%). An interest rate of 3.95%–4.00% (2021/22: 0.85%–1.00%) was used for the obligations from anniversary bonuses and 8.90% in Mexico (2021/22: 7.64%) and a value of 3.00%–5.50% (2021/22: 2.50%–4.50%) 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 (2021/22: AVO 2018-P ANG) by Pagler & Pagler for Austria and the 2014 Canadian Pension Mortality Private Tables for Canada. Pension increases were recognized at an average rate of 2.00%–3.00% (2021/22: 2.00%–3.00%).

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**:

	2021/22	2022/23
Carrying amount as of March 31 of previous year	**11,647**	**9,419**
Disposal from sale of entities	-312	0
Remeasurements (actuarial gains/losses)	-216	-890
Current service cost	233	192
Interest expense	69	78
Payments	-2,058	-780
IC Transfer	0	67
Currency translation differences	56	58
Carrying amount as of March 31 of financial year	**9,419**	**8,143**
Total, included in the staff costs (note 6)	233	192
Total, included in the financial result (note 9)	69	78

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

	2021/22	2022/23
Remeasurements from changes in demographic assumptions	0	-3
Remeasurements from changes in financial assumptions	-377	-1,301
Remeasurements from other changes (experience adjustments)	161	414
Total	**-216**	**-890**

The expected allocation for termination benefits for the next financial year 2023/24 amounts to EUR 408 k. The weighted average duration amounts to 6.6 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	-226	215
Expected annual interest expenses (IC)	± 0,5 pp	26	-24
Expected annual service costs (CSC)	± 0,5 pp	-2	2
Impact of changes in salary increases			
Defined benefit obligation (DBO)	± 0,5 pp	200	-209
Expected annual interest expenses (IC)	± 0,5 pp	8	-8
Expected annual service costs (CSC)	± 0,5 pp	2	-3
Impact of changes in fluctuation			
Defined benefit obligation (DBO)	± 5%	2	-2
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**:

	2021/22	2022/23
Carrying amount as of March 31 of previous year	**13,778**	**12,962**
Remeasurements of employee benefit obligations after termination of the employment relationship	-192	-1,185
Current service cost	4	3
Interest expense	116	182
Payments	-893	-938
Currency translation differences	150	-118
Carrying amount as of March 31 of financial year	**12,962**	**10,907**
Total, included in the staff costs (note 6)	4	3
Total, included in the financial result (note 9)	116	182

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

	2021/22	2022/23
Remeasurements from changes in demographic assumptions	0	0
Remeasurements from changes in financial assumptions	-646	-2,128
Remeasurements from other changes	453	943
Total	**-192**	**-1,185**

The expected allocation for pension benefits for the next financial year 2023/24 amounts to EUR 352 k. The weighted average duration amounts to 10.1 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	-423	397
Expected annual interest expenses (IC)	± 0,5 pp	39	-36
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**:

	2021/22	2022/23
Carrying amount as of March 31 of previous year	**1,916**	**1,817**
Remeasurements of employee benefit obligations after termination of the employment relationship	-85	-213
Current service cost	98	76
Interest expense	17	15
Payments	-146	-168
Currency translation differences	16	24
Carrying amount as of March 31 of financial year	**1,817**	**1,551**
Total, included in the staff costs (note 6)	13	-137
Total, included in the financial result (note 9)	17	15

The expected allocation for obligations from anniversary bonuses for the financial year 2023/24 amounts to EUR 145 k, the weighted average duration is 7.7 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	-48	45
Expected annual interest expenses (IC)	± 0,5 pp	5	-4
Expected annual service costs (CSC)	± 0,5 pp	-3	3
Impact of changes in salary increases			
Defined benefit obligation (DBO)	± 0,5 pp	37	-39
Expected annual interest expenses (IC)	± 0,5 pp	1	-2
Expected annual service costs (CSC)	± 0,5 pp	2	-3
Impact of changes in fluctuation			
Defined benefit obligation (DBO)	± 5%	-18	18
Expected annual interest expenses (IC)	± 5%	-1	1
Expected annual service costs (CSC)	± 5%	-2	2

Analysis of expected maturity of undiscounted benefits.

	2023/24	2024/25	2025/26	2026/27	2027/28	over 5 years	Total
Termination benefits	1,096	533	654	875	712	6,369	10,238
Pension benefits	997	989	980	967	952	10,981	15,866
Obligations from anniversary bonuses	143	149	143	171	154	2,634	3,394

26 Provisions.

	March 31, 2022	March 31, 2023
Non-current provisions	1,685	1,454
Current provisions	28,630	18,880
Total	**30,315**	**20,334**

The provisions changed as follows:

	March 31, 2022	Addition from accumu-lation	Addition	Utilization	Disposal	Reclassi-fication	Currency transla-tion differ-ences	March 31, 2023
Warranties	512	0	0	0	0	-241	0	271
Projects (excl. impending losses)	75	0	0	0	0	-25	0	50
Provision for restructuring costs	22	0	0	0	0	-16	0	6
Other non-current provisions	1,076	98	4	0	-14	0	-37	1,127
Non-current provisions	**1,685**	**98**	**4**	**0**	**-14**	**-282**	**-37**	**1,454**
Warranties	1,772	0	216	0	-696	241	-16	1,517
Provision for losses from onerous contracts	20,976	0	1,458	-10,032	-536	0	719	12,586
Projects (excl. impending losses)	4,457	0	0	-95	-3,500	25	10	897
Legal fees, costs of litigation and contract risks	305	0	574	-67	-195	0	-2	615
Provision for restructuring costs	155	0	184	-148	0	16	-3	204
Other current provisions	965	0	5,132	-758	-2,040	0	-237	3,063
Current provisions	**28,630**	**0**	**7,564**	**-11,099**	**-6,968**	**282**	**471**	**18,880**
Total	**30,315**	**98**	**7,569**	**-11,099**	**-6,982**	**0**	**434**	**20,334**

	March 31, 2021	Addition from accumu-lation	Addition	Utilization	Disposal	Reclassi-fication	Currency transla-tion differ-ences	March 31, 2022
Warranties	1,177	0	0	0	0	-665	0	512
Projects (excl. impending losses)	194	0	0	0	0	-119	0	75
Provision for restructuring costs	556					-534	0	22
Other non-current provisions	1,422	34	21	-39	-549	0	186	1,076
Non-current provisions	**3,349**	**34**	**21**	**-39**	**-549**	**-1,317**	**186**	**1,685**
Warranties	1,011	0	250	-0	-198	665	44	1,772
Provision for losses from onerous contracts	19,611	0	9,702	-9,176	-3	0	842	20,976
Projects (excl. impending losses)	7,685	0	353	-25	-3,722	119	47	4,457
Legal fees, costs of litigation and contract risks	9,650	0	246	-8,503	-1,180	0	91	305
Provision for restructuring costs	3,361	0	0	-3,336	-401	534	-3	155
Other current provisions	1,153	0	546	-151	-590	0	7	965
Current provisions	**42,472**	**0**	**11,096**	**-21,190**	**-6,094**	**1,317**	**1,029**	**28,630**
Total	**45,820**	**34**	**11,118**	**-21,230**	**-6,643**	**0**	**1,215**	**30,315**

As manufacturer, dealer and service provider, the Group issues product warranties at the time of sale to its customers. Usually, under the terms of the warranty contract, the Group has the obligation to repair or replace manufacturing or software defects that become apparent within the period under guarantee. 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 17 k will be used in the first half of the financial year 2023/24, EUR 1,500 k in the second half of the year and the remaining amount of EUR 271 k in the following financial years.

A current provision of EUR 12,586 k has been recognized for losses from onerous contracts in the financial year 2022/23. A significant amount relates to various implementation projects of an American subsidiary that cannot be completed with a profit. A consumption in the amount of EUR 180 k is expected in the first half of the financial year 2023/24 and EUR 12,405 k in the second half of the year.

The provisions for projects (excl. impending losses) mainly relate to current costs and repair services for current toll projects. It is expected that an amount of EUR 798 k will be used in the first half of the financial year 2023/24, EUR 99 k in the second half of the financial year and the remaining amount of EUR 50 k in the following financial years.

Provisions for legal fees, costs of litigation and contract risks mainly relate to current legal cases and consulting costs. It is expected that the full amount of provisions be used in the first half of the financial year 2023/24 in the amount of EUR 615 k.

