EN

Kapsch TrafficCom

Group Report 2021/22

as of March 31, 2022.

Consolidated Management Report and Consolidated Financial Statements 2021/22.

Selected key data.

2021/22, 2020/21 and 2019/20: refers to the respective financial year (April 1 until March 31)
pp: percent points
Unless otherwise stated, all values in EUR million.

Earnings Data	2019/20	2020/21	2021/22	+/-
Revenues	731.2	505.2	519.8	2.9%
Share of tolling segment	77.1%	70.9%	71.2%	0.2 pp
Share of traffic management segment	22.9%	29.1%	28.8%	-0.2 pp
EBITDA [1]	13.6	-67.1	32.7	n.a.
EBITDA margin	1.9%	-13.3%	6.3%	19.6 pp
EBIT	-39.2	-123.2	11.0	n.a.
EBIT margin	-5.4%	-24.4%	2.1%	26.5 pp
Result before income taxes	-63.4	-133.1	5.3	n.a.
Result for the period	-55.7	-105.3	-6.2	94.1%
Result for the period attributable to equity holders	-48.1	-102.9	-9.3	90.9%
Earnings per share in EUR	-3.70	-7.91	-0.72	90.9%

Business segments	2019/20	2020/21	2021/22	+/-
Tolling				
Revenues	563.5	358.2	369.9	3.2%
EBIT	1.5	-117.2	3.3	n.a.
EBIT margin	0.3%	-32.7%	0.9%	33.6 pp
Traffic Management				
Revenues	167.7	147.0	149.9	2.0%
EBIT	-40.7	-6.0	7.7	n.a.
EBIT margin	-24.2%	-4.1%	5.1%	9.2 pp

Revenues by region	2019/20	2020/21	2021/22	+/-
EMEA	55.2%	54.8%	54.2%	-0.6 pp
Americas	40.2%	40.6%	40.8%	0.2 pp
APAC	4.6%	4.6%	5.0%	0.4 pp

Balance sheet data	March 31, 2020	March 31, 2021	March 31, 2022	+/-
Total assets	727.2	593.2	512.1	-13.7%
Total equity [2]	182.5	84.8	77.9	-8.1%
Equity ratio [2]	25.1%	14.3%	15.2%	0.9 pp
Net debt [3]	175.7	169.6	158.3	-6.7%
Gearing [4]	96.3%	200.1%	203.2%	3.1 pp
Net working capital [5]	168.3	91.0	71.0	-22.0%

Cash flow	2019/20	2020/21	2021/22	+/-
Net CAPEX [6]	11.4	5.4	5.3	-1.4%
Free cash flow [7]	2.4	4.3	16.8	> 100 %

Other information	2019/20	2020/21	2021/22	+/-
Employees, end of period	5,104	4,657	4,220	-9.4%
On-board units, in million units	13.19	9.88	10.38	5.1%

1) Operating result before amortization, depreciation and impairment
2) Incl. 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

Table of contents.

CONSOLIDATED MANAGEMENT REPORT.

1 Business performance and economic situation.

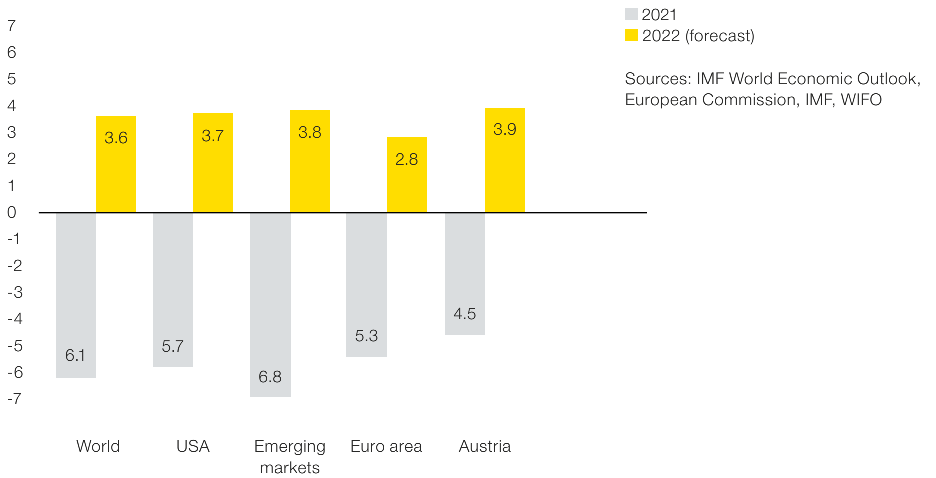
1.1 Business performance.

1.1.1 Economic environment.

Global economy.
In 2021, global business activity recovered noticeably from the pandemic-related turmoil in the year before. Despite a continuous spread of infections (SARS-CoV-2), aggregate output registered an increase of 6.1% (2020: -3.1%). This recovery can be attributed to advancements in public health management and to substantial fiscal and monetary support around the globe. Worldwide trade bounced back as well, with the volume of goods exchanged rising by almost 10% compared to the previous year. This is remarkable in that several sectors continued to witness supply chain disruptions resulting from recurring lockdowns. Matters were further complicated by the outbreak of the Russian military offensive against Ukraine, which has already led to weaker growth projections for the global economy (2022: +3.6%) and remains a major downside risk, depending on how the conflict evolves.

Global economic development: +6.1%.

GDP growth 2021 and 2022.
(in %)



USA.
Compared to other advanced economies, the United States showed above-average growth figures for 2021. More specifically, the gross domestic product went up by 5.7%, fuelled by an almost USD 2 trillion coronavirus aid package. The second half of the year, however, marked a trend reversal in economic policy. An additional spending plan ("Build Back Better Act"), for instance, failed to gain a majority in the Senate on account of steadily rising inflation rates and growing fears of an overheating economy. At the same, the US Federal Reserve faced mounting pressure to reverse its loose monetary policy. In March 2022, interest rates were raised for the first time since 2018. As far as the outlook for 2022 is concerned, economists predict a growth rate of 3.7% for the United States.

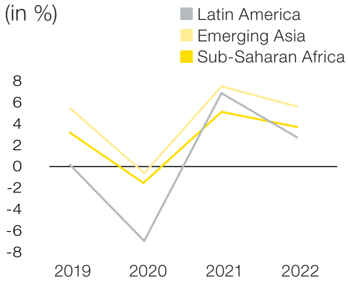
US economy: +5.7%.

Emerging markets and developing economies.
The emerging and developing economies also embarked on a path of recovery in 2021, despite greater structural challenges and limited capacities to manage the health crisis. Overall economic activity went up by 6.8% (previous year: -2.0%).

Economic activity of emerging markets and developing economies: +6.8%.

Asia. The emerging Asian economies were once again the main drivers of global growth. Unlike in previous years, though, this expansion was predominantly due to the dominating regional markets, China (+8.1%) and India (+8.9%), whereas the 3.4% GDP increase of the ASEAN-5 economies (Indonesia, Malaysia, Thailand, Vietnam and the Philippines) fell short of expectations. Turning to 2022, the overwhelmingly positive growth outlook for emerging Asia is somewhat clouded by the relatively strong impact of the Omicron wave in the first quarter.

GDP growth 2019–22.
(in %)



Commonwealth of Independent States and MENA region (Middle East and North Africa). Business activity in both regions was impacted favourably by the recovery in the oil market in 2021. With oil prices having already reached pre-crisis levels in the spring, the OPEC+ alliance, led by Saudi Arabia and Russia, opted for gradual production increases from mid-2021 on. Following this, most oil-exporting countries saw marked improvements in their budget and GDP figures. The military escalation between Russia and Ukraine in the first quarter of 2022, however, constitutes a major turning point, whose economic effects (soaring energy prices, food shortages, etc.) are felt far beyond national and regional borders.

Latin America and Sub-Sahara Africa. The economy in Latin America, hit particularly hard at the outset of the corona crisis, made a strong return in 2021. Driven first and foremost by more lucrative commodity exports, regional GDP expanded by 6.8% (2020: -7.0%) and is set to remain on a moderate growth path in 2022. In Sub-Sahara Africa, aggregate output rose by 4.5% in 2021, which is broadly in line with the medium-term trend observable prior to the outbreak of the pandemic. While the continent continues to offer ample opportunities, some economic challenges are likely to intensify in 2022, particularly inflation, supply security and debt management.

Europe.
European Union (EU). The European economy also managed to leave the deep recession of 2020 behind, not least due to the strong revival of international demand. Overall growth in the European Union stood at 5.4% in 2021. In addition to expanding trade activities, the upswing was accelerated by more dynamic consumer demand and recovering service industries. Moreover, the deployment of the EU's Recovery and Resilience Facility boosted investment activities. A closer look at national levels shows a mixed picture, though. While France and Italy, for instance, registered growth rates of more than 6%, Germany failed to live up to its reputation as Europe's economic powerhouse. This is mainly attributable to supply chain bottlenecks and shortages of certain materials, causing major disruptions in industrial production. In 2022, the war in Ukraine is likely to exacerbate these challenges, both in terms of intensity and duration.

EU economy: +5.4%.

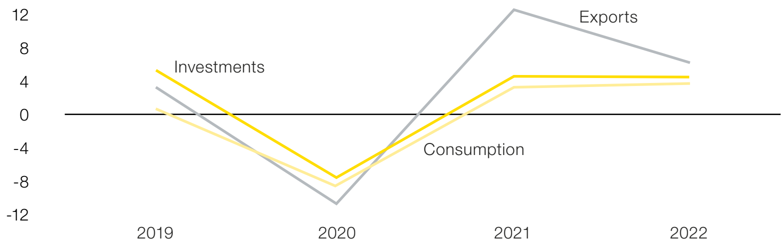
Eurozone. Economic activity in the Eurozone rose by 5.3% in 2021 (previous year: -6.4%). In line with the global trend, the monetary union was confronted with a steady uptick in inflation throughout the year, which became even more pronounced in early 2022 amidst soaring energy and commodity prices. At the end of the first quarter, the inflation rate reached 7.5%, which is clearly above the European Central Bank's (ECB) medium-term target of 2%. Against this background, the ECB took first steps towards a less expansionary monetary policy and cut back on bond purchases. Interest rates, by contrast, have been kept unchanged so far, unlike in the US or the UK.

