



H1 2021/22.

Kapsch TrafficCom

Half-year financial report pursuant to Sec. 125 Austrian Stock
Exchange Act (BörseG) 2018.

Selected key data.

2021/22 and 2020/21: refers to the respective financial year (April 1 until March 31)

H1: first half of a financial year (April 1 until September 30)

pp: percent points

Unless otherwise stated, all values in EUR million.

Earnings Data	2020/21	H1 2020/21	H1 2021/22	+/-
Revenues	505.2	257.5	255.2	-0.9%
Share of tolling segment	70.9%	74.0%	70.9%	-3.1 pp
Share of traffic management segment	29.1%	26.0%	29.1%	3.1 pp
EBITDA	-67.1	-20.3	21.4	> 100%
EBITDA margin	-13.3%	-7.9%	8.4%	16.3 pp
EBIT	-123.2	-57.8	10.6	> 100%
EBIT margin	-24.4%	-22.5%	4.2%	26.6 pp
Result before income taxes	-133.1	-66.2	7.7	> 100%
Result for the period	-105.3	-55.6	5.4	> 100%
Result for the period attributable to equity holders	-102.9	-54.0	3.0	> 100%
Earnings per share (EUR)	-7.91	-4.15	0.23	> 100%
Business segments	2020/21	H1 2020/21	H1 2021/22	+/-
Tolling				
Revenues	358.2	190.6	181.0	-5.0%
EBIT	-117.2	-52.1	1.3	> 100%
EBIT margin	-32.7%	-27.3%	0.7%	28.1 pp
Traffic Management				
Revenues	147.0	66.9	74.1	10.8%
EBIT	-6.0	-5.7	9.3	> 100%
EBIT margin	-4.1%	-8.6%	12.6%	21.1 pp
Revenues by region	2020/21	H1 2020/21	H1 2021/22	+/-
EMEA	54.8%	50.5%	56.8%	6.3 pp
Americas	40.6%	44.2%	38.9%	-5.3 pp
APAC	4.5%	5.3%	4.3%	-1.0 pp
Balance sheet data	March 31, 2021		Sept. 30, 2021	+/-
Total assets	593.2		552.7	-6.8%
Total equity ¹⁾	84.8		86.8	2.4%
Equity ratio ¹⁾	14.3%		15.7%	1.4 pp
Net debt (-) ²⁾	-169.6		-173.9	2.5%
Gearing ³⁾	200.1%		200.3%	0.2 pp
Net working capital ⁴⁾	109.6		104.5	-4.6%
Cash flow	2020/21	H1 2020/21	H1 2021/22	+/-
Net CAPEX ⁵⁾	5.4	1.4	0.2	-88.6%
Free cash flow ⁶⁾	4.3	-30.0	-1.2	96.1%
Other information	2020/21	H1 2020/21	H1 2021/22	+/-
Employees, end of period	4,657	4,805	4,526	-5.8%
On-board units, in million units	9.88	5.17	4.48	-13.3%

¹⁾ Including non-controlling interests

²⁾ Cash and cash equivalents + other current financial assets - financial liabilities - lease liabilities

³⁾ Net debt/equity

⁴⁾ 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

⁵⁾ Capital expenditure less proceeds from the disposal of property, plant and equipment and intangible assets

⁶⁾ Cash flow from operating activities + cash flow from investing activities

Headlines H1 2021/22.

Revenues H1



EUR 255.2 million
-0.9%

EBIT H1



EUR 10.6 million
> 100%

Earnings per share H1



EUR 0.23
> 100%

Earnings positive again, revenues at previous year's level.

- > Overall sales stable despite declines in implementation and components.
- > Successful restructuring: EBIT of both segments positive.
- > Gearing stable at around 200% since beginning of financial year.
- > Internally financed repayment of financing tranches led to a balance sheet reduction in the first quarter.

Personnel.

- > Andreas Hämmerle CFO since July 1, 2021.
- > COO André Laux left the Executive Board in October 2021.
Georg Kapsch took over sales agendas, Andreas Hämmerle supply chain management and production.
- > As of October 20, 2021, the Executive Board of Kapsch TrafficCom consists of: Georg Kapsch (CEO), Andreas Hämmerle (CFO) and Alfredo Escribá (CTO).
- > In the Supervisory Board, Dr. Sonja Hammerschmid succeeded Dr. Kari Kapsch.

Outlook for the financial year 2021/22.

- > Revenues: Increase by approximately 10% to around EUR 550 million.
- > EBIT: Positive with a margin of around 3%.

Resolutions of the Annual General Meeting.

- > No dividend payment.
- > Dr. Sonja Hammerschmid new member of the Supervisory Board.
- > Resolution on the Remuneration Report for the Executive Board and Supervisory Board.
- > Discharge of the members of the Executive Board and Supervisory Board for the 2020/21 financial year.
- > PwC Wirtschaftsprüfung GmbH appointed as auditors of the (consolidated) financial statements for financial year 2021/22.
- > Creation of authorized capital of up to 10% of the capital stock excluding subscription rights.

Letter from the CEO.

Dear shareholders,

I am glad to see that the measures taken to restructure the Group are having an effect. Whereas in the first half of the previous year we recorded a negative operating result (EBIT) of EUR -58 million on roughly the same revenues, this year we generated a positive EBIT of EUR 11 million. Last year, EBIT was impacted by special effects amounting to EUR -59 million. In H1 2021/22, the special effects amounted to EUR -4 million and included income from the reversal of a leasing liability as well as one-off costs for the settlement of a patent dispute and the termination of a project in the USA by the customer.

First half of 2021/22:

➤ Revenues: EUR 255 million (-0.9%)

➤ EBIT: EUR 11 million (> 100%)

It was right and important to reduce the company's cost base significantly and sustainably, especially as the Group continues to feel the effects of the COVID 19 pandemic:

- New business momentum was persistently low, especially in the implementation business, due to a lack of sufficient market opportunities. The majority of our customers are public institutions, authorities or public bodies. Currently, the focus of the public sector in most countries is either on fighting the pandemic or on supporting the economy and labor markets. Strengthening budgets and investments to support environmental goals are not yet sufficiently prioritized.
- On the one hand, shortages in electronic components meant that existing demand for components could not be met as desired. On the other hand, the components business suffered from low demand in some markets because traffic volumes were still below pre-Corona levels due to the pandemic. This indirectly impacted sales of on-board units.

In particular, the circumstances just mentioned caused the decline in implementation business by 29% (in the tolling segment by as much as 42%) and in the components business by 7%. However, the Group managed to compensate for this with higher revenues in the operations business. The pleasing business performance in South Africa and two projects already announced in January 2021 deserve special mention: In Bulgaria, we are responsible for the technical operation of the e-vignette system for passenger vehicles and the electronic truck toll system. In Poland, Kapsch TrafficCom began in the summer with the implementation of the distribution point network for the new, satellite-based tolling system.

In H1 2021/22, the tolling segment generated 71% of total revenue, while the traffic management segment accounted for 29%. This equally means that revenues in the tolling segment decreased by 5%, while they increased by 11% in the traffic management segment. Traffic management EBIT was positive in both quarters, reaching EUR 9 million at the half-year mark (previous year: -6). Tolling EBIT reached EUR 1 million (previous year: -52). It includes the above-mentioned charges due to special effects.

Free cash flow amounted to EUR -1 million in H1 2021/22 (previous year: -30). Therefore, net debt increased slightly to EUR -174 million since the last balance sheet date (March 31, 2021: -170). The gearing remained constant at 200%. The partial repayment of the promissory note bond and a bank loan totaling EUR 49 million from own funds had a balance sheet-reducing effect. Total assets amounted to EUR 553 million as of September 30, 2021 (March 31, 2021: 593). The equity ratio increased from 14% to 16% in H1 2021/22.

At this point, I would like to explain steps towards the reorganization of the Kapsch Group, which holds 63.3% of the shares in Kapsch TrafficCom. With a view to the next generation of the Kapsch family and in order to be able to ensure a smooth transition to the next generation at a later date, Kapsch BusinessCom with Kari Kapsch left the Kapsch Group. Consequently, it consists primarily of the Kapsch TrafficCom Group. Kari Kapsch retired from the Supervisory Board of Kapsch TrafficCom AG, of which he had been a member since 2002, at the end of the Annual General Meeting on September 8, 2021. I sincerely thank Kari for his dedication and support over all these years.