Of the remaining provision for restructuring costs, utilization in the amount of EUR 13 k is expected in the first half of the subsequent financial year 2023/24, EUR 191 k in the second half of the year and utilization in the amount of EUR 6 k in the following financial years.

Other provisions mainly include provisions for taxes and duties, provisions for commissions and bonuses. It is expected that an amount of EUR 847 k will be used in the first half of the financial year 2023/24, EUR 2,216 k in the second half of the year and the remaining amount of EUR 1,127 k in the following financial years.

27 Other liabilities and deferred income.

	March 31, 2022	March 31, 2023
Other employee liabilities	26,101	22,323
Liabilities to tax authorities (other than income tax)	10,840	9,358
Other prepayments received	1,439	3,322
Refund Liabilities	1,082	724
Sundry liabilities and deferred income	6,656	7,937
Total	**46,118**	**43,664**

Other employee liabilities comprise liabilities to employees, including liabilities for outstanding vacation and accruals for special payments as well as liabilities in connection with personnel costs (social security, etc.).

Sundry liabilities essentially contain accruals for invoices not yet received and accruals for deferred income.

28 Contingent liabilities and other commitments as well as disclosure to German infrastructure charge.

The Group's contingent liabilities primarily result from large-scale projects. Operating activities require the disclosure of bid bonds or performance bonds for major projects, which are issued by financial institutes and insurance companies. In case the contractual obligations cannot be fulfilled, there is a risk of utilization, that can result in a recourse claim of the financial institute or insurance company against the Group.

The contingent liabilities and other commitments solely comprise obligations owed to third parties and are in line with standard industry practice. They detail as follows:

	March 31, 2022	March 31, 2023
North America (toll collection systems)	27,363	26,595
Australia (toll collection systems)	15,919	14,568
Total	**43,282**	**41,164**

Further performance and bid bonds from financial institutes or insurance companies, where an outflow of resources is deemed unlikely, amount to EUR 248,347 k (2021/22: EUR 267,417 k) and are not included in the balance sheet or in the contingent liabilities.

Assets of Kapsch TrafficCom AB, Sweden, in the amount of EUR 10,638 k (March 31, 2022: EUR 11,609 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 commissioned to levy the German infrastructure charge ("passenger vehicle toll"). Moreover in a separate contract the Group company MTS Maut & Telematik Services GmbH (MTS), Germany, had been awarded the contract for the "automatic control of the passenger vehicle toll".

On June 18, 2019, the European Court of Justice (ECJ) ruled contrary to expectations that the passenger vehicle toll in its planned form, where in Germany accredited vehicles receive a tax relief simultaneously, violates the principles of the European Union. The customer terminated on the following day the contracts for the implementation and operation of the passenger vehicle toll effective September 30, 2019.

The operating parties of the terminated contract for the project "Toll collection" are Kapsch TrafficCom, CTS EVENTIM and autoTicket. In December 2019, they jointly asserted claims in the amount of around EUR 560,000 k against the Federal Republic of Germany. The responsible minister is disputing this claim. This matter will therefore need to be resolved before an arbitration tribunal.

In March 2022 Kapsch TrafficCom received an interim arbitration award which affirms a claim for compensation of autoTicket against the Federal Republic of Germany on the merits. In the following phase of the arbitration proceedings, the amount of the claim will be decided.

The financial claims that the operating parties have against the Federal Republic of Germany and the resulting claims that Kapsch TrafficCom has against autoTicket on the basis of both contractual services and the position as shareholder will be clarified in arbitration proceedings and are not capitalized on the balance sheet date as they represent a contingent asset in accordance with IAS 37. An exception to this is the recognition of the share in autoTicket, which is reported in accordance with the equity method (see note 14).

MTS Maut & Telematik Services GmbH (MTS) is fully consolidated and a 100% subsidiary of Kapsch TrafficCom AG.As a result of the termination of the contract for the automatic control of the toll, the parties of the contract (Kapsch TrafficCom AG and MTS) asserted claims against the Federal Republic of Germany as well.

29 Interests in subsidiaries.

Consolidated group.

As of March 31, 2023 the consolidated group (including parent company Kapsch TrafficCom AG, Vienna) consists of 59 entities (March 31, 2022: 61 entities). The consolidated group changed as follows:

	2021/22	2022/23
Amount of entities at the beginning of the financial year	62	61
Initial consolidation	2	0
Deconsolidations	-3	-2
Amount of entities in the consolidated group	**61**	**59**

The regional distribution of the consolidated group was as follows:

	2021/22	2022/23
Austria	6	6
EMEA (excluding Austria)	29	28
Americas	22	22
APAC	4	3
Total	**61**	**59**

The following companies are included in the consolidated financial statements:

Entity, headquater of entity	March 31, 2022 Group's share	March 31, 2022 Non-controlling interests	March 31, 2023 Group's share	March 31, 2023 Non-controlling interests
Arce Mobility Solutions, S.A., Bilbao, Spain [1]	100.0%	–	–	–
ArtiBrain Software Entwicklungsgesellschaft mbH, Vienna, Austria	100.0%	–	100.0%	–
Consorcio ITS Parques del Rio (Consortium), Bogotá, Colombia	60.0%	40.0%	60.0%	40.0%
Consorcio Medellin al Mar (Consortium), Bogotá, Colombia	51.0%	49.0%	51.0%	49.0%
Consorcio Peaje AGR (Consortium), Quito, Ecuador	51.0%	49.0%	51.0%	49.0%
Consorcio 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	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., Gliwice, Poland (now: Warsaw, Poland)	100.0%	–	100.0%	–
Kapsch Telematic Services GmbH Deutschland, Berlin, Germany	100.0%	–	100.0%	–
Kapsch Telematic Services GmbH, Vienna, Austria	100.0%	–	100.0%	–
Kapsch Telematic Services IOOO, Minsk, Belarus	100.0%	–	100.0%	–
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 [2]	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 Holding Corp., McLean, USA	100.0%	–	100.0%	–
Kapsch TrafficCom Holding II US Corp., McLean, USA	100.0%	–	100.0%	–
Kapsch TrafficCom Inc., McLean, USA	100.0%	–	100.0%	–
Kapsch TrafficCom Ireland Limited, Dublin, Ireland	100.0%	–	100.0%	–
Kapsch TrafficCom Lietuva UAB, Vilnius, Lithuania	51.0%	49.0%	51.0%	49.0%
Kapsch TrafficCom Ltd., Middlesex, United Kingdom	100.0%	–	100.0%	–
Kapsch TrafficCom México, S.A.P.I. de C.V. (before: SIMEX, Integración de Sistemas, 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	100.0%	–	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 Russia, OOO, Moscow, Russia	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., McLean, 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%	–
Kapsch TrafficCom Transportation Argentina S.A., Buenos Aires, Argentina	100.0%	–	100.0%	–

Entity, headquater of entity	March 31, 2022 Group's share	March 31, 2022 Non-controlling interests	March 31, 2023 Group's share	March 31, 2023 Non-controlling interests
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., McLean, USA	100.0%	–	100.0%	–
KTS Beteiligungs GmbH, Vienna, Austria	100.0%	–	100.0%	–
Mobiserve (Pty) Ltd., Cape Town, South Africa [4]	100.0%	–	100.0%	–
MTS Maut & Telematik Services GmbH, Berlin, Germany	100.0%	–	100.0%	–
Streetline Inc., Foster City, USA	97.0%	3.0%	97.0%	3.0%
Telvent Thailand Ltd., Bangkok, Thailand	100.0%	–	–	–
TMT Services and Supplies (Pty) Ltd., Cape Town, South Africa [4]	100.0%	–	100.0%	–
tolltickets GmbH, Rosenheim, Germany	100.0%	0.0%	100.0%	0.0%
Transport Telematic Systems - LLC, Abu Dhabi, United Arab Emirates [3]	49.0%	51.0%	49.0%	51.0%
Trust South Africa, Cape Town, South Africa [4]	100.0%	–	100.0%	–

1) Deconsolidation in financial year 2022/23
2) Consolidation due to voting-right-agreements
3) Power over the relevant activities of the entity based on substantive rights
4) IFRS 10 control of Trust South Africa and thus full consolidation with 100%

In the financial year 2022/23 the company Arce Mobility Solutions, S.A., Spain was sold and the company Telvent Thailand Ltd., Bangkok, Thailand was liquidated.

For all entities mentioned above the headquarter of the company complies with the country of incorporation. The Group's share shows the share at which the companies are included in the consolidated financial statements.