Central and Eastern Europe (CEE). This region came back on track to convergence in 2021. Regional growth exceeded the expansion rate of the Eurozone, boosted by robust domestic consumption, booming exports and a surge in investment activities. Croatia, Serbia and Hungary were among the best-performing CEE economies, with GDP growing by more than 6%. At the same time, regional markets with close ties to industrial production in Germany were adversely affected by supply bottlenecks, most notably the Czech Republic and Slovakia. Looking at 2022, the conflict in Ukraine poses significant economic, political and social challenges to the countries in the immediate neighbourhood.

Austria.
Austria's economic development exceeded expectations in 2021, with GDP growth amounting to 4.5% (preceding year: -6.7%). Although the first and the last quarter were marked by lockdown phases, several sectors reported stabilising business activities. Apart from demand quickly catching up, domestic recovery was fuelled by resilient industrial production, thriving exports and new investment incentives. As for 2022, economists predict a continuing expansion of up to 4%, while stressing that these forecasts are subject to an exceptionally high degree of uncertainty given the challenging international environment.

GDP in Austria: +4.5%.

Export, investment & consumption growth in Austria 2019–22.
(in %)



1.1.2 Definition of market.

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 Transportation 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.

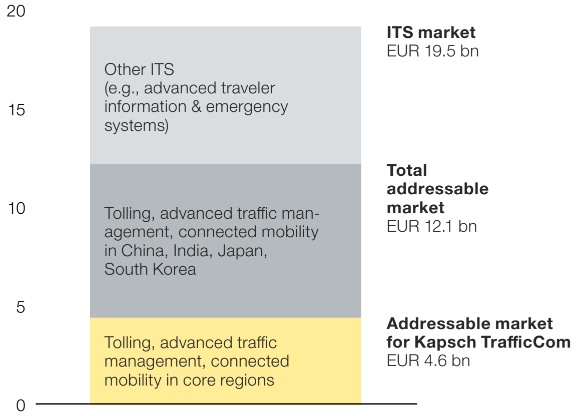
Target markets.
In this context, Kapsch TrafficCom addresses the market for Intelligent Transportation Systems (ITS). These support and optimize traffic (including infrastructure, vehicles, users and industry). They use information and communication technologies for this purpose. Within the ITS market, Kapsch TrafficCom focuses on tolling and toll services as well as traffic management and demand management.

Focus on niche market with volume of EUR 4.6 billion (year 2020).

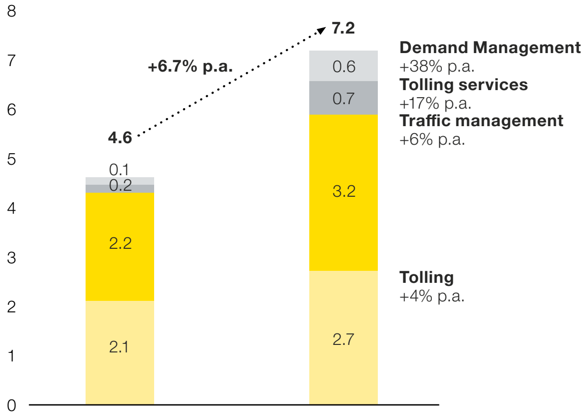
Core regions of business activity are North, Central and South America as well as Europe and Oceania (Australia and New Zealand).

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.

Addressable market in 2020.
(in EUR billion)



Addressable market for Kapsch TrafficCom 2020–2027.
(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 transportation management and tolling solutions are recognized tools for influencing traffic and means of transportation.

Need for transportation 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, buildings cannot simply be moved any which way 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, resulting in two consequences: the greater use of public transportation and shared means of transportation as well as—if not countered in an appropriate manner—more traffic jams. Furthermore, the shift toward electric vehicles will continue. Although this will reduce direct CO2 emissions, the particulate matter problem will remain.

Connected mobility. Rapid technological progress is being made in the exchange of information between vehicles (vehicle-to-vehicle, V2V), between vehicles and traffic infrastructure (vehicle-to-infrastructure, V2I), as well as in the field of autonomous driving. Already today, these developments are enabling increasingly better and more extensive applications for better driving comfort and greater driving safety. Furthermore, the new communications paths and enormous quantities of data will allow for substantial improvements in transportation 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. The use of extensive quantities of data makes the protection of personal data and the handling of it more 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 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.

1.1.3 Business performance 2021/22.

The financial year 2021/22 has essentially delivered what Kapsch TrafficCom had predicted in the outlook of the consolidated financial statements of the previous financial year: Revenues showed slight growth and EBIT was again positive. Nevertheless, there were a number of events and developments worth reporting.

After a difficult phase, Kapsch TrafficCom succeeded in achieving a visible turnaround as from the first quarter. This was accomplished despite a restrained revenue development, which was primarily due to two reasons. On the one hand, the main focus in North America continued to be on stabilizing the organization following extensive restructuring measures. Secondly, the Group continued to feel the **effects of the COVID-19 pandemic**:

- New business momentum was persistently low, especially in the European implementation business, due to a lack of sufficient market opportunities. The majority of the company's customers are public institutions, authorities or corporations. In most countries, their focus was either on combating the pandemic or on supporting the economy and labor markets. Strengthening budgets and investments to support environmental goals were therefore not yet a sufficient priority.
- In addition, bottlenecks in electronic components meant that existing demand for components could not be met as desired and an order backlog formed.

Margin adjustments had to be made again for some implementation projects in the USA – to a significantly lesser extent than in the previous financial year, but still to a noticeable extent. These had a negative effect on revenues and EBIT (more on the various special effects in the following section).

There is also something to report on the larger **operations projects**: In Poland, two major projects came to an end at the end of September and in November in line with the contracts. In contrast, a much smaller one began here in the summer of 2021 for the provision of direct distribution services with regard to the new, satellite-based tolling system. 2021/22 was the first full financial year in which Kapsch TrafficCom was responsible for the technical operation of the e-vignette system for passenger cars and the electronic truck toll system in Bulgaria. In South Africa, business developed well and exceeded expectations.

In November 2020, a competitor in the U.S. opened a lawsuit accusing Kapsch TrafficCom of patent infringements. In autumn 2021, Kapsch TrafficCom succeeded in settling this patent dispute.

In financial year 2021/22, steps were taken to **reorganize the Kapsch Group**, whose Group company KAPSCH-Group Beteiligungs GmbH holds 63.3% of the shares in Kapsch TrafficCom. The background to this was the effort to be able to ensure a smooth transition to the next generation of the Kapsch family when the time comes. Kapsch BusinessCom left the Kapsch Group together with Kari Kapsch. He also left 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. In his place, the Annual General Meeting elected Ms. Sonja Hammerschmid to the Supervisory Board.

There were also significant changes at **Executive Board** level: Andreas Hämmerle was appointed as Chief Financial Officer with effect from July 1, 2021. He previously headed the finance department as Executive Vice President Finance. In October 2021, the Executive Board contract of André Laux, Chief Operating Officer (COO), was terminated by mutual agreement. Georg Kapsch took over his sales responsibilities and is now responsible for all sales regions. Since then, Andreas Hämmerle has been responsible for supply chain management and production in Europe in addition to his financial responsibilities; Alfredo Escribá's responsibilities have not changed as a result of Mr. Laux's departure. Mr. Laux had been with Kapsch TrafficCom for fourteen years, eleven of which as a member of the Executive Board.

As of February 24, 2022, the attention of the world public was focused on the fighting in **Ukraine**. Kapsch TrafficCom has no customers in this country. However, in 2021, a Group company was founded with headquarters in Kiev. It employs a group of external software developers, primarily from Ukraine. The team is working in particular on solutions for the tolling services business in the USA. As a result of the sanctions imposed by the European Union against **Russia**, Kapsch TrafficCom did not accept any new orders from this country. Revenues in Russia have always been below 1% of Group revenues in recent years. The sanctions against **Belarus** affected Kapsch TrafficCom only to a minor extent. They resulted in the fact that certain components and services could no longer be delivered or provided. Kapsch TrafficCom operates the nation-wide tolling system for cars and trucks in Belarus and has a contract for this until 2032. The revenues there in the reporting period corresponded to a higher single-digit percentage of Group revenues.

Shortly before the end of the financial year, Kapsch TrafficCom received an **interim arbitral award** which affirms the claim for compensation of the joint venture of Kapsch TrafficCom and CTS EVENTIM against the Federal Republic of Germany on the merits. Following the termination of the operating agreement for the collection of the infrastructure charge ("passenger car toll") in Germany, the joint venture has asserted claims for compensation in the amount of approximately EUR 560 million against the Federal Republic of Germany. The amount of the claim will be decided in the arbitral proceedings that will now follow.

1.2 Financial and non-financial performance indicators.

1.2.1 Results of operations.

Revenues. Revenues of Kapsch TrafficCom increased to EUR 519.8 million in the financial year 2021/22, up by 2.9% (EUR 14.6 million) above the previous year. New business momentum was particularly slow in the European implementation business due to a lack of sufficient market opportunities. Revenues increased in operations projects, particularly in Bulgaria and South Africa, and despite the expiry of contracts in Poland in September and November 2021. Geographically, the breakdown of Group sales was as follows:

- EMEA region (Europe, Middle East, Africa): 54.2% (previous year: 54.8%)
- Americas region (North, Central and South America): 40.8% (previous year: 40.6%)
- APAC region (Asia-Pacific): 5.0% (previous year: 4.6%)

Revenues by region.
All regions again generated sales growth.

in EUR million	2020/21	2021/22	+/-
EMEA	**277.0**	**282.0**	**1.8%**
Implementation	46.6	42.2	-9.5%
Operations	194.0	207.5	7.0%
Components	36.5	32.2	-11.6%
Americas	**204.9**	**212.1**	**3.5%**
Implementation	109.8	95.9	-12.7%
Operations	61.8	73.6	19.1%
Components	33.3	42.6	28.0%
APAC	**23.2**	**25.7**	**11.0%**
Implementation	9.0	11.2	23.8%
Operations	8.0	8.6	6.5%
Components	6.1	6.0	-2.3%
Total	**505.2**	**519.8**	**2.9%**

Project margins were also adjusted in the 2021/22 reporting period, particularly in the Americas region. This had an impact of EUR -22.0 million (previous year: EUR -71.9 million) on revenues, of which EUR -4.0 million was due to the termination of a customer project in the USA. Nevertheless, revenues in the region of Americas region increased by EUR 7.2 million, in the EMEA region by EUR 5.0 million and in the APAC region by EUR 2.5 million compared to the previous year.