There were also significant changes at Executive Board level this year: On July 1, 2021, I welcomed Andreas Hämmerle to the Executive Board as Chief Financial Officer. He previously headed the Finance division as Executive Vice President Finance. In October 2021, the Management Board contract of André Laux, Chief Operating Officer (COO), was terminated by mutual agreement. I took over the sales agendas from him and am therefore responsible for all sales regions. Andreas Hämmerle is additionally responsible for supply chain management and production. Mr. Laux had been with Kapsch TrafficCom for fourteen years, eleven of which as a member of the Executive Board. I would also like to thank him for his great efforts and commitment over this long period of time. The Executive Board of Kapsch TrafficCom now consists of me as CEO, CFO Andreas Hämmerle, and CTO Alfredo Escribá.

Changes in the Executive Board:

➤ Andreas Hämmerle CFO

➤ André Laux, COO, resigned

Outlook.

I expect revenues to increase by approximately 10% to around EUR 550 million in financial year 2021/22. We expect growth in North America as well as a continued recovery in the components business along with the easing of tension in the market for electronic components. This should compensate for the expiry of the operations projects in Poland at the end of the second quarter and in the third quarter.

Outlook 2021/22:

The EBIT margin is expected to be in the region of 3%. This figure will include special effects from

> *Revenues: +10% to around EUR 550mn*

> *EBIT margin: approximately 3%*

- > the settlement of the patent dispute,
- > the termination of a project by the customer, and
- > the mutually agreed termination of André Laux's Executive Board mandate, which runs until 2024, in October 2021.

In addition to maintaining cost discipline, the main focus in the second half of the year will be on acquiring new business. We expect the economies most important to us to stabilize further as a result of rising COVID vaccination coverage rates. This is the basis for higher market momentum. It is not possible to say exactly when a significant recovery can be expected on a broad basis. Until then, however, the Group expects the market situation to improve.

I am convinced that we have not only put the most difficult phase behind us, but also used it to make the Group leaner, more flexible, more agile, and better aligned to future opportunities.

Sincerely,



Georg Kapsch
Chief Executive Officer

Annual General Meeting 2021.

The Annual General Meeting of Kapsch TrafficCom AG took place on September 8, 2021. To protect the shareholders and other participants, it was held as a virtual Annual General Meeting in light of the current COVID-19 situation. The following resolutions were adopted:

- > No dividend payout for financial year 2020/21; retained profits were carried forward to new account.
Shares present for the vote: 66.9% (of a total of 13,000,000 shares, each with one vote)
Approved by: > 99.9% (votes against: 4, no abstentions)

- > Discharge of liability of the members of the Executive Board for financial year 2020/21.
Shares present for the vote: 66.7%
Approved by: > 99.9% (votes against: 604, abstentions: 20,340 votes)

- > Discharge of liability of the members of the Supervisory Board for financial year 2020/21.
Shares present for the vote: 66.7%
Approved by: > 99.9% (votes against: 604, abstentions: 20,340 votes)

- > Appointment of PwC Wirtschaftsprüfung GmbH, Vienna, as the auditor and Group auditor for the 2021/22 financial year.
Shares present for the vote: 66.9%
Approved by: > 99.9% (votes against: 254, no abstentions)

- > Remuneration Report.
Shares present for the vote: 66.9%
Approved by: 99.7% (votes against: 27,804, abstentions: 590 votes)

- > Election of Dr. Sonja Hammerschmid to the Supervisory Board. She succeeded Dr. Kari Kapsch.
Shares present for the vote: 66.9%
Approved by: > 99.9% (votes against: 704, abstentions: 590 votes)

- > Creation of a new authorized capital of up to 10% of the share capital, excluding the shareholders' subscription right.
Shares present for the vote: 66.9%
Approved by: > 99.9% (votes against: 804, abstentions: 250 votes)

Constituent meeting of the Supervisory Board.

Following the Annual General Meeting, the constituent meeting of the Supervisory Board was held with the following elections:

Supervisory Board

Chair: Franz Semmernegg
Deputy: Harald Sommerer

Audit Committee

Chair: Franz Semmernegg
Deputy: Harald Sommerer
Member: Franz Windisch

Remuneration Committee

Chair: Franz Semmernegg
Member: Sabine Kauper (previously: Harald Sommerer)

Capital markets.

Share price development.

Price development in the first half of 2021/22.

The closing prices of the share in the first half of the financial year 2021/22 fluctuated within a range of EUR 14.10 to EUR 15.90.

The share opened at EUR 15.00 on April 1, 2021, and essentially held this level throughout the entire reporting period. On around 80% of all trading days, the share closed in a fluctuation range of +/- 30 cents around the fifteen euro mark.

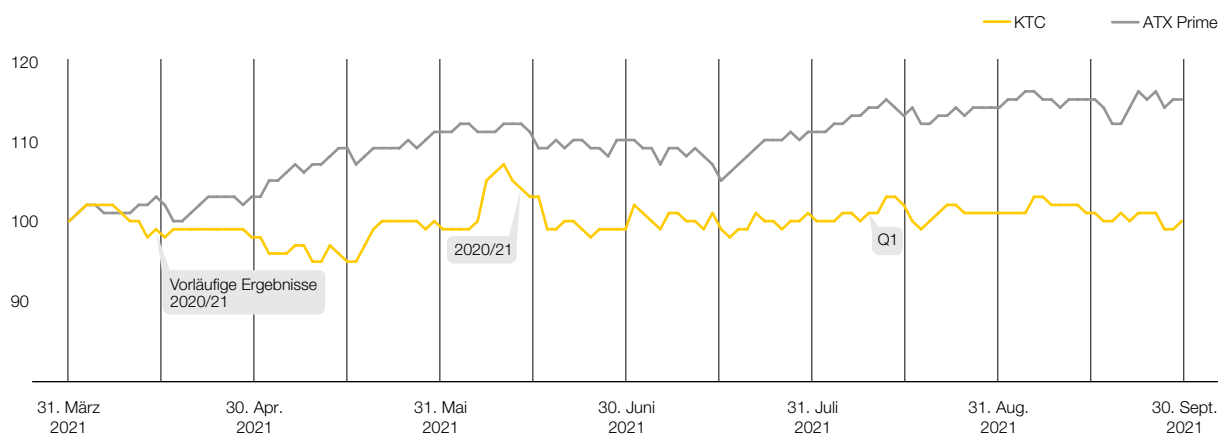
Unfortunately, even the once again positive results for Q1 2021/22 did not lead to a significant increase in the share price.

Market cap at the end of H1 2021/22:

EUR 192.9 million.

On May 14, 2021, the (intraday) low of the share price was EUR 14.02, one month later, on 14 June 2021, the (intraday) high of EUR 16.00. The Kapsch TrafficCom share closed on 30 September 2021 at a price of EUR 14.84. In the first half of 2021/22, the share lost 0.4%. The benchmark, the ATX Prime, gained 15.0% in the same period.

Development of Kapsch TrafficCom shares and ATX Prime.



Stock data.

In EUR, unless otherwise stated	H1 2020/21	H1 2021/22
Earnings per share	-4,15	0.23
High (intraday)	22.10	16.00
Low (intraday)	11.40	14.02
Closing price on September 30	12.35	14.84
Share performance	-28.8%	-0.4%
Ø trading volume (shares, double counting)	17,163	16,230

Analysts and liquidity providers.

Analysts.

In the last twelve months, the following financial institutions published reports on the share (in alphabetical order):

- > Erste Group Bank
- > ODDO SEYDLER BANK/Frankfurt Main Research (FMR)
- > Raiffeisen Bank International

Liquidity providers.

XTX Markets SAS is acting as "Specialist" for the Kapsch TrafficCom share following this year's tender by the Vienna Stock Exchange. The market makers are (as of September 30, 2021):

- > Erste Group Bank,
- > HRTEU Limited,
- > ODDO BHF Corporates & Markets AG,
- > Raiffeisen Centrobank AG.

Investor Relations activities in the first half of 2021/22.

Kapsch TrafficCom again engaged with capital market participants on several occasions in the first half of the financial year. Due to COVID-19, the investor events were almost entirely held virtually:

- > Virtual investor conferences and road shows: Raiffeisen Bank International (Virtual Investor Conference, Züri), Kepler Cheuvreux/Vienna Stock Exchange (Digital Austrian Equity Day, Paris), Erste Group (CEE Innovation Conference, Warsaw), Dr. Reuter Investor Relations (Germany)
- > "Börse-Informationstag", Salzburg (Austria)
- > Numerous direct telephone calls and e-mails

Dividend.