Only the following entities do not report at balance sheet date as of March 31 due to legal restrictions or other reasons, but present interim financial statements:

- Kapsch TrafficCom Russia OOO, Moscow, Russia (December 31)
- Kapsch Telematik Technologies Bulgaria EAD, Sofia, Bulgaria (December 31)
- Kapsch Telematic Services IOOO, Minsk, Republic of Belarus (December 31)
- KTS Beteiligungs GmbH, Vienna (December 31)
- Kapsch TrafficCom Lietuva UAB, Vilnius, Lithuania (December 31)
- Kapsch TrafficCom México, S.A.P.I. de C.V., México (December 31)

30 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					
2022/23	**Non-current assets**	**Current assets**	**Non-current liabilities**	**Current liabilities**	**Net assets**	**Carrying amount of non-controlling interests**
Kapsch TrafficCom - Rowing - UTE, Argentina	75	4,965	0	1,346	3,694	1,847
Kapsch TrafficCom Lietuva UAB, Lithuania	0	46	0	7	39	22
Consorcio Peaje AGR, Ecuador	0	1,045	1	942	102	50
Consorcio ITS Parques del Rio, Colombia	0	232	9	308	-85	-34
Consorcio Túneles Al Nus, Colombia	0	360	0	135	224	103
Consorcio Medellin al Mar, Colombia	0	2,743	0	1,834	909	445
Intelligent Mobility Solutions Limited, Zambia	-0	155	8,120	6,355	-14,320	-7,395
Carrying amount as of March 31, 2023						**-4,994**

	Amounts before intercompany eliminations					
2021/22	**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	280	11	372	-102	-41
Consorcio Medellin al Mar, Colombia	0	5,699	0	4,310	1,389	681
Consorcio Peaje AGR, Ecuador	0	1,263	4	1,162	97	47
Consorcio Túneles Al Nus, Colombia	0	1,157	0	311	846	408
Intelligent Mobility Solutions Limited, Zambia	0	178	7,327	6,995	-14,144	-7,308
Kapsch TrafficCom - Rowing - UTE, Argentina	161	2,891	53	1,139	1,860	930
Kapsch TrafficCom Lietuva UAB, Lithuania	0	46	0	9	38	21
Streetline Inc., USA	0	17	-0	0	17	-32
Carrying amount as of March 31, 2022						**-5,294**

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):

	Amounts before intercompany eliminations				Amounts attributable to non-controlling interests		
2022/23	**Revenues**	**Result for the period**	**Other comprehensive income**	**Total comprehensive income**	**Result for the period**	**Other comprehensive income**	**Total comprehensive income**
Consorcio ITS Parques del Rio, Colombia	0	0	18	18	0	7	7
Consorcio Medellin al Mar, Colombia	7,348	-262	-218	-480	-129	-107	-235
Consorcio Peaje AGR, Ecuador	552	3	2	5	2	1	3
Consorcio Túneles Al Nus, Colombia	303	50	-159	-109	24	-78	-54
Intelligent Mobility Solutions Limited, Zambia	0	-2,525	2,348	-176	-1,237	1,151	-86
Kapsch TrafficCom - Rowing - UTE, Argentina	8,417	3,803	-1,969	1,834	1,902	-985	917
Kapsch TrafficCom Lietuva UAB, Lithuania	0	1	0	1	1	0	1
Streetline Inc., USA	0	0	0	0	0	0	0
Total					**563**	**-11**	**552**

	Amounts before intercompany eliminations				Amounts attributable to non-controlling interests		
2021/22	**Revenues**	**Result for the period**	**Other comprehensive income**	**Total comprehensive income**	**Result for the period**	**Other comprehensive income**	**Total comprehensive income**
Consorcio ITS Parques del Rio, Colombia	52	54	-1	53	22	0	21
Consorcio Medellin al Mar, Colombia	6,272	1,305	84	1,389	640	41	681
Consorcio Peaje AGR, Ecuador	746	64	5	68	31	2	34
Consorcio Túneles Al Nus, Colombia	1,873	756	75	831	371	37	407
Intelligent Mobility Solutions Limited, Zambia	0	3,228	-3,692	-464	1,582	-1,809	-227
Kapsch TrafficCom - Rowing - UTE, Argentina	4,133	968	202	1,170	484	101	585
Kapsch TrafficCom Lietuva UAB, Lithuania	0	1	0	1	0	0	0
Streetline Inc., USA	0	641	-5	636	19	0	19
Total					**3,148**	**-1,628**	**1,520**

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):

2022/23	Cash flow from Operating activities	Cash flow from Investing activities	Cash flow from Financing activities	Cash net increase/ decrease	Dividends paid to non-controlling interests
Consorcio ITS Parques del Rio, Colombia	0	0	0	0	0
Consorcio Medellin al Mar, Colombia	-3,136	-8	728	-2,416	0
Consorcio Peaje AGR, Ecuador	-5	0	0	-5	0
Consorcio Túneles Al Nus, Colombia	437	-55	-512	-131	-251
Intelligent Mobility Solutions Limited, Zambia	0	0	0	0	0
Kapsch TrafficCom - Rowing - UTE, Argentina	571	0	-64	507	0
Kapsch TrafficCom Lietuva UAB, Lithuania	-7	0	0	-7	0
Streetline Inc., USA	0	0	0	0	0
Total					**-251**

2021/22	Cash flow from Operating activities	Cash flow from Investing activities	Cash flow from Financing activities	Cash net increase/ decrease	Dividends paid to non-controlling interests
Consorcio ITS Parques del Rio, Colombia	-10	0	10	0	0
Consorcio Medellin al Mar, Colombia	2,585	-178	432	2,839	0
Consorcio Peaje AGR, Ecuador	271	-267	0	4	0
Consorcio Túneles Al Nus, Colombia	360	0	-669	-309	-334
Intelligent Mobility Solutions Limited, Zambia	144	0	-144	0	0
Kapsch TrafficCom - Rowing - UTE, Argentina	333	31	-55	309	0
Kapsch TrafficCom Lietuva UAB, Lithuania	-7	0	0	-7	0
Streetline Inc., USA	-565	886	-891	-570	0
Total					**-334**

31 Related parties.

The related entities and persons 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 at arm's length. Goods are bought and sold at normal market conditions.

The following table provides an overview of revenues and expenses in the past financial years for related parties:

	2021/22	2022/23
Parent company		
Revenues	35	60
Expenses	-580	-123
Income (+) / Expense (-) from tax allocation	0	-26
Affiliated companies		
Revenues	540	241
Expenses	-8,859	-5,998
Associated companies		
Revenues	0	96
Expenses	0	-2,350
Joint ventures		
Revenues	287	170
Expenses	-4,157	-3,717
Other related parties		
Revenues	0	0
Expenses	-3,414	-61

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

	March 31, 2022	March 31, 2023
Parent company		
Trade receivables and other assets	42	72
Trade payables and other liabilities	-310	-5,371
Receivables (+) / Liabilities (-) from tax allocation	0	-26
Affiliated companies		
Trade receivables and other non-current and current assets	88	241
Trade payables and other liabilities	-3,518	-8,774
Associated companies		
Trade receivables and other non-current and current assets	875	0
Joint ventures		
Trade receivables and other non-current and current assets	9,317	12,295
Trade payables and other liabilities	-558	-417
Other related parties		
Trade payables and other payables including pension benefits	-10,482	-8,900

Parent company.
The parent company acts as the tax group leader in a tax group formed in March 2005, in which Kapsch TrafficCom AG and the Austrian subsidiaries of this group are also members. Accordingly, all tax effects of the group companies that are tax group members are to be considered related party transactions.

The increase in trade payables and other liabilities results from a loan granted at the end of 2022 in the amount of EUR 5.0 million. The resulting interest expense in fiscal year 2022/23 amounted to EUR 49 k (2021/22: EUR 0 k).

Affiliated companies.
In connection with the use of the Kapsch trademark and the logo, the Group is charged royalties by Kapsch AG, Vienna. The license fee amounts to 0.5% of all third-party sales of the Group. Expenses incurred by the Group in the financial year 2022/23 amounted to EUR 2,501 k (2020/21: EUR 2,529 k).

Services regarding human resources (payroll services, administration, recruiting, advice on labor law, human resource development and secondments) as well as the provision of apprentices and trainees are performed centrally by Kapsch Partner Solutions GmbH, Vienna, for the Group. In the financial year 2022/23 expenses amounting to EUR 1,269 k (2021/22: EUR 2,893 k) were incurred in the Group in this regard.