Other operating income includes EUR 0.8 million (previous year: EUR 1.6 million) of 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. Operating foreign currency gains increased by EUR 3.6 million and resulted in a net foreign currency gain; in the previous year, the company still recorded a foreign currency loss (see further below on the other operating expenses).

Cost of materials and other production services decreased by 16.7% (EUR 40.6 million) to EUR 202.8 million (previous year: EUR 243.5 million). This is mainly due to lower costs for some projects in the USA, for which margin adjustments and provisions for onerous contract had to be recognized in the previous year. The ratio of materials and purchased services to sales decreased from 48.2% to 39.0%.

As a result of restructuring measures taken in the reporting period and in the previous year, **personnel expenses** were reduced by 6.9% to EUR 227.1 million. The average number of employees decreased by 380. The figure for the previous year included restructuring provisions of EUR 4.5 million for the reduction in personnel. The personnel ratio (ratio of personnel expenses to revenues) decreased from 48.3% in the previous year to 43.7%.

Other operating expenses decreased by 18.4% year-on-year to EUR 69.1 million, mainly legal and consulting fees decreased by EUR 13.1 million. In the previous year, the main driver was a patent dispute in the USA opened in November 2020, with this dispute being settled in financial year 2021/22. Operating foreign exchange losses (gross, excluding operating foreign exchange gains) decreased by EUR 8.4 million and resulted in a net foreign exchange gain. Exchange rate fluctuations mainly related to the US dollar (USD), the South African rand (ZAR) and the Zambian kwacha (ZMW) against the euro.

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 -3.8 million) and a joint venture in Colombia of EUR -0.3 million (previous year: EUR -0.2 million).

EBITDA. The operating result before amortization, depreciation and impairment (EBITDA) was again positive at EUR 32.7 million (previous year: EUR -67.1 million). The EBITDA margin was thus +6.3% (previous year: -13.3%).

Expenses for **amortization and depreciation** fell to EUR 21.7 million (previous year: EUR 24.7 million), with net CAPEX remaining unchanged. However, impairments in the previous year amounted to EUR 31.3 million. They partly included property, plant and equipment and rights of use from leasing agreements and therefore resulted in lower depreciation in the financial year. A small portion of EUR 0.1 million from the previous year's **impairment losses** was written up in the financial year.

EBIT. The operating result (EBIT) was positive again at EUR 11.0 million, after the negative EBIT of the previous year of EUR -123.2 million. The turnaround was achieved despite special effects amounting to EUR -31.5 million burdened EBIT in the financial year 2021/22 as follows:

- Adjustment of project margins and provisions for onerous contracts: For some projects, especially in North America, project margins have been adjusted, revenues and contract assets from customer contracts have been reduced and provisions for onerous contracts were recognized. Furthermore, a customer project in the USA was terminated. In total, this had a negative impact of EUR 29.9 million on EBIT (previous year: EUR -78.9 million).
- Settlement of a patent dispute: For the settlement of a patent dispute, an additional EUR -3.0 million was recognized in EBIT.
- Early termination of André Laux's Executive Board mandate: This had an impact of EUR -1.7 million on EBIT.
- Early termination of leases led to the reversal of lease liabilities, which had a positive effect of EUR +3.1 million.

Financial result. The financial result improved from EUR -9.6 million in the previous year to EUR -4.5 million. This includes net foreign currency gains of EUR 4.2 million (previous year: losses of EUR 2.0 million). In the financial year, these gains were mainly related to the US dollar (USD) and the Zambian kwacha (ZMW) as well as the South African rand and the Chilean peso against the euro (EUR). This was offset by EUR 1.1 million higher net losses from hyperinflation than in the previous year.

Proportional result from associated companies and joint ventures from financial investments. The contribution to earnings from Traffic Technology Services, Inc., USA, amounted to EUR -1.2 million (previous year: EUR -0.4 million).

Income taxes. Tax expense in the financial year amounted to EUR 11.5 million (previous year: income tax gains of EUR 27.8 million). This expense is relatively high compared to the profit before tax (EUR 5.3 million). The reason for this is that individual Group companies were not able to claim their negative results for the period as deferred tax assets (from loss carryforwards). This mainly affected subsidiaries in the USA.

Result for the period. The result for the period was still negative at EUR -6.2 million (previous year: EUR -105.3 million). A result of EUR -9.3 million (previous year: EUR -102.9 million) was attributable to the equity holders of the Group. This corresponds to earnings per share of EUR -0.72 (previous year: EUR -7.91).

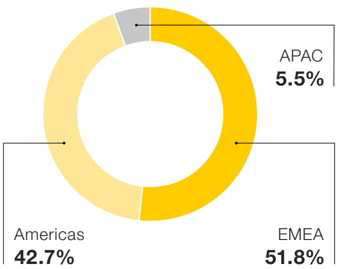
Other comprehensive income. This item mainly includes currency translation differences and revaluations of post-employment benefit obligations. The other comprehensive income amounted to EUR -0.4 million (previous year: EUR 9.0 million).

Total comprehensive income. Total comprehensive income as the sum of result for the period and other comprehensive income amounted to EUR -6.5 million (previous year: EUR -96.2 million).

1.2.2 Results of operations by segment.

Tolling.

Tolling-revenues by regions.



Revenues. In the financial year 2021/22, revenues in the tolling segment increased by 3.2% to EUR 369.9 million, following a revenue slump in the previous year. Revenues contributed 71.2% (previous year: 70.9%) to total revenue.

The EMEA region continued to make the largest contribution to revenues, with EUR 191.6 million (previous year: EUR 190.0 million). Revenues from implementation projects decreased by 11.9% and reached a volume of EUR 11.6 million. The volume of operations projects, on the other hand, increased by 5.2%. Following the contractual completion of the two major projects in Poland in September and in November the implementation of the distribution point network for the new satellite-based tolling system in Poland went into operation. Furthermore the financial year was the first full year of technical operation of the e-vignette system for passenger cars and the electronic truck tolling system in Bulgaria. In addition, business in South Africa developed well.

In financial year 2021/22, component sales also suffered significantly due to the COVID-19 situation and declined by 12.7% year-on-year in the EMEA region. A major reason for the decline were bottlenecks in electronic components. The existing demand for components could not be served desired, resulting in a backlog of orders.

Revenues in the Americas region increased from EUR 148.0 million in the previous year to EUR 158.0 million in the financial year 2021/22. Implementation revenues decreased by 11.9%, mainly in the USA. Also in this financial year, it was necessary to adjust project margins and provisions for impending losses had to be recognized, especially in North America.

By contrast, revenues from operations projects increased by almost a third to EUR 47.4 million. This mainly related to projects in the USA. Components sales also recovered again in the Americas region, rising by 29.3% to EUR 40.7 million.

Revenues in the APAC region were stable compared to the previous year at EUR 20.2 million.

In financial year 2021/22, 10.4 million on-board units were sold, 5.1% more than in the previous year (9.9 million units). While 2.1 million more units were sold in the USA, there were declines above all in the EMEA region (particularly in France, Spain and Morocco).

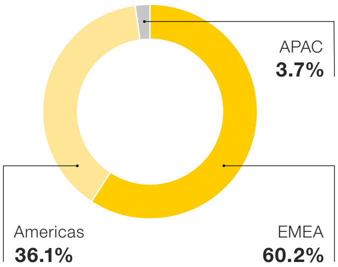
Segment Tolling by business type.

in EUR million	2020/21	2021/22	+/-
Revenues	**358.2**	**369.9**	**3.2%**
Implementation	100.3	89.2	-11.0%
Operations	187.5	205.2	9.4%
Components	70.5	75.5	7.1%
EBIT	**-117.2**	**3.3**	**n.a.**

EBIT. The operating result amounted to EUR +3.3 million (previous year: EUR -117.2 million). Margins were also adjusted and provisions for onerous contracts were recognized in the financial year. The costs of materials and other production services fell by 20.9% despite a slight increase in revenues (+3.2%). Personnel expenses decreased by 7.0% with regional differences in development: In the EMEA region, personnel expenses decreased by 9.6%, in the APAC region by 27.7%, and in the Americas region by 2.4%. In the previous year, personnel expenses included restructuring costs of EUR 3.8 million. Depreciation and amortization decreased slightly by 6.6% to EUR 15.9 million. The write-up of assets impaired in the previous year resulted in income of EUR 0.1 million. In the previous year, impairment losses of EUR 28.3 million were recognized in this segment. Other operating expenses decreased significantly to EUR 50.9 million (-20.2%). This was mainly due to legal and consulting fees (decrease of EUR 9.0 million) as a result of the settlement of a patent dispute and foreign currency losses (decrease of EUR 3.9 million).

Traffic Management.

Traffic Management revenues by regions.



Revenues. In the financial year 2021/22, revenues increased by 2.0% to EUR 149.9 million and contributed 28.8% (previous year: 29.1%) to total revenues.

In the EMEA region, revenues of EUR 90.3 million were generated (previous year: EUR 87.1 million). Whereas implementation revenues decreased compared to the previous year (-8.5%), operations revenues increased by 12.2%, especially in South Africa and Spain. Component sales were stable compared to the previous year.

Revenues in the Americas region amounted to EUR 54.1 million (-4.9%). Especially the implementation revenues decreased, with the declines in the USA and Mexico not being compensated by new projects.