Due to the negative results in financial year 2020/21, the Executive Board proposed to the Annual General Meeting 2021 that no dividend be paid. The Annual General Meeting followed this proposal. A dividend payment in the following year also appears unlikely in view of the planned investments as part of the implementation of Strategy 2027.

History of dividend payments.

Year	Dividend per share	Earnings per share (reference year)	Payout ratio
2017	EUR 1.50	EUR 3.35	44.7%
2018	EUR 1.50	EUR 2.21	68.0%
2019	EUR 1.50	EUR 3.68	40.8%
2020	EUR 0.00	EUR -3.70	0.0%
2021	EUR 0.00	EUR -7.91	0.0%

Contact for investors.

Investor Relations Officer	Hans Lang
Shareholders' telephone line	+43 50 811 1122
E-mail	IR.kapschtraffic@kapsch.net
Website	www.kapschtraffic.com/IR

Management Report H1 2021/22.

1. Economic conditions impacting the Group.

Kapsch TrafficCom is a globally recognized provider of transportation solutions for sustainable mobility. Innovative solutions in the application areas of Tolling and Tolling Services as well as Traffic Management and Demand Management contribute to a healthier world without traffic jams.

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 amount of environmental pollution. Kapsch TrafficCom's vision is to probe the limits of mobility for the benefit of a healthy world without traffic jams.

*Kapsch TrafficCom is a globally
recognized provider of transportation
solutions for sustainable mobility.*

Target markets.

Kapsch TrafficCom targets the market for Intelligent Transportation Systems (ITS) to achieve its vision and mission. Intelligent transportation systems support and optimize transportation (including infrastructure, vehicles, users, and industry). They use information and communication technologies for this. In the ITS market, Kapsch TrafficCom focuses on the segments of Tolling and Tolling Services as well as Transportation Management and Demand Management. Core regions of business activity are Europe, the Americas, as well as Oceania (Australia and New Zealand).

Addressable market.

The addressable market for the company in 2020 had a volume of EUR 4.6 billion. It is expected that the market will grow annually by an average of 6.7% to EUR 7.2 billion in 2027.

Market drivers.

Kapsch TrafficCom identified the following market drivers:

- > Environmental protection
- > Need for transportation infrastructure and its maintenance
- > Urbanization
- > New means of transportation and services.
- > Connected mobility.
- > Data and artificial intelligence.
- > Data security.

Further information can be found in the Consolidated Management Report 2020/21.

Fundamental changes in the business environment of Kapsch TrafficCom.

The previously mentioned 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 are being launched on the market.
- > Intelligent transportation infrastructure can be achieved with more affordable sensors, modules, and connection technologies. Specific domain knowledge and the need for customer-specific solutions will remain important, however.
- > New solutions can be rolled out quickly on a global scale.

2. Financial performance indicators.

2.1 Results of operations.

In the first half of the current financial year, Kapsch TrafficCom's **revenues** reached EUR 255.2 million, and were thus 0.9% lower compared to the same period in the previous year. Geographically, revenues changed as follows:

- > EMEA region (Europe, Middle East, Africa): +11.5% to EUR 144.9 million.
- > Americas region (North, Central and South America): -12.9% to EUR 99.2 million.
- > APAC region (Asia-Pacific): -19.1% to EUR 11.1 million.

EBITDA and **EBIT**. The earnings before depreciation and amortization (EBITDA) amounted to EUR 21.4 million (previous year: EUR -20.3 million). The operating result (earnings before interest and taxes, EBIT) was positive at EUR 10,6 million (previous year: EUR -57.8 million). The EBIT margin was thus 4.2% (previous year: -22.5%).

In the first half of 2021/22 EBITDA and EBIT were impacted by the following special effects:

- > The termination of a customer project in the US had an impact of EUR -4.0 million.
- > The costs for the settlement of a patent dispute increased license and patent expenses by EUR 3.0 million.
- > Kapsch TrafficCom agreed with the lessor of a lease agreement on the early termination for office premises in the US. As the right of use asset was already fully impaired in the previous financial year, the lease liability was released and other income in the amount of EUR 3.1 million was recognized.

The operating currency effects (net) resulted in EUR 2.9 million (previous year: EUR -5.8 million) in the first half of the current financial year. This is mainly attributable to the exchange rates of the US dollar relative to the euro and in the previous year to the exchange rates of the US dollar and the Swedish krona relative to the euro.

In the previous year, special effects amounted to EUR -59.4 million. They included impairments of goodwill (EUR -21.3 million), adjustments of project margins, provisions for onerous contracts (EUR -32.3 million) and operating currency effects (EUR -5.8 million).

The **financial result** in the first half of 2021/22 amounted to EUR -2.8 million (previous year: EUR -7.8 million). The currency effects in regards to internal financing in the US dollar and the Zambian kwacha as well as hyperinflation adjustments for the business in Argentina totaled EUR -0.8 million (previous year: EUR 4,6 million). The losses are mainly unrealized.

For the calculation of **income taxes**, the Group applied a theoretical income tax rate of 25% in the first half of 2021/22 (unchanged to the previous year). Basis for the calculation was the consolidated result before income taxes, without taking into account the (already taxed) proportional result from associated companies and joint ventures (and in previous year also without taking into account the impairment of goodwill). This resulted in income tax expenses of EUR 2.3 million (previous year: income tax credit of EUR 10.6 million).

The **result for the period** in the first half of the financial year was EUR 5.4 million (previous year: EUR -55.6 million).

2.2 Results of operations by segment.

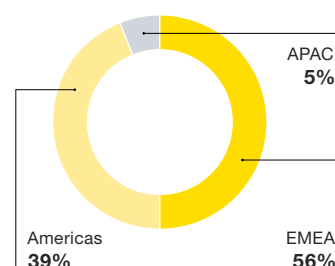
Tolling.

Revenues in the Tolling segment decreased by 5.0% to EUR 181.0 million and contributed 70.9% (previous year: 74.0%) to total revenues.

The largest revenue contribution with EUR 101.0 million (previous year: EUR 94.6 million) was again generated in the **EMEA region**. The increase in operations revenues, particularly in South Africa, Poland and Bulgaria, more than compensated the decline in implementation and component revenues. Overall, this region recorded revenue growth of 6.8%.

Revenues in the **Americas region** declined by -16.2% to EUR 71.0 million in the first half of the year. The decrease is mainly attributable to the USA, where implementation revenues went down. Adjustments of margins and the termination of a project had an impact of EUR -7.0 million. By contrast, both operations and component revenues increased significantly.

Tolling revenues per region.



In the **APAC region**, there was a decline in revenues of EUR 2.2 million to EUR 9.0 million relative to the comparable period of the previous year. Implementation projects, above all in Australia, had already reached an advanced stage or are in a final phase. Therefore, revenues from implementation projects fell compared to the previous year. Component revenues decreased in the first half of 2021/22 in Australia, as the previous year included higher component revenues due to timing differences.

In the first half of 2021/22, 4.48 million on-board units were sold while in the previous year 5.17 million units were reported. Increases were seen in the USA, while sales figures declined in the Australia, France, Spain and Morocco. As a result, component revenues also fell by 9.3%. The reasons for the declines were delivery problems due to shortages of modules.

Revenues per business type in this segment were as follows:

in EUR million	H1 2020/21	H1 2021/22	+/-
Revenues	190.6	181.0	-5.0%
Implementation	65.9	38.5	-41.6%
Operations	90.0	111.1	23.5%
Components	34.6	31.4	-9.3%
EBIT	-52.1	1.3	> 100%

EBIT. The operating result (EBIT) in the Tolling segment was positive with EUR 1.3 million (previous year: EUR -52.1 million). It included adjustments for project margins and expenses due to termination of a project by the customer amounting to EUR -7.0 million. The cost of materials and other production services fell by 27.3%. Personnel expenses fell by 7.4% due to the restructuring measures. Other operating expenses include costs for the settlement of a patent dispute amounting to EUR 3.0 million. The operating currency result (net) amounted to EUR +1.5 million (previous year: EUR -3.7 million). The previous year included impairment losses amounting to EUR -21.3 million for goodwill based on impairment tests for non-current assets. Furthermore, adjustments of project margins and provisions for onerous contracts for some projects, especially in North America, had a negative impact of EUR -32.3 million on EBIT in the first half of the previous year.

Tolling-EBIT: EUR +1.3 million (> 100%).