Due to the transfer of different central functions from Kapsch Aktiengesellschaft, the activities in the area of corporate development, public relations, sponsoring and other marketing activities as well as management and consulting services are now performed within the Kapsch TrafficCom Group. Other expenses of the Group from transactions with affiliated companies in the financial year 2022/23 include with EUR 368 k (2021/22: EUR 610 k) insurance contracts covering all Group companies. The remainder of the expenses to affiliated companies relates to other goods and services provided to the Group.

Expenses from transactions with affiliated companies in the financial year 2022/23 relate to costs for the provision of the central consolidation system by Kapsch Aktiengesellschaft in the amount of EUR 128 k (2021/22: EUR 127 k). The prior year also included supplies and services in the area of IT, EDP and telephony (rental of telephone and IT equipment as well as IT support) by K-BusinessCom AG, Vienna (EUR 311 k).

In addition, affiliated companies supplied hardware (IT equipment) on behalf of the Group as well as provided maintenance and other services for various customer projects in the amount of EUR 200 k (2021/22: EUR 2,249 k).

The Group's lease income from subleasing to affiliates in the financial year 2022/23 amounted to EUR 6 k (2021/22: EUR 100 k). The remainder of revenues to affiliated companies related to other goods and services.

Associated companies and joint ventures.
Trade receivables and other non-current and current assets with associated companies amounted to EUR 875 k on March 31, 2022 and mainly refered to loans to Traffic Technology Services Inc., USA. On March 31, 2023 this loan was written down in the amount of EUR 2,350 k.

Kapsch TrafficCom AG reported receivables from financing to the joint venture autoTicket in the amount of EUR 12,274 k as of March 31, 2023 (March 31, 2022: EUR 9,302 k).

Income from joint ventures amounted to EUR 170 k in the financial year 2022/23 (2021/22: EUR 287 k) and mainly includes interest charged to autoTicket, GmbH, Germany.

In the financial year 2022/23 the expenses of joint ventures amount to EUR -3,717 k (2021/22: -EUR 4,157 k) and were mainly related to the consortium MyConsorzio.

Other related parties.
The pension obligations to other related parties are included in trade payables and other liabilities including pension benefits and contain a pension obligation (pensions in payment) to the widow of Karl Kapsch, a former board member of Kapsch Aktiengesellschaft.

Details of compensation and other payments to executive bodies are presented in note 37.

32 Risk management.

In regards 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 and credit risk, is disclosed in the following:

32.1 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 2022/23. Because the terms of agreement are stipulated in Euro, no foreign exchange risk arises in the Group with regard to the Belorussian ruble. As Kapsch TrafficCom’s business activities in Russia are not material, there is no significant risk arising from the Russian rouble.

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 will be 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 2022/23 the income from hyperinflation adjustment amounted to EUR 825 k (2021/22: EUR 240 k) and the expenses from hyperinflation adjustment amounted to EUR -5,935 k (2021/22: EUR -3,549 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, 2023 and March 31, 2022 respectively has been assumed. The line „EUR“ in the table below shows the total impact ceteris paribus of the change to the Euro on the result before taxes for all subsidiaries whose functional currency is not the Euro. The impact on equity would be insignificantly different.

	Effect on result before taxes			
	2021/22		2022/23	
Currency	**Volatility +10%**	**Volatility -10%**	**Volatility +10%**	**Volatility -10%**
USD	-19,766	12,079	-8,406	10,322
ZAR	-2,103	1,285	166	-203
SEK	141	-86	560	-684
GBP	-47	29	54	-66
BGN	-1,359	1,661	-1,128	1,379
EUR	6,619	-4,045	3,338	-5,210

32.2 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. Variable interest (both current and non-current) financial liabilities account for round 79% of interest-bearing financial liabilities. If the market interest rate had been 50 basis points higher (lower) (+/- 0.5%) as of March 31, 2023, this, as in the previous year, would not have had any material impact on the result of the Group. In the Group, derivative instruments in an insignificant proportion exist to minimize interest rate risk of financial liabilities.

32.3 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 banks. 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 into:
- 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 23 und 24 enthalten.

32.4 Credit risk.

As part of the Group's risk management policy, the Group only engages in business relationships with third parties deemed to be creditworthy and has implemented policies to ensure that the Group sells only to customers with appropriate credit histories. In addition, the Group monitors its receivables balances on an ongoing basis in order to limit its exposure to bad debts. Kapsch TrafficCom endeavors to reduce the risk of customer default as best as possible by obligatory credit checks before contract signing or, in the case of large projects, by additionally collateralizing payments. Nevertheless, it cannot be entirely ruled out that there will be individual payment defaults that would have a material negative impact on the earnings and liquidity development of Kapsch TrafficCom in the case of an event of default.

In the case of large toll collection projects, there is a credit risk essentially in the phase of the construction of the toll system. There is no concentration of credit risk relating to trade receivables since the Group generally has a large number of customers worldwide. Based on the Group's experiences, the default risk for trade receivables can be considered low.

The calculation of the impairment of financial assets is disclosed in notes 19 and 20.

The maximum credit risk corresponds to the following book values:

	March 31, 2022	March 31, 2023
Other non-current financial assets and investments	14,984	16,217
Non-current contract assets	3,703	3,867
Non-current lease receivables	503	741
Other non-current assets	3,597	3,571
Other current financial assets	1,580	1,909
Current contract assets	83,787	82,213
Trade receivables and other current assets	130,925	117,438
Current lease receivables	525	567
Current income tax receivables	4,392	4,873
Cash and cash equivalents	59,751	45,228
Total	**303,748**	**276,623**

33 Capital management.

Capital management pursues value-oriented and sustainable corporate management on the basis of the income statement in individual operating segments. Key performance indicators for the balance sheet and other economic criteria as well as the long-term development of the Group are also monitored and included in the management. Capital management is considered to be a central element for ensuring the medium- and long-term going concern. An important indicator for the capital structure is the equity ratio calculated from the equity (including non-controlling interests) as a percentage of the balance sheet total. The capital management strategy at Kapsch TrafficCom also aims, among other things, at ensuring that Group companies have sufficient equity to meet local requirements. On the Group level, the aim is that the equity ratio in the financial year should remain within a range of roughly 25% to 35% on average. A major key performance indicator that is also often used in the covenants of the Group's loan agreements is the "Gearing in relation to EBITDA" in the consolidated financial statements, which should reflect a balance between the company's net debt and operating earnings power. The Group is constantly checking the observance of all the covenants in connection with loan agreements.

In the fiscal year 2022/23, the Group was able to either comply with these agreed covenants at all times or reached an agreement with the banks that the covenants did not have to be met at the respective reporting date. However, some of the own requirements and targets for capital management have not been met. Irrespective thereof, these goals remain, and the Group would like to achieve them again as quickly as possible through active capital management. The measures introduced to reduce costs and increase efficiency should also contribute to this.

Another important goal is the securing of sufficient liquidity necessary in the short and long term to ensure a successful going concern. As in the previous year, also in the financial year 2021/22 the Group attached the greatest importance to active liquidity management (both by monitoring the Group-wide amount of liquidity daily and substantially increasing the reliability of the weekly 12-week cash flow forecasts). Also the payment management was professionalized in the financial year and, for example, the essential and long-standing suppliers and business partners have made corresponding payment agreements.

In January 2023, an agreement was also reached with the main banks of Kapsch TrafficCom AG for an additional financing volume in the amount of EUR 12 million. This agreement was worked on in intensive with the long-standing banking partners in solution-oriented discussions. On May 31 2023, this strategically important restructuring of Group financing was successfully completed, (see Note 36). An integral part of this agreement is the implementation of measures to improve net working capital and liquidity.

Cash and cash equivalents amounted to EUR 45.2 million as of the balance sheet date.The related decrease compared to the previous year (March 31, 2022: EUR 59.8 million) is due to the scheduled repayment of financial liabilities in the amount of EUR 18.4 million and also leasing liabilities in the amount of EUR 14.2 million. In total, additional loans amounting to EUR 28.3 million were taken out. Furthermore, the change in net working capital in the amount of EUR -8.6 million contributed to the reduction in cash and cash equivalents.

Net debt increased by EUR 28.2 million in the past financial year.