In the APAC region, revenues increased to EUR 5.5 million (previous year: EUR 3.0 million). This pleasing development was mainly due to the implementation business in New Zealand.

Segment Traffic Management by business type.

in EUR million	2020/21	2021/22	+/-
Revenues	**147.0**	**149.9**	**2.0%**
Implementation	65.2	60.0	-7.9%
Operations	76.4	84.6	10.8%
Components	5.4	5.4	-0.9%
EBIT	**-6.0**	**7.7**	**n.a.**

EBIT. EBIT amounted to EUR 7.7 million in the financial year and was thus significantly better than in the previous year (EUR -6.0 million). Personnel costs decreased in all regions and were thus significantly lower than in the previous year (-6.5%). Depreciation and amortization decreased by 24.1%, while in the previous year impairment losses on intangible assets (excluding goodwill) as well as from property, plant and equipment in the amount of EUR -3.0 million were included. The operating foreign currency result (net) amounted to EUR 1.8 million (previous year: EUR -3.4 million).

1.2.3 Net assets position.

Kapsch TrafficCom's total assets as of March 31, 2022 amounted to EUR 512.1 million (March 31, 2021: EUR 593.2 million).

Assets.
Property, plant and equipment decreased by EUR 6.2 million compared to March 31, 2021. This is mainly due to current depreciation and amortization. Additions to property, plant and equipment and to rights of use assets from leases were lower than current depreciation and amortization. Intangible assets were at previous year's level in terms of value.

Investments in associates and joint ventures decreased by EUR 1.9 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, totaling EUR -3.2 million. Financing from Kapsch Traffic Com Group for Traffic Technology Services, Inc., USA of EUR 0.7 million and for Copiloto Colombia S.A.S., Colombia of EUR 0.6 million reduced the decrease. Other non-current financial assets and investments increased by EUR 2.7 million. This mainly refers to the financing of the joint venture autoTicket GmbH, Germany, in the amount of EUR 1.9 million and the additional financing of the associated company Traffic Technology Services, Inc., USA, amounting to EUR 0.5 million.

For deferred tax assets, the previous year's figure was adjusted, as deferred tax assets from losses were recognized instead of current tax receivables. As of March 31, 2022, deferred tax assets amounted to EUR 60.2 million and the adjusted value for the previous year was EUR 62.0 million. The majority of deferred tax assets relate to tax loss carry-forwards in Austria and the USA.

Inventories decreased from EUR 41.7 million to EUR 35.6 million, mainly in the USA. The item "Trade receivables and other current assets" increased by a total of EUR 0.8 million compared to March 31, 2021. Non-current and current contract assets from customer contracts decreased by EUR 23.7 million, which was mainly due to projects in the USA (including margin adjustments on these projects).

Cash and cash equivalents decreased – despite a positive free cash flow in the financial year 2021/22 – in March 31, 2021 by EUR 42.3 million. The reasons for this were repayments of financial liabilities, in particular of the first three tranches of the promissory note bond.

Liabilities and equity.
Non-current financial liabilities increased by EUR 15.2 million to EUR 136.1 million in financial year 2021/22, and current financial liabilities decreased by EUR 58.3 million to EUR 44.0 million. The main reason for this change was the scheduled partial repayment of the parts of the promissory note bond due for repayment in mid-June 2021 (EUR 42.5 million) as well as reclassifications between non-current and current financial liabilities.

As of March 31, 2022, non-current lease liabilities amounted to EUR 27.6 million (previous year: EUR 35.7 million) and current lease liabilities amounted to EUR 11.9 million (previous year: EUR 13.6 million). In addition to a repayment of lease liabilities amounting to EUR 15.1 million, a lease agreement in the USA was terminated and these lease liabilities were derecognized. This termination resulted in other income in the amount of EUR 3.1 million.

Non-current and current contract liabilities decreased by EUR 11.7 million as current projects were further continued to be worked off. Trade payables increased by EUR 12.1 million, which is affecting most regions and companies. Part of these liabilities also related to invoices not yet received for purchased services.

Current provisions decreased to EUR 28.6 million (previous year: EUR 42.5 million), mainly due to the utilization or reversal of provisions for legal and litigation costs as well as the reversal of project provisions and the utilization of restructuring provisions.

Equity as of March 31, 2022 was EUR 77.9 million, EUR 6.9 million lower than at the end of the previous year. This development essentially reflects the "comprehensive income for the period" of EUR -6.5 million. The equity ratio as of March 31, 2022 was 15.2% (March 31, 2021: 14.3%).

1.2.4 Financial position.

Cash flow.
Cash flow from operating activities was positive in financial year 2021/22 at EUR 25.5 million (previous year: EUR 11.1 million).

The item “Change in non-current trade payable, non-current contract liabilities and other non-current liabilities and provisions” was negative at EUR -10.3 million (previous year: EUR +6.7 million). The main reason for this was the decrease in non-current contract liabilities. The change in working capital amounted to EUR +16.6 million (previous year: change of EUR +82.9 million). In particular, “Trade receivables, contract assets and other current assets” decreased by EUR 20.5 million (previous year: decrease of EUR 79.1 million). Inventories decreased by EUR 6.1 million (previous year: EUR 13.9 million). The slight increase in “Trade payable, current contract liabilities and other liabilities” had a positive effect on cash flow of EUR 3.8 million (previous year: decrease of EUR 29.2 million). The utilization and decrease in short-term provisions by EUR 13.8 million had a negative impact on cash flow compared to the previous year (increase of EUR 19.1 million).

Cash flow from investing activities amounted to EUR -8.7 million in financial year 2021/22 (previous year: EUR -6.8 million). The net CAPEX remained at the previous year’s level of EUR 5.3 million. The payments for the purchase of securities, investments and other non-current financial assets included financing of the associated company Traffic Technology Services, Inc., USA, in the amount of EUR 1.1 million, of which in the financial year 2021/22, EUR 0.7 million was converted into equity, as well as financing of the joint venture company autoTicket GmbH, Germany, amounting to EUR 1.9 million. Payments for the acquisition of interests in companies consolidated at equity related to further financing of the joint venture Copiloto, Colombia. From the sale of the subsidiary Kapsch TrafficCom S.r.l. a socio unico, Italy, proceeds of EUR 0.8 million were generated.

Free cash flow (cash flow from operating activities plus cash flow from investing activities) in the financial year 2021/22 amounted to EUR 16.8 million (previous year: EUR 4.3 million). This development is positively influenced by the decrease in working capital.

Cash flow from financing activities was negative at EUR -61.1 million in financial year 2021/22 (previous year: EUR -26.8 million). This was mainly due to the scheduled repayments of the first three tranches of the promissory note bond in the first quarter in the amount of EUR -42.5 million. Furthermore, new financial liabilities in the amount of EUR 24.3 million were raised, but also EUR -27.4 million were repaid. Payments in connection with leases were higher than in the previous year at EUR -15.1 million (previous year: EUR -14.0 million). Dividends to non-controlling interests in the financial year amounted to EUR 0.3 million. In the previous year payments for non-controlling interests amounted to EUR 1.4 million from the acquisition of the remaining shares in tolltickets GmbH, Germany. As in the previous year, no dividend was paid in the financial year.

Cash and cash equivalents as of March 31, 2022 amounted to EUR 59.8 million (March 31, 2021: EUR 102.0 million).

Key figures.
Net debt reached EUR 158.3 million (March 31, 2021: EUR 169.6 million), which corresponds to a gearing of 203.2% (March 31, 2021: 200.1%). Net debt was thus EUR -11.3 million lower than in the previous year. However, as equity decreased, gearing increased slightly. Net working capital amounted to EUR 71.0 million (March 31, 2021 adjusted: EUR 91.0 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 financial year 2021/22, Kapsch TrafficCom invested 7% of its revenues in generic development, development support and product management.

In line with the corporate strategy “Strategy 2027”, Kapsch TrafficCom launched a multi-year Technology Transformation program in 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, product management teams have been strengthen and empowered to manage and steer the portfolio through consolidation and optimization with a portfolio strategy and holistic view that identifies commonalities and synergies and that is being built based on smart 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 financial year 2021/22, the patent portfolio of Kapsch TrafficCom was reduced to strictly focus on the company’s core business areas. Patents which were not in use or with outdated technology were abandoned. As of March 31, 2022, the patent portfolio consisted of 117 patent families (compared to the previous year, 20 were abandoned, two were revoked and one expired) with 841 individual patents and 59 patent applications.

Focused patent strategy:

- *Patent monitoring*
- *Freedom to operate*
- *Improved market knowledge*

Amtech Systems, LLC and Kapsch TrafficCom have resolved a patent dispute and Kapsch TrafficCom has agreed to purchase a license for prior and future use of the patents at issue in the dispute.

Kapsch TrafficCom strives to mitigate the risk of patent infringements and to foster the patenting of new ideas. Hence, the 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. Patent applications of competitors as well as in other relevant technology segments are analyzed to gain a better overview of the strategies of competitors.

Kapsch TrafficCom has major development sites in Austria, Argentina, the USA, Canada and Spain. These sites support the research and development initiatives in the areas of programming, systems engineering and various other related technology activities. On March 31, 2022, Kapsch TrafficCom employed 590 people (previous year: 762) for its research and development activities.

The development expenses of Kapsch TrafficCom amounted to EUR 83.5 million in financial year 2021/22 (previous year: EUR 106.6 million). This corresponds to about 16.1% (previous year: 21.1%) of total Group revenues. The breakdown of development expenses was as follows:

- Expenses for customer-specific developments amounted to EUR 46.1 million (previous year: EUR 60.8 million)
- Expenses for generic development, development support and product management totaled EUR 37.4 million (previous year: EUR 45.9 million)

2 Anticipated development and risks.

2.1 Outlook to financial year 2022/23.

Management expects significantly improved profitability at a stable revenue level for the financial year 2022/23. To achieve these goals, the focus will remain on new business acquisition and cost discipline.