Traffic Management.

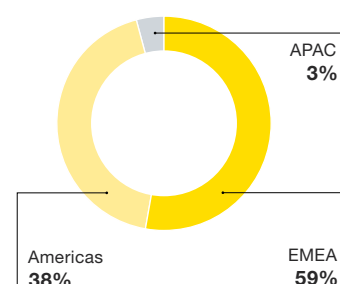
Revenues in the Traffic Management segment increased by 10.8% to EUR 74.1 million and contributed 29.1% (previous year: 26.0%) to total revenues.

The developments in all regions were as follows:

- > EMEA region: +24.1%
- > Americas region: -3.0%
- > APAC region: -17.9%

In the **EMEA region**, projects particularly in South Africa and Ireland contributed to the positive development. In the **Americas region**, some implementation projects expired, which could not be compensated by higher operations and component revenues. Implementation revenues also declined in the **APAC region**, with the result that revenues fell from EUR 2.5 million to EUR 2.0 million.

Traffic Management revenues per region.



Revenues per business type in this segment were as follows:

in EUR million	H1 2020/21	H1 2021/22	+/-
Revenues	66.9	74.1	10.8%
Implementation	31.3	30.6	-2.0%
Operations	33.5	40.6	21.3%
Components	2.2	2.9	32.2%
EBIT	-5.7	9.3	> 100%

EBIT. The operating result (EBIT) in the Traffic Management segment totaled EUR 9.3 million in the first half of 2021/22 and was above the previous year's figure of EUR -5.7 million. The cost of materials and other production services remained at the level of the previous year. Personnel expenses decreased by 10.4%. Other operating expenses rose by EUR 1.4 million, whereas allowances being released in the amount of EUR 3.7 million. In the first half of 2021/22, there were only

Traffic Management-EBIT: EUR +9.3 million (> 100%).

minimal allowances in this segment. In the previous year, amortization, depreciation and impairment included impairments of intangible assets (excluding goodwill) in the amount of EUR 3.5 million. The exchange rate result from operating activities amounted to EUR 1.4 million (previous year: EUR -2.2 million).

2.3 Net assets position.

The balance sheet total as of September 30, 2021 amounted to EUR 552.7 million (March 31, 2021: EUR 593.2 million).

Assets.

The carrying amount of non-current assets as of September 30, 2021 increased by 0.5% compared to the value as of March 31, 2021.

The item "Trade receivables and other current assets" increased by EUR 9.5 million relative to March 31, 2021. The increase largely resulted from invoicing of projects in the USA. Therefore the "contract assets" (current and non-current) declined by EUR 4.3 million.

Cash and cash equivalents decreased by EUR 40.9 million compared to March 31, 2021. This was mainly related to the scheduled repayment of three tranches of the promissory note bond and only partly to the negative free cash flow in the first half of 2021/22.

Liabilities and equity.

Non-current financial liabilities increased by EUR 26.0 million in the first half of 2021/22, whereas in the first quarter of the financial year 2021/22, a special credit line loan (KRR) secured by Oesterreichische Kontrollbank was received in the amount of approximately EUR 18 million. In addition, EUR 7.4 million has been reclassified from current to non-current financial liabilities.

Non-current contract liabilities decreased by EUR 8.6 million, as major projects have a remaining maturity of less than one year and thus are reported as current.

Current financial liabilities decreased by EUR 56.7 million, mainly due to the repayment of three tranches of the promissory note bond and other current financial liabilities (net) in the amount of EUR 49.5 million as well as the above mentioned reclassification to non-current financial liabilities.

Current contract liabilities increased in the first half of 2021/22 by EUR 11.0 million, in particular due to the development in the USA. Current provisions decreased by EUR -12.8 million. Main reasons were the utilization of the provision for onerous contracts (EUR -4.2 million), the provision for legal and litigation costs (EUR -6.7 million) and the restructuring provision (EUR -2.3 million), while other provisions increased by EUR 0.4 million.

Equity amounted to EUR 86.8 million as of September 30, 2021. The increase of EUR 2.0 million compared to the balance sheet date of March 31, 2021 mainly reflects the total comprehensive result in the first half of 2021/22. The equity ratio as of September 30, 2021 was 15.7% (March 31, 2021: 14.3%).

2.4 Financial position.

Cash flow.

Cash flow from operating activities in the first half of the current financial year was negative at EUR -0.3 million (previous year: EUR -23.2 million). The change in net working capital in the first half of 2021/22 was negative at EUR -3.2 million (previous year: EUR +2.0 million). Following effects were critical for this: "Trade receivables and other current assets" — including "contract assets" — increased by EUR 5.0 million (previous year: decrease by EUR 45.2 million). At the same time, "trade payables and other current liabilities" — including "contract liabilities" — increased by EUR 11.1 million (previous year: decrease by EUR -43.6 million). The current provisions went down by EUR 12.8 million (previous year: decrease of EUR -1.1 million), which also had a negative impact on the net working capital.

Cash flow from investing activities amounted to EUR -0.9 million in the first half of 2021/22 (previous year: EUR -6.8 million). However, it cannot be concluded that the company is not investing in the future. In the previous year, this result was mainly due to the financing of a joint venture in Germany in the amount of EUR 4.4 million. In the first half of 2021/22 only EUR 0.9 million was provided in further financing for this joint venture. Net CAPEX were lower by EUR 1.2 million in the first half of 2021/22 compared to the previous year. On the other side the sale of a subsidiary resulted in a cash inflow of EUR 0.8 million.

Free cash flow, defined as cash flow from operating activities plus cash flow from investing activities, amounted to EUR -1.2 million in the first half of financial year 2021/22 and was thus significantly better than in the comparable period of the previous year (EUR -30.0 million). The cash flow from financing activities totaled EUR -39.4 million in the first half of the year (previous year: EUR -8.5 million). This is primarily due to the repayment of three tranches of the promissory note bond, the repayment of current financial liabilities (net) of EUR 49.5 million, new loans of EUR 18.5 million and lease payments of EUR -8.8 million (previous year: EUR -7.2 million).

Cash and cash equivalents as of September 30, 2021 totaled EUR 61.1 million (March 31, 2021: EUR 102.0 million).

Key figures as of September 30, 2021.

Net debt reached EUR 173.9 million (March 31, 2021: EUR 169.6 million), which corresponded to a gearing of 200.3% (March 31, 2021: 200.1%). The increase in the net debt resulted primarily from a payment for the early termination of a lease in the USA (EUR -1.9 million), the negative free cash flow (EUR -1.2 million) and higher lease liabilities due to new contracts (EUR -1 million).

3. Information on major transactions with related parties and changes in the Group structure.

With the exception of the details included in the consolidated financial statements 2020/21 and the information included in note 13, there were no other transactions with related parties that had a significant impact on the financial position or operating result during the first half of the financial year. The changes in the Kapsch Group are only effective after the balance sheet date.

In September 2021 all shares in Kapsch TrafficCom S.r.l. a socio unico, Italy, were sold. The Mexican entity SIMEX, Integración de Sistemas, S.A.P.I. de C.V. was renamed to KAPSCH TRAFFICCOM MÉXICO, S.A.P.I. DE C.V. Furthermore, the consortium Consorcio Medellin Al Mar, Colombia, was established. Kapsch TrafficCom has control over the relevant activities of this consortium, and therefore it is fully consolidated.

4. Significant events occurring after balance sheet date.

The Supervisory Board of Kapsch TrafficCom AG has mutually agreed with André Laux, Chief Operating Officer (COO) of the company, on an early termination of his mandate as a member of the Executive Board, which runs until 2024. This will impact personnel expenses by EUR 2.6 million in the second half of the year. Georg Kapsch (CEO) takes over the sales agendas from Mr. Laux and will thus be responsible for all sales regions. Andreas Hämmerle (CFO) is additionally responsible for supply chain management and manufacturing.

Kapsch BusinessCom withdrew from the Kapsch Group together with Kari Kapsch in October 2021, with a view to the next generation of the Kapsch family and to be able to ensure a smooth transition to the next generation in a given time. From this moment Kapsch BusinessCom is no longer a related party.

5. Risk reporting.

Enterprise Risk Management (ERM), which is part of Group Risk & Internal Audit, aims to identify, evaluate and control risks at an early stage that have a significant impact on the company's success in achieving its strategic and operational objectives. However, the primary objective is not risk avoidance, but rather the controlled and conscious handling of risks as well as the timely identification and realization of opportunities. Thus, ERM makes a valuable contribution to corporate management.