Besides the mentioned short and medium term targets for liquidity, repayment, and refinancing, the financing of the future course of growth and maintaining an optimal capital structure are also major goals in the Group's capital management over the medium and long term.
Net debt and gearing in relation to EBITDA as well as gearing and the equity ratio can broken down as follows on March 31, 2023 and March 31, 2022:

	March 31, 2022	March 31, 2023
Non-current financial liabilities	136,051	58,472
Current financial liabilities	44,013	131,170
Non-current lease liabilities	27,604	32,199
Current lease liabilities	11,940	11,595
Total financial liabilities	**219,608**	**233,435**
Cash and cash equivalents	-59,751	-45,228
Other current financial assets	-1,580	-1,909
Net debt	**158,277**	**186,299**
Equity	77,902	51,306
Gearing	**203.2%**	**363.1%**
EBITDA	32,664	29,418
Gearing in relation to EBITDA	**4.85**	**6.33**
Equity ratio	**15.2%**	**10.7%**

34 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.

34.1 Consolidation.

34.1.1 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.

34.1.2 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.

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.

34.1.3 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.

34.1.4 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.

34.1.5 Business combinations.

The Group uses the acquisition method of accounting to account for business combinations as at 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 at 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 at 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.

34.1.6 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 mean 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 mean 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.

As the business activities of Kapsch TrafficCom in Russia are not material, there is no significant risk from the fluctuations of the Russian rouble.

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:

	2021/22		2022/23	
	Average exchange rate	**Exchange rate as at balance sheet date**	**Average exchange rate**	**Exchange rate as at balance sheet date**
AUD	1.57	1.48	1.52	1.63
CAD	1.46	1.39	1.38	1.47
GBP	0.85	0.85	0.86	0.88
SEK	10.24	10.34	10.81	11.28
USD	1.16	1.11	1.05	1.09
ZAR	17.35	16.17	17.67	19.33

Foreign currency transactions.
Transactions in foreign currencies are translated into the functional currency at the exchange rate as at 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).

34.2 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.

34.3 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 entity is entitled to is enforceable and revenue is probable (see note 32.4. Credit risk).

The Group identified the following performance obligations:

Implementation projects include the construction of toll collection systems for both individual road sections and nation-wide road networks as well as the construction of systems for traffic monitoring, traffic control and traffic safety. Components such as on-board units which are necessary for putting the system into a condition ready for operation, are considered part of the implementation projects. Major software upgrades that are agreed in operation projects as well as implementation within the context of service concession arrangement also fall under this performance obligation.

Implementation projects meet the criteria for “satisfaction of the performance obligation over time”, as the Group creates assets that do not have an alternative use and the Group thus has an enforceable right to payment for the performance completed to date. The stage of completion is derived from the ratio of the costs already incurred and the estimated total costs of the corresponding order.

Operation projects mainly include the operation and maintenance of toll collection systems for both individual road sections and nation-wide road networks as well as the operation and maintenance of systems for traffic monitoring, traffic control and traffic safety. Operation within the context of service concession contracts also falls under this performance obligation.

Revenue from operation projects is recognized over time since the customer receives the benefits as the entity performs.

The sale of components that are not made under an implementation or operation project also constitutes a separate performance obligation. As for the sale of components, revenue is recognized as the control of the component is transferred.

There are no warranty obligations beyond those required by law.

The transaction price is mostly fixed but some contracts may also contain elements of variable consideration which are usually bonuses or penalties. They are taken into account if and to the extent that the payment is probable or if penalties are improbable. The transaction price typically refers to the price of the individual performance obligation as the price is set on basis of the costs including a reasonable margin. Cross-subsidizations are not part of the business model of Kapsch TrafficCom. It is therefore for most contracts not necessary to allocate the transaction price to the performance obligations. For service concession arrangements, the transaction price is estimated for each performance obligation. In such cases, allocation is made based on the expected-cost-plus-margin approach. For contracts with a significant financing component, the consideration is adjusted by the interest component.

Contract assets are capitalized if the services are rendered before the consideration is received. Contract liabilities are recognized if the amount of consideration exceeds the amount of performance rendered. Service concession arrangements including the concession right to receive fees result in an intangible asset. That intangible asset increases with construction progress, thus revenue is recognized according to the stage of completion.

Certain costs arising in the course of initiating or performing a contract have to be recognized under IFRS 15 if the criteria are met. Those costs to obtain or fulfill a contract are amortized on a straight-line basis over the contract term of the project.

Other income is recognized by the Group as follows:
- Revenue from recharged expenses is recognized on the basis of the accumulated amounts in accordance with the respective agreements,
- Interest income is recognized on a time-proportion basis using the effective interest method,
- Dividend income is recognized when the right to receive payment is established.

34.4 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.

34.5 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 34.7.

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.

34.6 Intangible assets.

34.6.1 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.

34.6.2 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.

34.6.3 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.

34.7 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 four 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.

34.8 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 2022/23, 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.

34.9 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.

34.10 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 accordingto 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.

34.11 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.

34.11.1 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. Such derivatives that are designated as cash flow hedges to hedge foreign currency risks continue to be accounted for as hedging instruments in accordance with IAS 39.

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.

34.11.2 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.

34.11.3 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.

34.11.4 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, 2023 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 other operating income or other operating expenses or the financial result, depending on the derivative's purpose. 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.

34.11.5 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 equivalentsl

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, 2023. 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.

34.12 Inventories.

Inventories are stated at cost or, if lower, at net realizable value. Cost is determined using the moving 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.

34.13 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.

34.14 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.

Provisions for restructuring are recognized if the criteria of IAS 37 are fulfilled and includes the directly linked costs of restructuring, that are compulsory in the course of the restructuring and not referring to any current activities. Restructuring measure were communicated and started in the financial year 2022/23 in Kapsch TrafficCom. The majority of the measures were carried out in the financial year 2022/23 and the provision was utilized accordingly.

34.15 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 debts 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, it is not accounted for. 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 8 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.

Taking into account the corresponding terms, deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

34.16 Non-current assets held for sale and discontinued operations.

Kapsch TrafficCom classifies non-current assets as “held for sale“ if the benefit arising from the remaining carrying amount is to be realized predominately through the sale and not through the further use of the asset. The assets are remeasured in accordance with IFRS 5 immediately prior to their classification as “held for sale”. The assets are subsequently measured at the lower of carrying amount and fair value less costs to sell. Any impairment is initially allocated to goodwill and subsequently to the other assets and liabilities on a pro rata basis, and recognized in the statement of comprehensive income.

As of March 31, 2023 there are no material non-current assets held for sale and discontinued operations.

34.17 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).

34.18 New and amended standards and interpretations that have been adopted by the EU and applied for the first time in financial year 2022/23.

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 16	Proceeds before Intended Use	May 2020	January 1, 2022	None
IFRS 3	References to the Conceptual Framework	May 2020	January 1, 2022	None
IAS 37	Onerous Contracts - Cost of Fulfilling a Contract	May 2020	January 1, 2022	None
AIP 2018-2020	Annual Improvements to IFRS Standards 2018-2020 Cycle	May 2020	January 1, 2022	None

The application did not have any impact on the consolidated financial statements.

IAS 16 Property, plant and equipment – Amendments to IAS 16: Revenue before intended use. The amendments to IAS 16 prohibit a company from deduction of income earned from the sale of property from the cost of an item of property, plant and equipment during the period in which the asset is owned to its location and in working condition (such as proceeds from the sale of samples manufactured on a test facility). The change also clarifies what is meant by "Cost for test runs". This includes costs to determine whether the asset is technically and physically is able to carry out its intended use. Achieving a specific financial performance (e.g. an operating profit margin targeted by management), on the other hand, is irrelevant for the assessment.

The amendment requires companies to report revenue and costs associated with items produced, which do not come from the ordinary course of business of the company, separately and to indicate the item in the statement of comprehensive income in which this revenue is recorded.

From today's perspective, there are no significant effects on the Group's net assets, financial position and results of operations expected.

IFRS 3 Business Combinations – Amendments to IFRS 3: reference to the conceptual framework of the IFRS. Minor changes were made to IFRS 3 to reflect the references to the revised Update of the IFRS Conceptual Framework and add the requirement to IFRS 3 that an acquirer by identification of assumed obligations that fall within the scope of IAS 37 or IFRIC 21, to apply the regulations of IAS 37 or IFRIC 21 instead of the conceptual framework. Without this new one regulation, a company would have recognized some liabilities in a business combination which, in accordance with IAS 37 or IFRIC 21, should not be accounted for and are therefore recognized in profit or loss immediately after acquisition. Furthermore, IFRS 3 includes an explicit prohibition on the recognition of acquired contingent assets added.