Expectation for financial year 2022/23:

- *Stable revenue level*
- *EBIT improved again*

Revenues.
In Europe, new business momentum has been persistently low. A key reason for this is that customers – predominantly public institutions, authorities, or corporations – shifted their focus to managing the COVID 19 pandemic and supporting the economy and labor markets. As of February 2022, the fighting in Ukraine moved to the center of political events. Another consequence of these developments is significantly increased inflation rates in the EU and expected interest rate hikes by the European Central Bank. In addition, as major projects in Poland have expired in financial year 2021/22, management expects a decline in sales in Europe. For the EMEA region (Europe, Middle East, Africa), revenues in South Africa are also relevant. As the local authorities have not yet selected a new operator for the toll system, the existing contract has been extended until mid-September 2022 on the same terms.

In North America, growth momentum is to be increased again following a phase of consolidation and reorganization. In addition, "problem projects", which have repeatedly led to margin adjustments in the past (with a negative impact also on revenues), are to be finally completed. Kapsch TrafficCom also plans to continue to grow in Central and Latin America.

Business in Asia Pacific (APAC) is expected to grow strongly, coming from a comparatively low level.

While revenues in the operations segment are expected to be below those in financial year 2021/22, management expects a significant increase in the implementation segment. Depending on the availability of electronic components, Kapsch TrafficCom plans to work off the backlog of orders for components and thus increase component revenues.

EBIT (operating result).
In financial year 2021/22, Kapsch TrafficCom managed to reduce its cost base to such an extent that it was able to generate an operative profit on revenues of EUR 520m and despite several negative one-off effects. The measures to increase efficiency will be continued in financial year 2022/23. Conversely, there is a price increase on the purchasing side, which can only be partially passed on to customers in the short term. As work on the above-mentioned "problem projects" progresses, the risk of further negative margin adjustments should decrease. Against this background, management expects EBIT to increase again overall.

Dividend, capital measures and Annual General Meeting.
As already announced in the previous year, the Executive Board will not propose a dividend payment for the financial year 2021/22 at the Annual General Meeting 2022. Management aims to resume dividend payments as soon as it is economically justifiable 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.

Long-term goals.
Kapsch TrafficCom published its new corporate strategy "Strategy 2027" in January 2021. The following targets to be achieved by the end of 2027 are derived from this strategy:

- Grow revenues above the one billion euro mark (primarily organically), thus outperforming the relevant target market.
- Continuously improve EBIT to achieve a double-digit margin.
- Strengthen equity ratio so that it again exceeds 30%.
- Kapsch TrafficCom's products and solutions help to reduce traffic emissions (especially greenhouse gases, particulate matter and noise). In addition, the company itself is to become CO_2-neutral in the next few years and contribute disproportionately to the reduction of environmental pollution.

Goals for 2027:
> EUR 1 billion in revenues
> CO_2-neutral

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.

ERM aims at an early identification, assessment, and management of those risks that can 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. 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.

Measures in connection with the COVID 19 pandemic. The management of Kapsch Traffic Com set up an interdisciplinary task force at the beginning of the pandemic to deal intensively with the coronavirus and its effects on the company. The team exchanged information frequently and is in close contact with regional management and members of the Executive Board. The task force consists members from the departments Business Continuity Management, Facility Management, Information Security, International Subsidiaries, Management Systems & IT, Global IT, Human Resources, Management System HSSEQ & Process Management, Marketing & Communications, Travel Management and the Works Council.

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 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 continuous expansion into new business areas that are compatible with the core business of Kapsch TrafficCom is intended not only to increase revenue but also to smooth over revenue spikes in the interest of more stable revenue development. This is to be achieved through increasing geographic diversification, by further broadening the customer and product portfolios, and by increasing the share of revenue from operations (technical and commercial operations of systems usually built by the company). The latter is usually 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 fighting in Ukraine, the accompanying sanctions against Russia and Belarus, and the ensuing supply chain difficulties have increased both the uncertainty regarding new orders and the risk of being unable to increased the risk of not being able 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. The wave-like course of the COVID 19 pandemic and the constantemergence of new variants are also having a negative impact on the global market.

Risks of project execution. Intelligent mobility solutions are frequently ambitious and technologically complex systems, that must be implemented within a strict time frame. However, the final 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 affect the risk of missed deadlines and/or system and product defects.

Technical challenges and tight schedules produce 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 toll 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, in the case of long-term contracts, the achievable margins can also differ from the original calculations due to changes in costs.

Liabilities arising from contracts may include liabilities regarding customers' loss of profit, product liabilities and other liabilities. While Kapsch TrafficCom aims to include appropriate limitations to its liability in contracts, it is still impossible to guarantee that all contracts contain sufficient limitations to the Group's liability or that these limitations can be enforced under applicable law.

2.2.3 Strategic risks.

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

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, products 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 the Group does not succeed in developing innovative systems, components and products that meet the needs of the market, this can be detrimental to the competitive position of Kapsch TrafficCom.

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 contractual parties. Moreover, it is possible that newly developed systems, components, products or services could infringe on the intellectual property rights of third parties.

Acquisition and integration of companies as part of the Group's growth. The Group can grow internationally both organically and 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 and to realize the expected opportunities 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 these countries. Significant and unforeseeable political changes can exert a major influence 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.

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

Foreign exchange risk. As a global company, Kapsch TrafficCom maintains branches, offices and subsidiaries in many countries outside the euro zone. In the course of implementing projects outside the euro zone, transaction risks arise from possible exchange rate fluctuations that can 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.

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. Medium- and long-term financing must be available in order to carry out large-scale projects, such as implementing a nation-wide toll system under agreed delayed payment terms from the client, and to acquire other companies. Additionally, implementing large-scale projects often requires the provision of significant bank guarantees to secure 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 is constantly checking the observance of all covenants in connection with loan agreements.

Furthermore, the liquidity risk is addressed by ongoing group-wide cash flow planning. Potential liquidity shortages can be identified this way and adequate countermeasures can be taken in good 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 toll and traffic management systems. Kapsch TrafficCom also acts as a subcontractor to third parties (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. In principle, however, the customers for such large projects are public agencies. 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 AG), EKN (Exportkreditnämnden; Swedish National Export Credits Guarantee Board) and MIGA (Multilateral Investment Guarantee Agency), to hedge against the non-payment risk on the basis of guarantees. There is also 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 heavily on key personnel with many years of experience. More-over, the Group's ability to recruit qualified staff, integrate them into the company and retain them over the long term is critical. The loss of key personnel and difficulties in the recruitment of personnel could adversely affect the success of the Group.

Kapsch TrafficCom is taking attractive measures to counteract personnel risk.

Kapsch TrafficCom employs attractive measures to counteract this risk, such as incentive schemes and opportunities for training and further education. A periodical employee survey supports Management to raise current concerns, worries and wishes as well as the general mood situation.

2.2.6 Legal risk.

IA large number of regulations and legal requirements must be observed in connection with participation in public sector tenders, the establishment and operation of toll 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 possibility of (successfully) taking part in tenders or continuing with the given 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), which could result in financial damages from lawsuits, 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 technology company, Kapsch TrafficCom is exposed to common IT risks in terms of the security, confidentiality and availability of data. To this end, Kapsch TrafficCom has introduced an IT risk management system based on the Corporate Risk and IT Security Application Method (CRISAM®) and is also certified according to ISO/IEC 27001 (Information Security Management) in many locations. Additionally, the toll system operation procedures of Kapsch TrafficCom in the region of Germany, Austria and Switzerland have been certified according to ISO 20000 (IT Service Management -similar to ITIL®), and CRISAM® has been implemented within the Group as an IT risk management tool.

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 also arise with change requests from customers during the execution of a project. These change requests result in an expansion of the contractual components and are priced and paid separately.

Due to the increasing financing requirements of infrastructure projects and the growing need to relieve state budgets, there exists an opportunity to develop new markets, both in emerging and developing countries, as well as an opportunity to expand our activities into already developed markets.

The global rise in traffic volumes and the associated impact on the environment and society open up opportunities in the area of mobility solutions because measures such as tolling, traffic management and demand management are increasingly being employed as controlling instruments of environmental and traffic policy. In both segments this is creating opportunities to further develop and market the portfolio according to the new requirements.

The drive to increase the productivity of vehicles and vehicle operations as well as the rising comfort expectations of travelers also open up new opportunities for expanding the functionality of existing systems. Opportunities are available to attract new customers or to serve both public contractors and end customers with new concepts. Special mention should be made of opportunities in the area of tolling services.

Other opportunities. Constant innovation, technical advancements and the acquisition of new technologies through company acquisitions create opportunities for Kapsch TrafficCom to improve the efficiency and performance of customer systems as well as 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. Through the geographic diversification as well as the continued broadening of the product and solution portfolio and the development of new business models through selected new ITS solutions, the business model of Kapsch TrafficCom has been expanded without necessitating a departure from the core business field. The concentration of risk in individual regions and individual large products was reduced in this way.

Fighting in Ukraine and effects of the COVID 19 pandemic. The global economy was in 2021 was still dominated by the COVID-19 pandemic and the associated economic crisis. Kapsch TrafficCom also experienced declines in revenues, especially in component sales. In addition delays in tenders and order placements as well as delays in the supply chain. These delays were further aggravated by the outbreak of the fights in Ukraine and the related sanctions against Russia. The new sanctions imposed at the same time against Belarus have resulted in led to a re-evaluation of supply opportunities to this country. To date, however, there have been no significant material 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 financial year 2020/21, and internal work processes were checked for compliance, accuracy, correctness, expediency and economic efficiency by the internal audit department. This aims to increase efficiency and at the same time reduce risk in the group and showing alternative courses of action to management.

Compliance with the internal control system is evaluated by Internal Audit.

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

The central elements of the ICS process include 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 (now: OneStream, before: Hyperion Financial Management) on a monthly basis. The financial information is verified at the group level within Kapsch TrafficCom AG and forms the basis for the reporting in accordance with IFRS.

The Supervisory Board is kept informed of business developments by the Executive Board during regular meetings by way of consolidated presentations consisting of segment reporting, earnings development analysis containing comparisons of current figures with figures from the budget and the previous period as well as selected financial figures, forecasts, group financial statements and changes in the number of employees and order intake.