Significant risks are recorded, quantified and globally aggregated on a quarterly basis as part of ERM. The resulting risk report enables the main corporate risks to be recorded and tracked in a compact manner. The report is sent to the Executive Board, the Audit Committee of the Supervisory Board and the first reporting level.

Project-oriented risk management includes customer projects as well as internal development projects. All relevant risks and opportunities are analyzed during the preparation of the offer on the basis of institutionalized processes. Decisions and the timely planning and implementation of control measures is thereby ensured due to the measures already mentioned.

The material risks of Kapsch TrafficCom are as follows:

- > Industry-specific risks: volatility of new orders, risks of project execution, risks due to non-negotiable, disadvantageous terms and conditions of long-term contracts with public agencies.
- > Strategic risks: ability to innovate, acquisition and integration of companies as part of the Group's growth, country risk.
- > Financial risks: foreign exchange risk, interest rate risk, liquidity risk, credit risk.
- > Personnel risk.
- > Legal risks.
- > IT risks.

The major risks faced by the Group are addressed in Section 2.2 of the Consolidated Management Report 2020/21. COVID 19 pandemic and its consequences for the economy continue to affect Kapsch TrafficCom. The Group experienced a decline in sales of components due to lower traffic and supply shortages. In addition, there were delays in tenders and placing orders, which particularly impacted the implementation business. New business visibility remains at a low level. The management expects that the risks for the Group due to COVID-19 will continue to exist in the second half of 2021/22 but will slowly decrease.

An internal control system (ICS) exists within the Group to document the internal control processes implemented in the accounting context. Responsibility for the implementation, design and monitoring of the ICS with a view to ensuring compliance with group-wide guidelines and regulations is incumbent upon the competent local management bodies in each case. Detailed Information of the internal control system is presented in section 2.3 of the Group Management Report 2020/21.

6. Outlook for the second half of the current financial year.

Management forecasts revenues to increase by approximately 10% to around EUR 550 million in the financial year 2021/22. The company expects the components business to continue to recover as well as growth in North America. This should above all compensate for the expiry of the operations projects in Poland at the end of the second quarter and in the third quarter.

The EBIT margin is expected to be 3%. This will include special effects from:

- > the settlement of the patent dispute,
- > the termination of a project by the customer, and
- > the mutually agreed termination of the mandate of André Laux's in October 2021, which would normally run until 2024.

In addition to maintaining cost control, the main focus in the second half of the year will be on acquiring new business. Management expects that the most important economies will continue to stabilize as Covid-19 vaccination coverage rates increase. This is the basis for higher market momentum. It is not possible to say exactly when a significant recovery can be expected on a broad basis. Until then, however, the Group expects the market situation to improve.

Vienna, November 16, 2021

The Executive Board



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 § 125 subsection 1 Stock Exchange Act 2018.

We confirm to the best of our knowledge that the condensed consolidated interim 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 and that the Group management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated interim financial statements and of the principal risks and uncertainties for the remaining six months of the financial year.

Vienna, November 16, 2021

The Executive Board



Georg Kapsch
Chief Executive Officer



Andreas Hämmerle
Executive Board Member



Alfredo Escribá Gallego
Executive Board Member

Condensed Consolidated Interim Financial Information

as of September 30, 2021.^{*)}

Kapsch TrafficCom – Consolidated statement of comprehensive income.

In k EUR	Note	H1 2020/21	H1 2021/22
Revenues	(2)	257,487	255,169
Other operating income	(3)	2,085	10,883
Changes in finished and unfinished goods and work in progress		520	-1,064
Cost of materials and other production services		-116,364	-90,097
Personnel expenses	(4)	-125,507	-114,989
Other operating expenses	(5)	-36,578	-37,173
Proportional result of associates and joint ventures	(9)	-1,939	-1,333
Operating result before amortization, depreciation and impairment (EBITDA)		-20,297	21,395
Amortization and depreciation		-12,747	-10,855
Impairment charge	(6)	-24,791	107
Operating result		-57,836	10,647
Finance income		778	2,791
Finance costs		-8,587	-5,600
Financial result		-7,809	-2,809
Proportional results from associates and joint ventures as financial investment	(9)	-507	-167
Result before income taxes		-66,151	7,671
Income taxes	(7)	10,597	-2,293
Result for the period		-55,554	5,378
Attributable to equity holders of the company		-53,959	2,991
Non-controlling interests		-1,595	2,387
Earnings per share from the result for the period attributable to the equity holders of the company (in EUR) ¹⁾		-4.15	0.23
Other comprehensive result for the period			
Currency translation differences		5,896	-3,738
Currency translation differences from net investments in foreign operations		-3,206	610
Income tax relating to items subsequently to be reclassified to the result for the period		802	-153
Items subsequently to be reclassified to the result for the period		3,491	-3,280
Items subsequently not to be reclassified to the result for the period		0	0
Other comprehensive result for the period net of tax		3,491	-3,280
Total comprehensive result for the period		-52,063	2,098
Attributable to equity holders of the company		-51,377	1,524
Non-controlling interests		-685	574

¹⁾ Earnings per share diluted = undiluted and relating to 13.0 million shares.

^{*)} The condensed consolidated interim financial information has neither been audited nor been reviewed by an auditor.

Kapsch TrafficCom – Consolidated balance sheet.

In k EUR	Note	March 31, 2021	Sept. 30, 2021
ASSETS			
Property, plant and equipment	(8)	55,171	52,933
Intangible assets	(8)	36,229	37,156
Interests in associates and joint ventures	(9)	29,751	28,236
Other non-current financial assets and investments	(10)	12,281	13,595
Non-current contract assets	(10)	5,188	5,941
Non-current lease receivables		847	730
Other non-current assets and receivables	(10)	3,592	3,596
Deferred tax assets		42,888	44,603
Non-current assets		185,947	186,790
Inventories		41,733	38,202
Trade receivables and other current assets	(10)	130,042	139,501
Current contract assets	(10)	105,972	100,870
Current lease receivables		595	424
Current tax receivables		25,934	24,662
Other current financial assets	(10)	924	1,138
Cash and cash equivalents	(10)	102,010	61,096
Current assets		407,209	365,894
TOTAL ASSETS		593,156	552,683
EQUITY			
Share capital		13,000	13,000
Capital reserve		117,509	117,509
Retained earnings and other reserves		-39,268	-37,744
Capital and reserves attributable to equity holders of the company		91,241	92,765
Non-controlling interests		-6,480	-5,973
TOTAL EQUITY		84,761	86,792
LIABILITIES			
Non-current financial liabilities	(10, 11)	120,895	146,846
Non-current lease liabilities	(10)	35,693	31,531
Liabilities from post-employment benefits to employees		25,425	24,231
Non-current provisions	(12)	5,265	4,486
Non-current contract liabilities		9,413	827
Other non-current liabilities	(10)	612	509
Deferred tax liabilities		1,016	1,053
Non-current liabilities		198,318	209,483
Current financial liabilities	(10, 11)	102,362	45,649
Current lease liabilities	(10)	13,585	12,059
Trade payables	(10)	59,404	57,908
Current contract liabilities		39,145	50,148
Current provisions	(12)	42,472	29,705
Current tax liabilities		1,748	2,655
Other liabilities and deferred income	(10)	51,361	58,285
Current liabilities		310,076	256,409
TOTAL LIABILITIES		508,395	465,892
TOTAL EQUITY AND LIABILITIES		593,156	552,683

Kapsch TrafficCom – Consolidated statement of changes in equity.

In k EUR	Share capital	Capital reserve	Other reserves	Retained earnings	Attributable to equity holders of the company	Non-controlling interests	Total equity
Carrying amount as of March 31, 2021	13,000	117,509	-44,171	4,903	91,241	-6,480	84,761
Dividend				0	0	-67	-67
Result for the period				2,991	2,991	2,387	5,378
Other comprehensive result for the period:							
Currency translation differences			-1,467		-1,467	-1,813	-3,280
Remeasurements of liabilities from post-employment benefits			-90	90	0		0
Carrying amount as of September 30, 2021	13,000	117,509	-45,728	7,984	92,765	-5,973	86,792
Carrying amount as of March 31, 2020	13,000	117,509	-50,129	107,782	188,162	-5,680	182,482
Dividend				0	0	0	0
Result for the period				-53,959	-53,959	-1,595	-55,554
Other comprehensive result for the period:							
Currency translation differences			2,581		2,581	910	3,491
Carrying amount as of September 30, 2020	13,000	117,509	-47,547	53,823	136,784	-6,365	130,419

The registered share capital of the company amounts to EUR 13,000,000. The share capital is fully paid in. The total number of ordinary shares issued is 13,000,000. The shares are ordinary bearer shares and have no par value. Each share entitles the holder to one vote. At the reporting date of September 30, 2021 Kapsch TrafficCom AG does not hold any treasury shares.