From today's perspective, there are no significant effects on the Group's net assets, financial position and results of operations expected.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling the Contract. The amendment to IAS 37 clarifies that compliance costs of a contract includes all costs directly attributable to the contract. These include the additional for costs incurred for the fulfillment of the contract (so-called "incremental costs", such as direct wage and material costs), and an attribution of other costs directly attributable to the performance of the contract.

In addition, there is a clarification according to which any priority impairment is based on the fulfillment of the contract assets used (previously: associated with the contract).

From today's perspective, there are no significant effects on the Group's net assets, financial position and results of operations expected.

Annual Improvements to IFRSs (2018-2020 Cycle). The following improvements to standards have been published in May:
- IFRS 9 – Clarification of which fees are to be included in the 10% test for derecognition of financial liabilities.
- IFRS 16 – Amendments to Illustrative Example No. 13 to IFRS 16, which makes statements about payments made by the lessor to lessee to reimburse leasehold improvements, which often led to misunderstandings.

- IFRS 1 – the requirement that subsidiaries that later than their parent company are a first-time adopter of IFRS, have the option to compare assets and liabilities with those previously included in the consolidated financial statements of the parent company used for this purpose (without consolidation adjustments and adjustments due to the effects of the business combination) (exception: investment companies) is extended by the cumulative currency translation differences of the subsidiary. the Amendment also applies to associates and joint ventures that use the relevant IFRS 1 rule.
- IAS 41 – Deletion of non-consideration of cash flows for taxes in connection with the evaluation of biological Assets at fair value in accordance with IAS 41. This aligns the requirements of IAS 41 with the regulations of IFRS 13 and brings them into line with an amendment to IAS 41 from 2008, according to which, in the context of determining the fair value, a pre-tax interest rate for the discounting is to be used.

From today's perspective, there are no significant effects on the Group's net assets, financial position and results of operations expected.

34.19 Standards, interpretations and amendments to published standards that are not yet effective and that have not been prematurely adopted by the Group.

	New/amended IFRS	Published by the IASB and adopted by the EU	Applicable to financial years beginning on or after	Material impact on group's consolidated financial statements
IFRS 17	Insurance Contracts	June 2020	January 1, 2023	None
IFRS 17	Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information	December 2021	January 1, 2023	None
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	May 2021	January 1, 2023	not yet determined
IAS 1, IFRS Practice Statement 2	Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies	February 2021	January 1, 2023	None
IAS 8	Definition of Accounting Estimates	February 2021	January 1, 2023	None

	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
IAS 1	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	January 2020	January 1, 2024	not yet determined
IAS 16	Amendments to IFRS 16: Lease Liability in a Sale and Leaseback	September 2022	January 1, 2024	not yet determined

The Group does not early apply these new or amended standards and interpretations.

IFRS 17 Insurance Contracts. IFRS 17 was published in May 2017 as a replacement for IFRS 4 Insurance Contracts. The valuation model of IFRS 17 is based on the determination of the current settlement values of insurance contracts, so that their valuations have to be adjusted in each reporting period due to changes in estimates.+
The new rules will affect the financial statements and key figures of all entities that have insurance contracts or investment contracts with discretionary or investment contracts with discretionary participation features.

From today's perspective, no significant effects on the net assets, financial position and results of operations of the Group are expected.

Amendments to IFRS 17 Initial Application of IFRS 17 and IFRS 9: Comparative Information. As this amendment mainly affects insurance companies, there is no impact on the consolidated financial statements of Kapsch TrafficCom Group.

Amendments to IAS 8: Definition of Accounting Estimates. It clarifies how to distinguish between changes in accounting policies and accounting estimates. The distinction is important because changes in estimates affect future business prospectively and events, such as changes in accounting methods, however, retrospectively to the past transactions and events and the current period are to be applied.

From today's perspective, there are no significant effects on the Group's net assets, financial position and results of operations expected.

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies. IAS 1 clarifies that entities shall disclose all material accounting policies. Previously, the standard referred to significant accounting policies. The amendments define what is meant by "significant accounting policies" and how to identify them. They also clarify that immaterial information on accounting policies need not be disclosed. However, if it is disclosed, this must not obscure significant information about accounting policies.

From today's perspective, there are no significant effects on the Group's net assets, financial position and results of operations expected.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction IAS 12 clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The main change in Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) is an exemption from the initial recognition exemption provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. This is also explained in the newly inserted paragraph IAS 12.22A. According to the amendments, deferred taxes are to be recognised for transactions in which arise taxable and deductible temporary differences of the same amount on initial recognition.

Amendments to IAS 1 Classification of Liabilities as Current or Non-Current: Amendments to the requirements introduced by classifying liabilities as current or non-current in relation to how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances: affect only the presentation of liabilities in the statement of financial position, not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items.
Amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability; clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Amendments to IFRS 16 Lease Liability in a Sale and Leaseback Transaction: The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

Standards and interpretations already **published by the IASB but not yet endorsed by the EU:** These standards and interpretations or adjustments to the standards and interpretations are not yet mandatory apply and, from today's perspective, will not have any significant impact on the Group.

35 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, 2023, as in the previous year, no treasury shares were held by the company. There were no dilutive effects.

	March 31, 2022	March 31, 2023
Result for the period attributable to equity holders of the company (in EUR)	-9,311,676	-24,803,258
Weighted average number of ordinary shares	13,000,000	13,000,000
Earnings per share (in EUR)	**-0.72**	**-1.91**

36 Events after the reporting period.

Financing
On 31 May 2023, Kapsch TrafficCom AG reached an agreement with its major financial creditors (including the creditors of the promissory note of the promissory note loans maturing on 16 June 2023). Existing financing in the amount of EUR 106.3 million was extended until May 25, 2025. In addition, new financing was also concluded, whereby on the one hand half of the 7-year promissory note loans (EUR 11.5 million) will be repaid and on the other hand one of these promissory note creditors will provide an amount of EUR 4.25 million as an additional loan, which also has a term until May 25, 2025. The goal is a material reduction of net debt by at least EUR 60 million and in the longer term to a level of net debt to EBITDA of 3.0x.

These measures include process improvements, procurement optimization, sales-side optimization, improvements in project execution, focus on and improvement of net working capital, and selective personnel measures.

New financings are subject to increased terms and conditions customary in the market; in addition, the financial creditors are entitled to a repayment premium in certain cases (also for existing financings). In order to achieve the targeted reduction in current net debt, the Company is committed to early repayments from surplus cash (cash sweep), from extraordinary inflows and from pending proceedings (especially those in Germany), as well as to waiving dividend payments. The Company's dividend policy therefore remains suspended.

In the course of refinancing the financial liabilities, new customary covenants (net debt/EBITDA and equity ratio) and conditions were agreed with the financial creditors for the next 2 years. Compliance with these covenants and the implementation status of the operational measures will be closely monitored and reported with the support of an external consultant.

The main shareholder KAPSCH-Group Beteiligungs GmbH is supporting the restructuring – in addition to the loans of EUR 5 million already granted at the end of 2022 – by pledging all of its shares in the company, this currently corresponds to around 63.3% of the company's share capital.

The Company further undertakes to utilize the entire existing authorized capital in the amount of 10% of the Company's share capital (corresponding to 1.3 million new shares of the Company) in order to create sufficient liquidity, whereby the majority shareholder KAPSCH-Group Beteiligungs GmbH is entitled to contribute financial support already provided.

Others
In South Africa, the contract for the tolling system in the Gauteng province was last extended until mid-December 2023.

Beyond this, there were no events after the balance sheet date to report.

37 Supplementary disclosures.

The average number of staff in the financial year 2022/23 was 3,609 salaried employees and 547 waged earners (2021/22: 3,714 salaried employees and 733 waged earners).

Expenses for the auditor.

The expenses for the auditor amounted to EUR 120 k (2021/22: EUR 280 k) and are broken down as follows:

	2021/22	2022/23
Audit of the consolidated financial statements	105	126
Other assurance services	140	90
Tax advisory services	0	0
Other services	35	7
Total	**280**	**222**

Compensation and other payments to members of the Executive and the Supervisory Board.

In the financial year 2022/23, the following persons served on the Executive Board:
- Georg Kapsch (Chairman)
- Alfredo Escribá Gallego
- Andreas Hämmerle

The compensation paid to the members of the Executive Board in the financial year 2022/23 amounted to EUR 1,974 k (2021/22: EUR 2,105 k). A one-time severance payment of EUR 2,478 k was made last year for the premature termination of an Executive Board mandate. Expenses from termination and pension benefits for the Executive Board amounted to EUR 36 k (previous year: EUR 1,613 k). In total, this results in total compensation for the Executive Board in the financial year 2022/23 of EUR 1,974 k (previous year: EUR 4,583 k).