Local Management is responsible for implementing and monitoring the internal control system in accordance with the local requirements. The managing directors of the individual subsidiaries are ultimately responsible for establishing and designing internal control and risk management processes that meet the needs of the given company in view of accounting procedures as well as for ensuring compliance with the group-wide rules and guidelines. In order to provide better support to the management teams of the subsidiaries, an ICS-coordinator was established within the Finance department of Kapsch TrafficCom AG. This co-ordinator is responsible for the ongoing development of the ICS in the material individual companies of Kapsch TrafficCom Group, for initiating the improvement of identified weaknesses and for periodically reporting the status of ICS implementation to the Audit Committee of the Supervisory Board.

The internal control system is implemented locally and monitored centrally.

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. No restrictions exist with regard to the exercising of voting rights or the transfer of shares. KAPSCH-Group Beteiligungs GmbH held roughly 63.3% of the shares as of March 31, 2022.

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, 2022. In the financial year 2021/22, 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 144 million, or to various customer contracts in North America.

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.

According to 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 14, 2022

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	2020/21	2021/22
Revenues	(2)	505,174,599	519,802,106
Other operating income	(3)	9,930,706	16,583,854
Changes in finished and unfinished goods and work in progress	(4)	-6,234,895	-2,683,552
Cost of materials and other production services	(5)	-243,459,808	-202,829,552
Personnel expenses	(6)	-243,841,220	-227,119,331
Other operating expenses	(7)	-84,651,854	-69,065,914
Proportional result of associates and joint ventures	(15)	-4,067,274	-2,023,447
Operating result before amortization, depreciation and impairment (EBITDA)		**-67,149,746**	**32,664,164**
Amortization and depreciation	(8)	-24,739,764	-21,743,269
Impairment charge and write-up from impairments	(9)	-31,271,011	108,540
Operating result (EBIT)		**-123,160,521**	**11,029,435**
Finance income	(10)	7,646,139	5,602,417
Finance costs	(10)	-17,253,523	-10,120,654
Financial result		**-9,607,384**	**-4,518,237**
Proportional results from associates and joint ventures from financial investments	(15)	-360,733	-1,190,168
Result before income taxes		**-133,128,638**	**5,321,030**
Income taxes	(11)	27,840,203	-11,484,359
Result for the period		**-105,288,435**	**-6,163,329**
Equity holders of the company		-102,878,150	-9,311,675
Non-controlling interests	(31)	-2,410,285	3,148,346
Earnings per share from the result for the period attributable to the equity holders of the company			
diluted = undiluted	(36)	-7.91	-0.72
Other comprehensive income for the period			
Currency translation differences		11,105,379	-2,740,100
Currency translation differences from net investments in foreign operations		-3,248,056	2,725,770
Income tax relating to items subsequently to be reclassified to the result for the period		812,014	-681,442
Total items subsequently to be reclassified to the result for the period		**8,669,337**	**-695,772**
Remeasurements of liabilities from post-employment benefits		496,737	408,504
Income tax relating to items subsequently not to be reclassified to the result for the period		-126,336	-74,208
Total items subsequently not to be reclassified to the result for the period		**370,401**	**334,296**
Other comprehensive income for the period net of tax	(12)	**9,039,738**	**-361,476**
Total comprehensive income for the period		**-96,248,697**	**-6,524,805**
Equity holders of the company		-95,414,446	-8,044,680
Non-controlling interests	(31)	-834,251	1,519,875

Consolidated balance sheet.

in EUR	Note	March 31, 2021 adjusted	March 31, 2022
ASSETS			
Property, plant and equipment	(13)	55,171,218	48,993,220
Intangible assets	(14)	36,228,961	35,748,198
Interests in associates and joint ventures	(15)	29,750,880	27,832,024
Other non-current financial assets and investments	(16)	12,280,781	14,984,253
Non-current contract assets	(16, 21)	5,188,155	3,703,067
Other non-current assets [2]	(16, 17)	4,438,920	4,100,921
Deferred tax assets [1]	(18)	61,991,723	60,222,681
Non-current assets		**205,050,638**	**195,584,364**
Inventories	(19)	41,733,178	35,556,124
Trade receivables and other current assets [2]	(16, 20)	130,636,402	131,449,312
Current contract assets	(16, 21)	105,971,627	83,787,347
Current tax receivables [1]		6,830,048	4,391,665
Other current financial assets	(16)	923,526	1,579,991
Cash and cash equivalents	(16, 22)	102,010,356	59,751,049
Current assets		**388,105,137**	**316,515,488**
TOTAL ASSETS		**593,155,775**	**512,099,852**
EQUITY			
Share capital	(23)	13,000,000	13,000,000
Capital reserve	(23)	117,508,771	117,508,771
Retained earnings and other reserves	(23)	-39,267,925	-47,312,605
Capital and reserves attributable to equity holders of the company		**91,240,846**	**83,196,166**
Non-controlling interests	(31)	-6,479,918	-5,294,405
TOTAL EQUITY		**84,760,928**	**77,901,761**
LIABILITIES			
Non-current financial liabilities	(16, 24)	120,894,967	136,051,366
Non-current lease liabilities	(16, 25)	35,692,506	27,603,572
Liabilities from post-employment benefits to employees [3]	(26)	27,341,391	24,197,891
Non-current provisions [3]	(27)	3,348,646	1,685,490
Non-current contract liabilites	(21)	9,413,374	1,206,691
Other non-current liabilities	(16)	611,761	425,485
Deferred tax liabilities	(18)	1,015,784	2,858,964
Non-current liabilities		**198,318,429**	**194,029,459**
Current financial liabilities	(16, 24)	102,362,406	44,013,354
Current lease liabilities	(16, 25)	13,584,993	11,940,079
Trade payables	(16)	59,403,810	71,475,718
Current contract liabilities	(21)	39,144,575	35,677,564
Current provisions	(27)	42,471,695	28,629,955
Current tax liabilities		1,747,702	2,314,100
Other liabilities and deferred income	(16, 28)	51,361,237	46,117,862
Current liabilities		**310,076,418**	**240,168,632**
TOTAL LIABILITIES		**508,394,847**	**434,198,091**
TOTAL EQUITY AND LIABILITIES		**593,155,775**	**512,099,852**

1) Receivables from tax allocation to the tax group leader were reclassified as of March 31, 2021 amounting to EUR 19,103,488 and instead of current tax receivables deferred tax assets from tax losses were recognized.

2) 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.

3) Obligations from anniversary bonuses are included in liabilities from post-employment benefits to employees and the amount as of March 31, 2021 was reclassified from non-current provisions.

Consolidated statement of changes in equity.

in EUR	Share capital	Capital reserve	Other reserves	Consoli-dated 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	0	-334,362	-334,362
Result for the period				-9,311,675	-9,311,675	3,148,346	-6,163,329
Currency translation differences			932,699		932,699	-1,628,471	-695,772
Remeasurements of liabilities from post-employment benefits			334,296		334,296		334,296
Reclasification of remeasurements of liabilities from post-employment benefits			-89,578	89,578	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**
Carrying amount as of March 31, 2020	**13,000,000**	**117,508,771**	**-50,128,446**	**107,781,424**	**188,161,749**	**-5,680,095**	**182,481,653**
Effects from increase of shares in subsidiaries			-1,506,457		-1,506,457	106,457	-1,400,000
Effects from sale of shares in subsidiaries					0	-72,029	-72,029
Dividend				0	0	0	0
Result for the period				-102,878,150	-102,878,150	-2,410,285	-105,288,435
Currency translation differences			7,093,303		7,093,303	1,576,034	8,669,337
Remeasurements of liabilities from post-employment benefits			370,401		370,401		370,401
Other comprehensive income for the period			7,463,704	0	7,463,704	1,576,034	9,039,738
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**

Details of equity are presented in note 23.

Consolidated cash flow statement.

in EUR	Note	2020/21	2021/22
Operating result		**-123,160,521**	**11,029,435**
Scheduled depreciation and amortization	(8)	24,739,764	21,743,269
Impairment charge	(9)	31,271,011	-108,540
Change in obligations for post-employment benefits		-1,978,070	-2,615,526
Change in non-current receivables, non-current contract assets and other non-current assets		5,552,355	1,549,768
Change in non-current trade payables, non-current contract liabilities and other non-current liabilities and provisions		6,651,138	-10,268,746
Net payments of income taxes		-13,704,765	-12,552,340
Interest received	(10)	2,268,613	740,292
Interest payments	(10)	-6,528,435	-5,745,384
Other (net)		3,080,160	5,055,692
Cash flow from earnings		**-71,808,750**	**8,827,920**
Change in net working capital:			
Change in trade receivables, current contract assets and other current assets		79,069,051	20,540,139
Change in inventories		13,924,558	6,126,772
Change in trade payables, current contract liabilities and other current payables		-29,189,110	3,819,921
Change in current provisions		19,115,275	-13,841,740
Change in net working capital		**82,919,774**	**16,645,092**
Cash flow from operating activities		**11,111,024**	**25,473,012**
Purchase of property, plant and equipment	(13)	-2,413,780	-3,179,632
Purchase of intangible assets	(14)	-3,707,015	-3,925,483
Purchase of securities, investments and other non-current financial assets		-7,973,969	-8,927,215
Payments for the acquisition of shares in at-equity-consolidated entities	(15)	-1,515,212	-593,154
Proceeds from the disposal of shares in subsidiaries	(30)	1,290,870	842,800
Proceeds from the disposal of property, plant and equipment		750,764	1,439,923
Proceeds from the disposal of intangible assets		0	370,130
Proceeds from the disposal of securities and other financial assets		6,780,771	5,259,568
Cash flow from investing activities		**-6,787,571**	**-8,713,063**
Free cash flow [1]		**4,323,453**	**16,759,949**
Dividends paid to parent company's shareholders		0	0
Dividends paid to non-controlling interests	(31)	0	-334,362
Payments for the acquisition of non-controlling interests		-1,400,000	0
Increase in non-current financial liabilities	(24)	121,076	18,943,641
Increase in current financial liabilities	(24)	18,789,560	5,354,369
Decrease in current financial liabilities	(24)	-30,296,385	-69,931,237
Lease payments	(25)	-14,047,284	-15,105,945
Cash flow from financing activities		**-26,833,033**	**-61,073,534**
Cash and cash equivalents at beginning of year		122,631,807	102,010,356
Changes in cash and cash equivalents [2]		-22,509,580	-44,313,585
Exchange gains/losses		1,888,129	2,054,278
Cash and cash equivalents at end of year	(22)	**102,010,356**	**59,751,049**

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.