Kapsch TrafficCom – Consolidated cash flow statement.

In k EUR	Note	H1 2020/21	H1 2021/22
Operating result		-57,836	10,647
Scheduled depreciation and amortization		12,747	10,855
Impairment charge		24,791	-107
Change in obligations for post-employment benefits		-364	-872
Change in non-current receivables, non-current contract assets and other non-current assets		8,176	-712
Change in non-current trade payables, non-current contract liabilities and other non-current liabilities and provisions		1,175	-9,649
Net payments of income taxes		-10,540	-1,792
Interest received		187	199
Interest payments		-2,838	-2,145
Other (net)		-712	-3,439
Cash flow from earnings		-25,212	2,985
Change in net working capital:			
Change in trade receivables, current contract assets and other current assets		45,162	-5,032
Change in inventories		1,572	3,481
Change in trade payables, current contract liabilities and other current payables		-43,610	11,082
Change in current provisions		-1,097	-12,766
Change in net working capital		2,028	-3,235
Cash flow from operating activities		-23,184	-251
Purchase of property, plant and equipment	(8)	-1,069	-810
Purchase of intangible assets	(8)	-533	-42
Purchase of securities, investments and other financial assets		-6,057	-1,878
Proceeds from the disposal of shares in subsidiaries		0	843
Proceeds from the disposal of property, plant and equipment and intangible assets		230	694
Proceeds from the disposal of securities and other financial assets		610	281
Cash flow from investing activities		-6,819	-911
Free cash flow¹⁾		-30,003	-1,162
Dividend paid to non-controlling interests		0	-67
Increase in non-current financial liabilities	(11)	0	18,537
Increase in current financial liabilities	(11)	15,872	8,937
Decrease in current financial liabilities	(11)	-17,233	-58,073
Lease payments		-7,160	-8,770
Cash flow from financing activities		-8,520	-39,436
Cash and cash equivalents at beginning of year		122,632	102,010
Changes in cash and cash equivalents ²⁾		-38,524	-40,598
Exchange gains/losses		-635	-316
Cash and cash equivalents at the end of the period		83,473	61,096

¹⁾ Cash flow from operating activities + Cash flow from investing activities

²⁾ Free cash flow + Cash flow from financing activities

Selected notes to the condensed consolidated interim financial information.

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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 (including infrastructure, vehicles, user and industry). 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 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 Vienna, Austria. The address of its registered office is 1120 Vienna, Am Europlatz 2.

The scope of consolidation can be found in the consolidated financial statements as of March 31, 2021. In the first half of 2021/22 all shares in Kapsch TrafficCom S.r.l. a socio unico, Italy, were sold. The Mexican entity SIMEX, Integración de Sistemas, S.A.P.I. de C.V. was renamed to KAPSCH TRAFFICCOM MÉXICO, S.A.P.I. DE C.V. Furthermore, the consortium Consorcio Medellin Al Mar, Colombia, was established. Kapsch TrafficCom has control over the relevant activities of this consortium, and therefore it is fully consolidated.

1.2 Basis of preparation.

This condensed interim financial information for the first half of the financial year ended September 30, 2021 has been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the IASB, as adopted by the EU, according to IAS 34 Interim Financial Statements, and should only be read in conjunction with the annual financial statements for the year ended March 31, 2021.

The condensed interim financial information was neither subject to an audit nor to a review by an auditor.

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.

The adopted accounting and valuation principles in this condensed interim financial information for the first half of the financial year ended September 30, 2021 in general are consistent with those applied in the consolidated financial statements as of March 31, 2021 (see note 35). An exemption are the new or amended IFRS and IFRIC disclosed in note 16.

1.3 Material accounting estimates and assumptions.

In the context of the preparation of the condensed consolidated interim financial information, the Group makes judgements, estimates and assumptions in relation to the application of accounting methods and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates. All estimates and judgments are continually re-evaluated and are based on historical experience and other factors, including expectations as to future events which are believed to be reasonable under the given circumstances.

The estimates and assumptions made by the Management are in line with those adopted in the consolidated financial statements for the year ended March 31, 2021 (note 1.4) and described therein. These have also been applied to the financial statements for the first half of 2021/22.

2 Segment information.

The segment results by business type, which also correspond to performance obligations pursuant to IFRS 15, are as follows:

	H1 2020/21			H1 2021/22		
	Tolling	Traffic Management	Group	Tolling	Traffic Management	Group
Revenues	190,566	66,920	257,487	181,041	74,128	255,169
Implementation	65,929	31,255	97,184	38,522	30,627	69,149
Operations	90,001	33,509	123,510	111,113	40,649	151,762
Components	34,637	2,157	36,793	31,406	2,852	34,258
Operating result	-52,096	-5,739	-57,836	1,335	9,312	10,647
EBIT margin	-27.3%	-8.6%	-22.5%	0.7%	12.6%	4.2%

There was no customer who contributed more than 10% of revenues in the first half of 2021/22, as in the previous year.

3 Other operating income.

	H1 2020/21	H1 2021/22
Exchange rate gains from operating activities	296	4,055
Income from early termination of a lease contract	0	3,143
Sundry operating income	1,789	3,685
	2,085	10,883

Exchange rate gains from operating activities in the first half of 2021/22 mainly relate to gains from exchange rate fluctuations of the US dollar (USD) in respect to euro (EUR) and the Canadian dollar (CAD) and the Zambian kwacha (ZMW) in respect to the South African rand (ZAR).

The early termination of a lease agreement in the US resulted in cancellation payments of EUR 1,867 k. However, as the right-of-use asset had already been fully impaired in the previous financial year, this early termination and the resulting reversal of the lease liability generated income of EUR 3,143 k.

4 Personnel expenses.

Personnel expenses decreased by 8.4% to EUR 114,989 k in the first half of 2021/22. As of September 30, 2021, the number of employees amounted to 4,526 employees (March 31, 2021: 4,657 employees and September 30, 2020: 4,850 employees). The number of employees decreased in particular in the USA and Sweden due to a relocation of activities to Vienna.

5 Other operating expense.

	H1 2020/21	H1 2021/22
Communication and IT expenses	9,310	7,584
Legal and consulting fees	6,542	6,865
License and patent expenses	2,261	4,612
Maintenance costs	2,674	2,414
Marketing and advertising expenses	1,348	1,858
Automobile expenses	1,461	1,800
Insurance costs	1,616	1,737
Rental and other building expenses	2,340	1,690
Travel expenses	1,076	1,323
Office expenses	1,147	1,163
Exchange rate losses from operating activities	6,104	1,162
Other	698	4,966
	36,578	37,173

In the first half of 2021/22 license and patent expenses included costs of EUR 2,988 k for the settlement of a patent dispute. Communication and IT expenses were reduced by EUR 1,726 k compared to the previous year. Rental and other building expenses were also reduced as a result of the restructuring measures implemented in the previous year (EUR -650 k). Operating foreign currency losses decreased sharply and resulted primarily from exchange rate fluctuations of the currencies US dollar (USD) and Swedish krona (SEK) in respect to euro (EUR). Other operating expenses include various expense items of less than EUR 1 million in the current reporting period and in the comparable period of the previous year, as well as in the previous year the releases of allowances of trade receivables (EUR 2,942 k) and contract assets (EUR 773 k).

6 Impairment charge.

In the first half of 2021/22, impairments of right-of-use assets from leases recognized in financial year 2020/21 were reduced in the amount of EUR 107 k and therefore reversed. Of this amount, EUR 104 k related to the Tolling segment and EUR 3 k to the Traffic Management segment.

In the first half of 2021/22 the impairment on intangible assets related to the impairment of the goodwill of the cash-generating unit Tolling-EMEA in the amount of EUR 21,316 k and to other intangible assets of the cash-generating unit TM-EMEA in the amount of EUR 3,475 k. At the end of financial year 2020/21, a new impairment test was carried out for goodwill and non-current assets. The results led to a written up of other intangible assets (excluding goodwill) in the amount of EUR 1,845 k.