In the financial year 2022/23, the following persons served on the Supervisory Board:
- Franz Semmernegg (Chairman)
- Harald Sommerer (Deputy-Chairman)
- Sonja Hammerschmid
- Sabine Kauper

Delegated by the works council:
- Claudia Rudolf-Misch
- Christian Windisch

The compensation paid to the members of the Supervisory Board in the financial year 2022/23 amounted to EUR 120 k (2021/22: 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.

As the unappropriated profit of Kapsch TrafficCom as a whole is subject to the distribution block pursuant to Section 235 (2) Austrian Company Code, there is no resolution on the appropriation of profit or a proposal in this regard.

Authorized for issue:

Vienna, June 13, 2023

Georg Kapsch
Chief Executive Officer

Andreas Hämmerle
Executive Board member

Alfredo Escribá Gallego
Executive Board member

Statement of all Members of the Executive Board.

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

We declare to the best of our knowledge that the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards, that the Consolidated Management Report gives a true and fair view of the development and performance of the business and the position of the Group, so that a true and fair view of the assets, liabilities, financial position and profit or loss of the Group is obtained and that the Consolidated Management Report describes the principal risks and uncertainties faced by the Group.

Vienna, June 13, 2023

Georg Kapsch Chief Executive Officer	Andreas Hämmerle Executive Board member	Alfredo Escribá Gallego Executive Board member

Auditor's Report.
Report on the Consolidated Financial Statements.

We draw attention to the fact that the English translation of this auditor's report according to section 274 UGB (Austrian Company Code) is presented for the convenience of the reader only and that the German wording is the only legally binding version.

Audit Opinion.
We have audited the consolidated financial statements of Kapsch TrafficCom AG, Vienna, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the fiscal 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, 2023, 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 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 fiscal 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 Impairment of goodwill.

Description.
The consolidated financial statements contain goodwill in the amount of EUR 22,735k under the item intangible assets, of which EUR 11,771k is allocated to the cash-generating unit
Tolling-Americas and EUR 7,371k to the cash-generating unit Tolling-APAC. The Group carries out an impairment test at least once a year and if evidence occurs indicating impairment (impairment test in accordance with IAS 36). In the financial year 2022/23, the impairment test did not indicate a need for impairment.

The CGUs Tolling-Americas and TM-Americas include goodwill whose recoverability is significantly determined by business development in North America. In this region, significant losses were incurred in the prior financial years which mainly result from considerable cost overruns and adjustments to planned costs and margins for material projects. As a result, the management identified, resolved on and implemented measures which are expected to lead to a positive development of results in the future. In North America, the financial year 2022/23 was still significantly affected by these restructuring measures and by a period of consolidation and reorganization. Albeit to a lesser extent than in the prior years, margins for some implementation projects in the US also had to be further adjusted. Kapsch TrafficCom USA Inc., McLean, US, continues to make a negative contribution to earnings (negative EBIT amounting to EUR 4,484k compared to EUR 28,489k in the prior year). 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.

Following the outbreak of the war in Ukraine in March 2022, sanctions resulted in an impact on Kapsch TrafficCom's business in Russia and Belarus and are presented in the CGU
Tolling-EMEA. Despite the existing sanctions and the associated supply restrictions in Belarus, there are currently no material negative effects, especially in the important operation of the Austrian-wide toll system for cars and trucks, which runs until 2032. The planning calculation on which the impairment test is based assumes stable ongoing operations. Business in Russia, which in the past made only a very small contribution to net sales and earnings, was discontinued. No need for impairment exists for this CGU as at March 31, 2023.

Testing 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 forward-looking estimates and significant assumptions as well as the calculation model used, involving our internal valuation experts.

We first gained an understanding of the planning logic and 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 with the help of external advisors in the restructuring concept and approved by the Supervisory Board. We analyzed and critically assessed the essential drivers for future development (such as net sales, expenses, project planning, investments, changes in working capital) as well as the essential risks for possible deviations from the planning assumptions and discussed them in meetings with the management and the external advisor, involving of internal restructuring experts. The assumptions regarding the discount rate and the growth rate were checked by means of external market and industry data, and the calculation model was tested for mathematical accuracy. Further, we evaluated whether the disclosures on impairment testing provided in the notes are appropriate. This included, in particular, the 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
The Group's disclosures on goodwill are included in note 13 "Intangible assets" and note 34.6.1 "Goodwill" in section 34 "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). The non-current and current contract assets as at March 31, 2023 amount to EUR 86,079k (thereof EUR 26,556k from Kapsch TrafficCom USA), and the non-current and current contract liabilities amount to EUR 31,512k (thereof EUR 7,678k from Kapsch TrafficCom USA). In addition, provisions for losses from onerous contracts were set up in the amount of EUR 12,586k (thereof EUR 11,095k from Kapsch TrafficCom USA) in order to provide for potential losses from the further processing of projects. In the financial year 2022/23 revenue

from the implementation of tolling and traffic management systems was generated in the amount of EUR 164,009k. 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, time 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, among others, a lack of resources with regard to qualified employees and problems in the course of implementing a new software solution, considerable cost overruns in North America and adjustments to planned costs and margins for various projects occurred in the recent past, resulting in an impact on revenue recognition pursuant to IFRS 15. In the financial year 2022/23, percentage of completion was improved for the projects in question and margins had to be adjusted in this financial year as well, albeit to a much lesser extent than in the prior year.

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, 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 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. In doing so, we made use of historical experience regarding the accuracy of estimates of large-scale projects carried out in the past. 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 prior year, we performed extended audit procedures with regard to the projects in North America (the subsidiary Kapsch TrafficCom US). In particular, we checked the effectiveness of project controlling 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 26 "Provisions" as well as in note 34.3 "Revenue recognition" in section 34 "Accounting and valuation principles".

3 Termination of the contract for the commissioning for the collection of the German infrastructure charge in the financial year 2019/20 and current status.

Description.
In 2018, the joint venture autoTicket GmbH, Germany, was awarded the contract to collect the infrastructure charge (passenger vehicle toll) in Germany. Additionally and prior to this, the Group company MTS Maut & Telematik Services GmbH, Germany, was commissioned as the sole service contractor for the automatic control system of the German passenger vehicle toll in a separate award procedure.

On June 18, 2019, the European Court of Justice (ECJ) published a ruling in which it held that the infrastructure charge planned in Germany (passenger vehicle toll) is incompatible with EU law. On the following day, the customer (the Federal Republic of Germany) terminated the contracts for the installation and operation of the passenger vehicle toll effective September 30, 2019.

The operating parties of the terminated contract relating to the project “passenger vehicle toll” are Kapsch TrafficCom AG, Vienna, CTS EVENTIM AG & Co KGaA, Germany, and autoTicket GmbH, Germany. In December 2019, they jointly asserted claims against the Federal Republic of Germany in the amount of EUR 560m. These claims are contested by the competent ministry, and recourse to arbitration has been taken. The independent arbitration tribunal commenced its activities in the spring of 2020.

By interim award dated March 22, 2022, the arbitration tribunal ruled that the claims asserted by autoTicket GmbH, Germany, for compensation and reimbursement of expenses (reimbursement of gross enterprise value of autoTicket GmbH, Germany, and compensation for the cost incurred by handling the operating agreement) against the Federal Republic of Germany were justified on their merits. The arbitration tribunal will rule on the amount of the claims in the now ongoing phase of the arbitration proceedings.

In the consolidated financial statements, an assessment as to particularly the disclosure of contingent receivables and the completeness and appropriateness of the required disclosures in the notes had to be made. It was therefore identified as key audit matter

Audit approach and key observations.
In the course of our audit, we discussed the status of the arbitration proceedings and the interim award with the Group’s Executive Board and legal department and gathered information, if available, on events after the reporting period.

As at the reporting date March 31, 2023, we obtained external confirmations from the lawyers advising the Group regarding the matter. We evaluated whether there is still no recognition of a compensation claim required, but the disclosure of a contingent asset, based on the interim award from March 2022 confirming the merits of the claims but not their amounts.