Table of contents.

1 General information.

Kapsch TrafficCom is a global supplier of superior technologies, solutions and services of the ITS market (Intelligent Transportation Systems). Intelligent Transportation Systems support and optimize the traffic. They use therefore information and communication solutions.

Kapsch TrafficCom operates in two segments: Tolling and Traffic Management.

Tolling.
This segment comprises activities relating to the implementation and the technical and commercial operation of toll collection systems. Projects are generally awarded by public agencies or private concessionaires in the context of tender procedures. Toll collection systems may comprise both individual road sections and nation-wide road networks. The manufacture and procurement of components both for the expansion and adaptation of the systems installed by Kapsch TrafficCom and on behalf of third parties complete the portfolio of Kapsch TrafficCom; toll services for business customers and private customers further complete it.

Traffic Management.
This segment primarily comprises activities relating to the implementation and operation of systems and solutions for controlling traffic and mobility behavior, as well as the relating components business. The strategic focus is on the areas of traffic optimization, decision intelligence (analysis, simulation and prediction of traffic) and the operation of mobility platforms and services. One basis for this is the use of increasing amounts of data for analysis, simulation and intelligent control of traffic flows and mobility behavior. Customers in the traffic management segment are mainly public authorities but also private companies.

1.1 Group structure and consolidated group.

The parent company (reporting entity) of this group is Kapsch TrafficCom AG. The company is a joint stock corporation incorporated and domiciled in 1120 Vienna, Am Europlatz 2, Vienna, Austria.

As of March 31, 2022 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. In the financial year 2021/22, a reorganization of the Kapsch Group was carried out. The aim was to be able to ensure a smooth transition to the next generation in due course. Kapsch BusinessCom with Kari Kapsch left the Kapsch Group.

The shares of Kapsch TrafficCom AG are listed in the Prime Market segment of the Vienna Stock Exchange since June 26, 2007.

The consolidated group as well as changes in the scope of consolidation are included in note 30.

1.2 Basis of Preparation.

Pursuant to Section 245a Austrian Commercial Code (UGB), the consolidated financial statements as of March 31, 2022 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, 2022 are prepared under the historical cost concept, with the exception of financial instruments measured at fair value according to 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 35 provides a detailed description of all accounting and valuation principles, including new accounting and valuation principles to be applied.

1.4 Material accounting estimates and assumptions.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions regarding future developments. These influence the amount and presentation of assets and liabilities reported at the balance sheet date as well as income and expenses recorded during the reporting period. Estimates are made by the Executive Board to the best of their knowledge. Nevertheless, the actual values may differ from these estimates. All estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will generally differ from actual results.

In particular, estimates and assumptions regarding the following areas have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1.4.1 Revenue recognition for contract work.

The Group applies the rules of IFRS 15. Revenue for implementation projects, that fulfill the criteria of IFRS 15.35 for revenue recognition over time, is recognized in accordance with the corresponding stage of completion, with an expected profit margin already being assumed. The stage of completion is determined by an input orientated method using the ratio between the costs already incurred and the expected total costs of the corresponding contract. This requires to continuously estimate and update the planned costs arising from the contract as well as the risks arising from project management. This may result from technical difficulties, delays in the schedule or difficulties with sub-suppliers or other external general conditions, and which influence the profit margin of the project. Furthermore, these projects may also lead to damages or penalties that are to be considered during the project evaluation and which require an assessment of risks. For most contracts, contract revenue is defined and includes fixed elements and partly variable elements that are assessed by probability as to their amounts and timing. Large-scale orders of the Group are usually technically complex individual orders based on specific terms and conditions which therefore are to be critically assessed with regard to revenue recognition and project risks on an individual basis. Details to the revenue recognition are included in note 35.3 and sensitivity analysis is included in note 21.

1.4.2 Estimated impairment of goodwill.

In accordance with the accounting policy stated in note 14 and 35, the Group tests annually whether goodwill has suffered any impairment. The recoverable amount of cash generating units is determined on the basis of the calculation of the value in use. Therefore assumptions must be made and used as a basis for this. Sensitivities for the acquired goodwill are detailed in note 14.

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 18.

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.

1.5 Retrospective adjustment.

The previous year figures in the consolidated balance sheet have been adjusted retrospectively as follows: The amount of the tax allocation to the group parent of EUR 19,103 k included in the previous year in the item "Current tax receivables" was reclassified to "Deferred tax assets", as under the existing group agreement there is no tax allocation in the event of a tax loss, but this is evidently held as an "internal loss carryforward" and is to be offset against future positive tax profits. Likewise, expense/income from group taxation and expense/income from deferred tax assets/liabilities have been adjusted in financial year 2020/21.

	March 31, 2021		
in EUR	March 31, 2021 before adjustment	Adjustment	March 31, 2021 adjusted
Deferred tax assets	42.888.235	19.103.488	61.991.723
Current tax receivables	25.933.536	-19.103.488	6.830.048

2 Segment information.

Operating segments.

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses. The operating results of the segments are regularly reported to the Executive Board (chief operating decision maker). Resource allocation decisions are reviewed based on these segments. The Executive Board has identified two reportable segments (as described in note 1 and 35.4):

- Tolling
- Traffic Management

The segment results, as well as capital expenditure, depreciation and impairment and other non-cash-effective positions for the financial years 2021/22 and 2020/21 are as follows:

	2020/21			2021/22		
	Tolling	Traffic Management	Total	Tolling	Traffic Management	Total
Revenues	**358,224**	**146,951**	**505,175**	**369,856**	**149,946**	**519,802**
Implementation	100,265	65,173	165,439	89,230	60,001	149,231
Operations	187,505	76,363	263,868	205,161	84,577	289,738
Components	70,453	5,415	75,868	75,465	5,368	80,834
Operating result	**-117,200**	**-5,961**	**-123,161**	**3,342**	**7,687**	**11,029**
EBIT margin	**-32.7%**	**-4.1%**	**-24.4%**	**0.9%**	**5.1%**	**2.1%**
Capital expenditure [1]	15,072	4,748	19,820	11,513	4,748	16,261
Depreciation and impairment	45,258	10,753	56,011	15,770	5,865	21,635
Other non-cash-effective positions	3,364	-3,900	-536	-237	174	-64

[1] Capital expenditures include also capital expenditures for right-of use assets from leases (see note 13 and 14).

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, 2021 are as follows:

	March 31, 2021			March 31, 2022		
	Tolling	Traffic Management	Total	Tolling	Traffic Management	Total
Segment assets	267,810	114,737	382,547	242,658	101,108	343,765
Interests in associates and joint ventures	29,751	0	29,751	27,832	0	27,832
Segment liabilities	205,520	78,602	284,122	164,609	86,666	251,274

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 financial year 2021/22, as in the previous year, there was no customer who contributed more than 10% to the revenues of the Group.

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 previous financial year are as follows:

	Revenues		Non-current non-financial assets	
	2020/21	**2021/22**	**March 31, 2021**	**March 31, 2022**
Austria	12,165	13,812	30,809	24,716
EMEA (excluding Austria) [1]	264,871	268,140	11,991	9,247
Americas [2]	204,944	212,110	39,526	42,140
APAC [3]	23,195	25,739	9,075	8,639
Total	**505,175**	**519,802**	**91,400**	**84,741**

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

3 Other operation income.

	2020/21	**2021/22**
Exchange rate gains from operating activities	2,828	6,415
Gains from early termination of a leasing contract	0	3,143
Operative gains from derivatives	0	1,937
Income from research tax credits	1,005	1,241
Income from subsidies related to COVID-19-pandemic	1,601	819
Income from sale of subsidiaries	1,208	709
Income from the sale of non-current assets	247	452
Income from insurance refunds	403	266
Sundry operating income	2,639	1,602
Total	**9,931**	**16,584**

Operating exchange rate gains mainly related to exchange rate fluctuations of the currencies US-Dollar and Zambian kwacha in respect to euro.

Due to the early termination of a lease agreement, which had been fully impaired in the previous financial year, other income amounting to EUR 3,143 k was generated.

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.

Income from sale of subsidiaries in financial year 2021/22 refers to the sale of Kapsch TrafficCom S.r.l. a socio unico, Italy and to the sale of Kapsch TrafficCom Construction & Realization spol. s.r.o., Czech Republic, in financial year 2020/21.

Sundry operating income include several recharges and deferrals.

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

	2020/21	2021/22
Change in unfinished goods and work in progress	-1,676	121
Change in finished goods	-4,559	-2,805
Total	**-6,235**	**-2,684**

Details on inventories can be found in note 19.

5 Cost of materials and other production services.

	2020/21	2021/22
Cost of materials	-99,511	-83,962
Cost of purchased services	-143,948	-118,868
Total	**-243,460**	**-202,830**

Cost of materials and purchased services decreased although sales increased. This was mainly due to lower costs for several projects in the USA, in connection with margin adjustments and provisions for impending losses, which had to be recognized in the previous year.

6 Personnel expenses.

	2020/21	2021/22
Wages, salaries, and other remunerations	-194,489	-186,671
Expenses for social security and payroll-related taxes and contributions	-31,287	-29,299
Expenses for termination benefits (see note 26)	-447	-233
Expenses for pensions (see note 26)	-7	-4
Contributions to pension funds and other external funds	-3,586	-1,442
Restructuring costs related to personnel	-4,478	0
Fringe benefits	-9,547	-9,470
Total	**-243,841**	**-227,119**

As of March 31, 2022, the number of staff amounted to 4,220 employees (March 31, 2021: 4,657) and averaged 4,447 employees in financial year 2021/22 (2020/21: 4,827 persons).