7 Income taxes.

Income taxes relate to current taxes and to deferred tax assets and liabilities. The effective tax expense is not determined until the end of the financial year. During the financial year, Kapsch TrafficCom uses a theoretical tax rate. This rate is applied to Group earnings before taxes adjusted for the already taxed proportional results from associates and joint ventures and before impairment of goodwill. At year-end, the effective tax rate may differ from the (theoretical) tax rate during the year. This may result from differences in taxation in the various countries, the recognition or impairment of tax loss carryforwards, tax allowances and permanent tax differences.

In the first half of 2021/22 as in the previous year a theoretical tax rate of 25% was applied to the Group's pre-tax result. This tax rate is based on a revenue-weighted analysis of the nominal tax rates of the individual countries in which Kapsch TrafficCom operates.

8 Property, plant and equipment and intangible assets.

	H1 2020/21	H1 2021/22
Carrying amount as of March 31 of financial year	142,247	91,400
Additions	1,602	3,723
Additions of right-of-use assets from leases	10,709	7,049
Disposals	-100	-405
Disposals of right-of-use assets from leases	-2,345	-582
Disposals relating to deconsolidation of subsidiaries	0	-458
Impairment	-24,791	0
Write-up from impairments of right-of-use assets	0	107
Depreciation, amortization and other movements	-5,516	-4,564
Depreciation on right-of-use assets from leases	-7,231	-6,291
Currency translation differences	-686	110
Carrying amount as of September 30 of financial year	113,888	90,089

The additions of EUR 3,723 k include additions of EUR 2,872 k that are not yet cash effective.

Details on impairment charge amounting to EUR 24,791 k in the first half of 2020/21 are included in note 6.

As of September 30, 2021 property, plant and equipment included right-of-use assets from leases in the amount of EUR 40,243 k (March 31, 2021: EUR 40,210 k).

9 Interests in associates and joint ventures.

Details of associates and joint ventures are shown in the consolidated financial statements of 2020/21.

	H1 2020/21	H1 2021/22
Carrying amount as of March 31 of financial year	32,635	29,751
Proportional result of the period from core business	-1,939	-1,333
Proportional result of the period from financial investments	-507	-167
Currency translation differences	-1	-15
Carrying amount as of September 30 of financial year	30,187	28,235
thereof interests in associates	7,406	8,900
thereof interests in joint ventures	22,781	19,335

As of September 30, 2021 as well as September 30, 2020 and March 31, 2021, shares in associates related to Traffic Technology Services Inc., USA.

The interests in joint ventures as of September 30, 2021 as well as of September 30, 2020 and March 31, 2021 mainly related to the joint venture autoTicket GmbH, Germany.

Proportional results from associates and joint ventures are split in the presentation in the income statement and are individually valued. Results from associates and joint ventures whose activities and strategic directions are part of the core business of Kapsch TrafficCom are reported in the operating result. Results from other associates and joint ventures are reported in the result before income taxes.

10 Financial instruments by category.

Financial instruments by category at carrying amount	March 31, 2021	Sept. 30, 2021
Trade receivables and other current assets	133,634	143,097
Trade receivables at amortized cost	107,056	111,807
Derivative financial instruments (Fair value level 2) at fair value through profit or loss	0	0
Other non-financial assets ¹⁾	26,578	31,291
Contract assets (non-current and current) at amortized cost	111,160	106,811
Other financial assets and investments (non-current and current)	13,205	14,733
At fair value through profit or loss	3,769	3,780
Securities (Fair value level 1)	3,674	3,742
Current securities (Fair value level 1)	55	0
Derivative financial instruments (Fair value level 2)	0	0
Investments (Fair value level 1)	0	0
Investments (Fair value level 3)	40	38
At amortized cost	9,435	10,953
Other financial assets and loans (non-current)	8,566	9,815
Other financial assets and loans (current)	869	1,138
Cash and cash equivalents at amortized cost	102,010	61,096
Financial liabilities (non-current and current) at amortized cost	223,257	192,495
Promissory note bond (non-current and current, Fair value level 2)	74,347	31,606
Project financing (Fair value level 2)	45,715	39,442
Operating loans (Fair value level 2)	85,215	101,495
Other financial liabilities (Fair value level 2)	17,980	19,952
Lease liabilities (non-current and current) at amortized cost ²⁾	49,277	43,590
Trade payables at amortized cost	59,404	57,908
Other liabilities and deferred income (non-current and current)	51,973	58,794
Other financial liabilities at amortized cost	220	384
Derivative financial instruments (Fair value level 2) at fair value through profit or loss	478	209
Other non-financial liabilities ¹⁾	51,275	58,200

¹⁾ Non-financial receivables and liabilities are only included for reconciliation with the respective balance sheet item.

²⁾ Lease liabilities belong to financial liabilities, but do not underly the disclosure requirements of IFRS 7.

Fair value.

Details on the fair value-hierarchies can be found in the consolidated financial statements of 2020/21. No reclassifications between fair value hierarchy levels were made since then.

The carrying amount of the following positions, which are valued at amortized cost, is a reasonable approximation of the fair value in accordance with IFRS 7.29: "trade receivables and other current assets", "contract assets", "other current financial assets and loans", "cash and cash equivalents", "trade payables" and "other liabilities and deferred income". These positions are attributed to level 3.

As of September 30, 2021, the fair value of non-current and current financial liabilities amounted to EUR 33,574 k for the promissory note bond (March 31, 2021: EUR 75,174 k), EUR 40,069 k for the project financing (March 31, 2021: EUR 46,351 k), EUR 103,059 k for the non-current and current operating loans (March 31, 2021: EUR 86,471 k) and EUR 19,900 k for other financial liabilities (March 31, 2021: EUR 18,103 k).

Impairment on trade receivables and contract assets.

Impairment on “trade receivables” decreased by EUR 186 k in the first half of 2021/22 (first half of 2020/21: decrease of EUR 3,000 k). The impairment on “contract assets” increased by EUR 12 k (first half of 2020/21: decrease of EUR 950 k). Both effects were recognized through profit or loss in the statement of comprehensive income.

There were no adjustments for investments measured according to Level 3 in the first half of 2021/22.

11 Financial liabilities.

	March 31, 2020	Sept. 30, 2020	March 31, 2021	Sept. 30, 2021
Non-current financial liabilities	185,231	131,046	120,895	146,846
Current financial liabilities	50,702	101,301	102,362	45,649
	235,933	232,347	223,257	192,495

Movements in financial liabilities are as follows:

	H1 2020/21			H1 2021/22		
	Non-current	Current	Total	Non-current	Current	Total
Carrying amount as of March 31 of financial year	185,231	50,702	235,933	120,895	102,362	223,257
Reclassification	-53,236	53,236	0	7,374	-7,374	0
Additions	0	15,872	15,872	18,537	8,937	27,474
Repayments	0	-17,233	-17,233	0	-58,073	-58,073
Currency translation differences and interest accrued	-949	-1,276	-2,225	40	-205	-164
Carrying amount as of September 30 of financial year	131,046	101,301	232,347	146,846	45,649	192,495

Additions and repayments are cash effective. In May 2021 Kapsch TrafficCom AG agreed with the financing Austrian banks to extend the term of the current financial liabilities until April 30, 2023. These financial liabilities were reclassified in the first half of 2021/22 from current to non-current. Current repayments are excluded from this agreement. Three tranches of the promissory note bond amounting to EUR 42,741 k were repaid on schedule in the first half of 2021/22.

In the first half of 2020/21 reclassifications mainly related to the promissory note bond (EUR 42,866 k).