Further, we inspected the audited financial statements as at December 31, 2022 of autoTicket GmbH, Germany, and performed additional audit procedures of our own with regard to the group reporting package as at March 31, 2023 required for the accounting under the equity method. The recognition of the financial claims asserted by the operating parties against the Federal Republic of Germany, the amount of which has to be confirmed in the ongoing phase of the arbitration proceedings, as a contingent receivable pursuant to ISA 37 is appropriate. The disclosures in the notes required by IAS 37 are complete.

Reference to related disclosures.
The Group’s disclosures on the termination of the contract for the commissioning for the collection of the German infrastructure charge and on the pending arbitration proceedings are included, in particular, in note 28 “Contingent liabilities and other commitments as well as disclosure to German infrastructure charge”.

4 Recognition of deferred tax assets.

Description.
IDeferred tax assets in the amount of EUR 49,777k are reported in the consolidated financial statements, mainly resulting from tax loss carry-forwards in the amount of EUR 38,460k predominantly in Austria (intragroup loss carry-forward via group taxation) and the US. 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 will be available in the future. The planning horizon in this context is eight years, whereby discounts are made for planning years further in the future beyond the detailed planning period of 4 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 multi-year plan prepared by the Executive Board with the help of external advisors in the restructuring concept and approved by the Supervisory Board, and we analyzed and critically assessed the essential drivers for future development (such as net sales and expenses). Furthermore, we analyzed and critically assessed the extrapolation of the future cash flows for the projection period beyond the multi-year plan as well as the adjustments to the results of the plan calculations regarding taxes. 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 34.15 "Current and deferred income tax" in section 34 "Accounting and valuation principles".

5 Restructuring of financing.

Description.
As at March 31, 2023, current financial liabilities in the amount of EUR 131,170k – mainly loans and overdrafts (EUR 108,404k) as well as promissory note bonds in the amount of EUR 22,766k – exist.

The adverse business development in the financial year 2022/23, particularly with regard to profitability and the associated liquidity and debt, has led management to prepare a comprehensive restructuring concept in mid-March 2023 with the help of an external advisor, which includes measures to improve profitability and reduce working capital, but is also intended to create a basis for sustainable future growth. This restructuring concept also forms the basis for the refinancing agreement concluded in May 2023.

On May 31, 2023, Kapsch TrafficCom AG, Vienna, reached an agreement on a comprehensive refinancing of short-term financial liabilities (including promissory note bonds) with its major financial creditors. Existing financing in the amount of EUR 106.3 million was extended until May 25, 2025, and new financing was concluded by this date. This includes a refinancing agreement of 50% of the promissory note bond in the amount of EUR 11.5 million maturing in mid-June 2023 and the provision of EUR 4.25 million as an additional operating loan by a promissory note creditor. In this context, the Company has agreed to make early repayments from surplus cash and cash equivalents (cash sweep), from extraordinary inflows and from pending proceedings, and to not distribute any dividends. In the course of the refinancing, additional customary covenants and conditions were agreed with the financial creditors, compliance with which will be closely monitored and reported on by the external advisors in the future. The main shareholder KAPSCH-Group Beteiligungs GmbH, Vienna, pledged all its shares held in the Company (around 63.6% of the share capital) as collateral. The Company also undertook to utilize the entire existing authorized capital to the extent of 10% of the share capital.

The measures for ensuring sufficient liquidity implemented by management in the prior years were continued in the financial year 2022/23.

Due to the material impact of the refinancing on the assets and liabilities and financial situation as well as the going concern assumption of the Group, this was identified as key audit matter.

Audit approach and key observations.
We assessed the restructuring concept prepared by the management with the help of an external advisor with regard to the appropriateness of the forward-looking estimates and key assumptions as well as the calculation model used, involving internal restructuring experts.

In this process, we first gained an understanding of the planning process and model. We examined whether the assumptions used in the future cash flows are in line with the plan prepared by the Executive Board with the help of external advisors in the restructuring concept and approved by the Supervisory Board. We analyzed and critically assessed the essential drivers for future development (such as net sales and cost planning, changes in working capital as well as liquidity planning) as well as the essential risks for possible deviations from the planning assumptions and discussed them in meetings with the management and the external advisor. We interviewed the management and the external advisor on the status of the implementation of the measures. We have inspected the latest status report from early June on the implementation status of the measures.

We checked the agreements on refinancing and assessed the resulting impact on the assets and liabilities, financial situation and results of operations as well as the going concern assumption of the Company and assessed the related disclosures made by the Executive Board in the consolidated financial statements.

Moreover, we assessed the management's measures implemented to ensure sufficient liquidity and checked whether the monitoring implemented by management in this regard (daily monitoring of the group-wide liquidity portfolio and weekly 12-weeks cash flow forecasts) continue to be performed.
Based on the information we have collected and as agreed in the refinancing agreement, regular monitoring and external reporting will be carried out by the external advisor in the future to ensure ongoing and appropriate monitoring of liquidity and compliance with the intended implementation of the measures from the restructuring concept. A relevant report was not yet available at the moment.

Reference to related disclosures.
The Group's disclosure on refinancing is included in note 36 "Events after the reporting period", the disclosures on monitoring liquidity in note 33 "Capital management".

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 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 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.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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, related 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.

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 7, 2022. We were appointed by the Supervisory Board on March 4, 2023. We have audited the Group for an uninterrupted period since the 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 Ms. Christina Decker, Austrian Certified Public Accountant.

Vienna, June 13, 2023

PwC Wirtschaftsprüfung GmbH

signed
Christina Decker
Austrian Certified Public Accountant

This report is a translation of the original report in German, which is solely valid. Publication and sharing with third parties of the consolidated financial statements together with our auditor’s report is only allowed if the consolidated financial statements and the management report for the Group are identical with the German audited version. This auditor’s report is only applicable to the German and complete consolidated financial statements with the management report for the Group. For deviating versions, the provisions of section 281 para. 2 UGB apply.

Glossary.

AG	Legal form of a stock company under Austrian law (DE: Aktiengesellschaft).
AktG	Austrian Stock Corporations Act (DE: Aktiengesetz).
Americas	Region: North, Central and South America.
APAC	Region: Asien-Pacific.
COVID-19	COronaVIrus Disease is an infectious disease caused by the coronavirus SARS-CoV-2.
EBIT	Earnings Before Interest and Taxes.
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization)
EMEA	Region: Europe, Middle East, Africa.
ERM	Enterprise Risk Management.
IFRS	International Financial Reporting Standards.
ICS	Internal control system.
IPR	Intellectual Property Rights.
ITS	Intelligent Transportation Systems.
Tolling	A reporting segment of Kapsch TrafficCom. This segment comprises activities relating to the implementation and the technical and commercial operation of toll collection systems.
n.a.	Not applicable or not available.
OBU	On-board unit: An electronic device readable and writeable via wireless communication. The OBU can identify a vehicle and serve as a means of payment or as a data memory..
OCC	Orchestrated Connected Corridors: Using connected vehicles in combination with data collection and processing platforms, OCCs provide real-time traffic management capabilities that support safety and traffic mobility, depending on the application.
PP	Percent points.
UGB	Austrian Commercial Code (DE: Unternehmensgesetzbuch).
Traffic Management (TM)	A reporting segment of Kapsch TrafficCom. This segment primarily comprises activities relating to the implementation and operation of systems and solutions for controlling traffic and mobility behavior.
CGU	Cash-generating units.

Financial calendar.

August 17, 2023	Results Q1 2023/24
August 27, 2023	Record date: Annual General Meeting
September 6, 2023	Annual General Meeting
November 15, 2023	Results H1 2023/24
February 21, 2024	Results Q1–Q3 2023/24

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Disclaimer.
Certain statements in this report are forward-looking statements. They contain the words "believe", "intend," "expect," "plan," "assume," and terms of a similar meaning. Forward-looking statements reflect the beliefs and expectations of the company. Actual events may deviate significantly from the expected developments, due to a range of factors. As a result, readers are cautioned not to place undue reliance on such forward-looking statements. Kapsch TrafficCom AG is under no obligation to update forward-looking statements made herein.

This report was created with care and all data has been checked conscientiously. Nevertheless, the possibility of layout and printing errors cannot be excluded. Differences in calculations may arise due to the rounding of individual items and percentages. The English translation is for convenience; only the German version is authentic.

When referring to people, the authors strive to use both the male and female forms as far as possible (for example: he or she). For readability reasons, occasionally only the masculine form is used. However, it always refers to people of all gender categories.

This report does not constitute a recommendation or invitation to purchase or sell securities of Kapsch TrafficCom.

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Kapsch TrafficCom

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

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

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

>>> www.kapsch.net

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