The fair values and gross cash flows (including interest) of financial liabilities are as follows:

	Sept. 30, 2020	Sept. 30, 2021
In the next 6 months	21,192	42,540
In the next 7 to 12 months	83,091	6,830
Gross cash flows up to one year	104,283	49,369
Between 1 and 2 years	28,443	71,285
Between 2 and 3 years	50,339	32,952
Between 3 and 4 years	18,388	10,836
Between 4 and 5 years	10,288	19,004
Gross cash flows 2-5 years	107,458	134,077
Gross cash flows more than 5 years	26,134	17,621
Total	237,874	201,068

12 Provisions.

	March 31, 2020	Sept. 30, 2020	March 31, 2021	Sept. 30, 2021
Non-current provisions	4,295	4,050	5,265	4,486
Current provisions	23,375	22,278	42,472	29,705
	27,670	26,328	47,737	34,192

	March 31, 2021	Addition and accumulation	Utilization	Disposal	Reclassification	Currency differences	Sept. 30, 2021
Obligations from anniversary bonuses	1,916	14	0	-3	0	2	1,929
Warranties	1,177	0	0	0	-57	0	1,120
Projects (excl. impending losses)	194	0	0	0	-119	0	75
Provision for restructuring costs	556				-556		0
Other non-current provisions	1,422	16	0	-23	-103	50	1,362
Non-current provisions	5,265	30	0	-26	-834	52	4,486
Warranties	1,011	0	0	-13	57	8	1,063
Provision for losses from onerous contracts	19,611	4,782	-9,174	-3	0	175	15,391
Projects (excl. impending losses)	7,685	3	-25	-12	119	16	7,784
Legal fees, costs of litigation and contract risks	9,650	104	-6,785	0	0	-69	2,901
Provision for restructuring costs	3,361	0	-2,461	-397	534	1	1,038
Other current provisions	1,153	1,286	-112	-921	125	-4	1,528
Current provisions	42,472	6,175	-18,557	-1,346	834	126	29,705
Total	47,737	6,205	-18,557	-1,371	0	178	34,192

Provisions for losses from onerous contracts are mainly attributable to an American subsidiary, as of September 30, 2021 as well as of March 31, 2021. These provisions relate to various implementation projects, which cannot be completed with a profit. Provisions for legal fees, costs of litigation and contract risks mainly relate to a legal case in the USA and were utilized in the first half of the year in the amount of EUR 6,785 k.

	March 31, 2020	Addition and accumulation	Utilization	Disposal	Reclassification	Currency differences	Sept. 30, 2020
Obligations from anniversary bonuses	2,195	26	0	-18	0	0	2,203
Warranties	456	0	0	0	-2	0	454
Projects (excl. impending losses)	126	0	0	0	-25	0	100
Other non-current provisions	1,519	0	0	-66	-15	-145	1,293
Non-current provisions, total	4,295	26	0	-83	-42	-145	4,050
Warranties	2,375	0	-16	0	2	79	2,440
Provision for losses from onerous contracts	9,210	2,179	0	-2,103	0	-508	8,778
Projects (excl. impending losses)	8,238	4	-25	-367	25	-14	7,861
Legal fees, costs of litigation and contract risks	1,846	461	-115	-8	0	-106	2,078
Other current provisions	1,706	445	-770	-199	15	-76	1,121
Current provisions, total	23,375	3,089	-926	-2,677	42	-625	22,278
Total	27,670	3,115	-926	-2,761	0	-770	26,328

13 Contingent liabilities and other commitments.

The contingent liabilities primarily result from large-scale projects. Customer often 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:

Contract, warranty, performance and bid bonds	March 31, 2021	Sept. 30, 2021
North America (toll collection systems)	24,667	25,108
Australia (toll collection systems)	15,378	15,198
	40,045	40,306

Further performance and bid bonds from financial institutes or insurance companies, where an outflow of resources is deemed unlikely, amount to EUR 200,621 k (2020/21: EUR 202,800 k) and are not included in the balance sheet or in the contingent liabilities.

The disclosures concerning the joint venture autoTicket GmbH, Germany, did not change compared to the consolidated financial statements and can be reviewed in Note 29 in the consolidated financial statements as of March 31, 2021.

14 Related parties.

The following tables provide an overview of revenues and expenses as well as receivables and liabilities for related parties.

	H1 2020/21	H1 2021/22
Parent company		
Revenues	0	0
Expenses	-672	-564
Income (+) / Expense (-) from tax allocation	4,927	581
Affiliated companies		
Revenues	786	342
Expenses	-5,658	-5,691
Associated companies		
Revenues	0	0
Expenses	0	0
Joint ventures		
Revenues	31	82
Expenses	-1,722	-2,081
Other related parties		
Revenues	0	0
Expenses	-6,378	-3,414

	March 31, 2021	Sept. 30, 2021
Parent company		
Trade receivables and other assets	0	0
Trade payables and other payables (-)	-188	-272
Receivables (+) / Liabilities (-) from tax allocation	19,103	19,684
Affiliated companies		
Trade receivables and other non-current and current assets	394	296
Trade payables and other payables (-)	-3,901	-1,775

	March 31, 2021	Sept. 30, 2021
Associated companies		
Trade receivables and other non-current and current assets	369	782
Trade payables and other payables (-)	0	0
Joint ventures		
Trade receivables and other non-current and current assets	7,296	8,152
Trade payables and other payables (-)	-539	-34
Other related parties		
Trade receivables and other non-current and current assets	0	0
Trade payables and other payables including pension benefits (-)	-11,960	-12,060

The immediate parent company of the reporting entity is KAPSCH-Group Beteiligungs GmbH (KAPSCH Group), Vienna. Affiliated companies are all subsidiaries of KAPSCH Group, which are not part of Kapsch TrafficCom Group. Kapsch BusinessCom Group was still presented as an affiliated company in the first half of 2021/22, but left KAPSCH Group in October 2021.

Trade receivables and other non-current and current assets with joint ventures relate mainly to a loan to autoTicket GmbH, Germany.

Individual members of the Executive and Supervisory Boards of Kapsch TrafficCom AG have management functions or are members in the Supervisory Boards in the KAPSCH Group and/or its subsidiaries. In this context, please refer to the consolidated Corporate Governance Report 2020/21. In addition, Andreas Hämmerle, CFO of Kapsch TrafficCom, became managing director of KAPSCH-Group Beteiligungs GmbH as of October 7, 2021.

A comprehensive presentation of the relationships with related parties is shown in note 32 of the consolidated financial statements 2020/21.

15 Risk and capital management.

The financial risks to which Kapsch TrafficCom is exposed are described in the consolidated financial statements for the year ended March 31, 2021 (note 33) as well as the management report on the first half of 2021/22.

The Group also continuously monitors if all covenants comply with credit agreements. Kapsch TrafficCom agreed on new credit agreements with affected banks in May 2021. In the first half of 2021/22 Kapsch TrafficCom met all newly agreed financial covenants.

16 New and amended standards and interpretations.

	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 statement
IFRS 4	Temporary Exemption from Applying IFRS 9	June 2020	January 1, 2021	None
IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16	Interest Rate Benchmark Reform – Phase 2	August 2020	January 1, 2021	None
IFRS 16	Covid-19 – Related Rent Concessions beyond 30 June 2021	March 2021	April 1, 2021	None

The application of new and amended standards and interpretations does not cause a material change in the condensed interim financial information.

17 Significant events occurring after September 30, 2021.

The Supervisory Board of Kapsch TrafficCom AG has mutually agreed with André Laux, Chief Operating Officer (COO) of the company, on an early termination of his mandate as a member of the Executive Board, which runs until 2024. This will impact personnel expenses by EUR 2.6 million in the second half of the year. Georg Kapsch (CEO) takes over the sales agendas from Mr. Laux and will thus be responsible for all sales regions. Andreas Hämmerle (CFO) is additionally responsible for supply chain management and manufacturing.

Kapsch BusinessCom withdrew from the Kapsch Group together with Kari Kapsch in October 2021, with a view to the next generation of the Kapsch family and to be able to ensure a smooth transition to the next generation in a given time. From this moment on Kapsch BusinessCom is no longer a related party.

No other subsequent events to be reported, have occurred after September 30, 2021.

Vienna, November 16, 2021

The Executive Board



Georg Kapsch
Chief Executive Officer



Andreas Hämmerle
Executive Board member



Alfredo Escribá Gallego
Executive Board member

Financial calendar.

February 23, 2022	Results Q1–Q3 2021/22
June 15, 2022	Results FY 2021/22
August 17, 2022	Results Q1 2022/23
August 28, 2022	Record date: Annual General Meeting
September 7, 2022	Annual General Meeting
November 16, 2022	Results H1 2022/23
February 22, 2023	Results Q1–Q3 2022/23

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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 can 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 disclaims any 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 is always referred to women, men and non-binary persons.

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

Imprint.

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Kapsch TrafficCom

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

Kapsch TrafficCom has brought projects to fruition in more than 50 countries around the globe. 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.

Headquartered in Vienna, Kapsch TrafficCom has subsidiaries and branches in more than 25 countries. It has been listed in the Prime Market segment of the Vienna Stock Exchange since 2007 (ticker symbol: KTCG). In its 2020/21 financial year, around 4,660 employees generated revenues of EUR 505 million.

>>> www.kapsch.net/ktc