In the previous financial year restructuring costs mainly related to the USA, Sweden and Austria. Personnel expenses decreased as a result of efficiency improvement measures and staff reductions, particularly in the USA and Sweden. Fringe benefits mainly refers to voluntary social benefits in the USA.

7 Other operating expenses.

	2020/21	2021/22
Communication and IT expenses	-16,524	-14,936
Legal and consulting fees	-22,373	-9,299
License and patent expenses	-4,162	-7,008
Maintenance	-5,148	-5,185
Automobile expenses	-2,979	-3,733
Marketing and advertising expenses	-2,815	-3,500
Travel expenses	-2,079	-3,397
Rental and other building expenses	-4,462	-3,253
Insurance costs	-3,122	-3,159
Exchange rate losses from operating activities	-11,107	-2,687
Taxes and charges	-3,991	-2,495
Office expenses	-2,161	-2,187
Restructuring costs	-827	-1,478
Bank charges	-989	-1,187
Transport costs	-944	-1,055
Training costs	-759	-965
Warranties and guarantees	338	-630
Other	-548	-2,912
Total	**-84,652**	**-69,066**

Legal and consulting fees decreased by EUR 13,074 k compared to the previous year. In financial year 2020/21, a lawsuit was opened against Kapsch TrafficCom in the USA and expenses in the amount of EUR 8,065 k were recognized and accrued. This litigation was settled in financial year 2021/22 by payment of a license fee. As a result, license and patent expenses increased by EUR 2,846 k compared to the previous year. There were also cost reductions in legal and consulting expenses.

Exchange rate losses from operating activities amounting to EUR 2,687 k were significantly lower than in the previous year (EUR 11,107 k) and resulted primarily from exchange rate fluctuations of the currencies Zambian kwacha in respect to South African rand and South African rand in respect to euro.

By merging locations it was possible to reduce the office spaces and therefore the rental and building expenses decreased by EUR 1,209 k.

8 Expenses for amortization and depreciation.

	2020/21	2021/22
Depreciation of property, plant and equipment	-20,475	-17,532
Amortization of intangible assets	-4,265	-4,211
Total	**-24,740**	**-21,743**

Depreciation of property, plant and equipment also includes depreciation of right-of-use assets from leases (EUR 12,555 k). Details can be found in note 13.

9 Impairment and write-up from impairments.

	2020/21	2021/22
Impairment on intangible assets	-24,792	0
Write-up from impairments of intangible assets	1,845	0
Impairment on tangible assets	-904	0
Impairment on right-of-use assets from leases	-7,420	0
Write-up from impairments of right-of-use assets	0	109
Total	**-31,271**	**109**

Due to the reduction in rental space and shorter rental agreements, property, plant and equipment and right-of-use assets from leases had to be impaired to the remaining use based on a fair valuation (level 3) in financial year 2020/21. That related with EUR 6,957 k to the segment tolling and with EUR 1,367 k to the segment traffic management. In financial year 2021/22, an amount of EUR 109 k was written up relating to the toll segment.

The impairment losses on intangible assets in financial year 2020/21 amounting to EUR 21,316 k related to the amortization of the entire goodwill of the cash-generating unit Tolling-EMEA and EUR 3,475 k related to other intangible assets of the cash-generating unit TM-EMEA. At the end of 2020/21, based on updated planning, intangible assets (excluding goodwill) in the amount of EUR 1,845 k were written up.

10 Financial result.

	2020/21	2021/22
Interest income	2,214	708
Interest income from leases	9	7
Income from securities, recognized at fair value through profit or loss	45	25
Income from other investments, recognized at fair value through profit or loss	389	0
Gains from the change of the fair value of derivative financial instruments	414	35
Income from hyperinflation adjustment	490	240
Exchange rate gains from financing activities	4,084	4,587
Finance income	**7,646**	**5,602**
Interest expense	-5,116	-4,631
Interest expenses from leases	-1,404	-1,070
Income from securities, recognized at fair value through profit or loss	-109	-20
Expense from other investments, recognized at fair value through profit or loss	-130	-3
Expense from interest accretion of non-current liabilities	-37	0
Expense from change in fair value of derivative financial instruments	-291	-126
Expense from hyperinflation adjustment	-2,664	-3,549
Exchange rate losses from financing activities	-6,115	-387
Interest expense from liabilities from post-employment benefits to employees (see note 26)	-161	-185
Interest expense from liabilities from anniversary bonuses to employees (see note 26)	-8	-17
Expense from the disposal and impairment of financial assets	-1,218	-132
Finance cost	**-17,254**	**-10,121**
Financial result	**-9,607**	**-4,518**

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 euro), in South Africa (South African rand against euro and Swedish krona), in Chile (Chilean peso against euro) and in the USA (US dollar against euro).

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

11 Income taxes.

	2020/21	2021/22
Current income taxes [1]	-3,292	-7,875
Deferred taxes [1]	31,132	-3,609
Total	**27,840**	**-11,484**
thereof income/expense from group taxation [1]	38	0

[1] Expenses/income from group taxation (current income taxes) and deferred taxes were adjusted in financial year 2020/21.

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

	2020/21	2021/22
Result before income taxes	**-133,129**	**5,321**
Arithmetic tax expense/income	**33,282**	**-1,330**
Effects of different tax rates in the Group	-2,444	-1,437
Unrecognized deferred tax assets on current tax losses and impairment of previously recognized tax losses	-2,585	-14,875
Recognition of deferred tax assets for unrecognized previous-year tax losses	976	2,186
Tax allowances claimed and other permanent tax differences	-713	-185
Income and expenses not subject to tax and other differences	-4,497	2,886
Tax effects from previous periods	3,822	1,272
Recognized tax expense/income	**27,840**	**-11,484**

"Unrecognized deferred tax assets on current tax losses and impairment of previously recognized tax losses" relate primarily to unrecognised tax losses in Zambia, as well as to a part of losses in the USA and Brazil. Based on the planning for the next few years these tax losses probably cannot be used. In financial year 2021/22 deferred tax assets for previously unrecognized losses mainly related to tax loss carry-forwards in Spain as in the previous year. The tax effects from previous periods related to adjustments of the previous year's figures due to tax audits and adjustments in connection with the preparation of tax returns.

The positive tax allocation of Kapsch TrafficCom to the Austrian (tax) group leader KAPSCH-Group Beteiligungs GmbH was adjusted for the previous year 2020/21 and deferred tax assets from tax losses were recognized instead of current tax receivables. The utilization of these tax loss carry-forwards is shown under deferred tax assets/liabilities.

For further information on deferred tax assets/liabilities see note 18.

12 Other comprehensive income.

	2020/21			2021/22		
	Before taxes	Tax expense/ income	After taxes	Before taxes	Tax expense/ income	After taxes
Remeasurements of liabilities from post-employment benefits	497	-126	371	409	-74	334
Currency translation differences	11,105	0	11,105	-2,740	0	-2,740
Currency translation differences from net investments in a foreign operation	-3,248	812	-2,436	2,726	-681	2,044
Fair value changes recognized in equity	**8,354**	**686**	**9,040**	**394**	**-756**	**-361**

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.

13 Property, plant and equipment.

	Land and buildings	Right-of- use from leases of buildings	Technical equip-ment and machinery	Construction 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 depreciation	-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		-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**

	Land and buildings	Right-of- use from leases of buildings	Technical equip-ment and machinery	Construction in progress	Other equipment, factory and office equipment	Right-of- use from other leases	Total
Carrying amount as of March 31, 2020	**4,442**	**57,731**	**7,849**	**1,112**	**6,647**	**4,544**	**82,325**
Currency translation differences	-66	526	202	-41	-46	-44	532
Reclassification	904	0	-43	-1,162	45	0	-255
Disposals relating to sale of subsidiaries	-5	-214	0	0	-17	-4	-240
Additions	46	11,616	440	402	1,526	2,082	16,113
Disposals	-4	-13,089	-31	-64	-97	-1,218	-14,503
Impairment	-904	-7,420	0	0	0	0	-8,324
Scheduled depreciation	-1,398	-12,271	-2,487	0	-2,289	-2,031	-20,475
Carrying amount as of March 31, 2021	**3,015**	**36,879**	**5,929**	**248**	**5,769**	**3,331**	**55,171**
Acquisition/production costs	14,490	65,786	39,701	248	27,866	6,132	154,222
Accumulated depreciation	-11,475	-28,906	-33,772	0	-22,096	-2,801	-99,051
Carrying amount as of March 31, 2021	**3,015**	**36,879**	**5,929**	**248**	**5,769**	**3,331**	**55,171**

Right-of-use from other leases mainly concerns leases of cars and other vehicles. Lease liabilities are presented in note 25.

14 Intangible assets.

	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 amortization	-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**

	Capitalized development costs	Concessions and rights	Goodwill	Intangible assets in completion	Total
Carrying amount as of March 31, 2020	**3,246**	**12,393**	**44,072**	**212**	**59,922**
Currency translation differences	-91	23	0	0	-68
Reclassification	128	127	0	0	255
Disposals relating to sale of subsidiaries	0	-7	0	0	-7
Additions	260	2,915	0	532	3,707
Disposals	-55	-46	0	-270	-370
Impairment	-134	-3,341	-21,316	0	-24,791
Write-up from impairments	34	1,811	0	0	1,845
Scheduled amortization	-641	-3,623	0	0	-4,265
Carrying amount as of March 31, 2021	**2,746**	**10,253**	**22,755**	**474**	**36,229**
Acquisition/production costs	13,932	95,240	44,072	474	146,801
Accumulated amortization	-11,186	-84,987	-21,316	0	-110,572
Carrying amount as of March 31, 2021	**2,746**	**10,253**	**22,755**	**474**	**36,229**

14.1 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.

There were no impairments as of March 31, 2022. As of March 31, 2021 a write-up of EUR 1,845 k was made in the CGU TM-EMEA.

14.2 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, 2021	March 31, 2022
CGU **Tolling-Americas**: Americas	11,783	11,771
CGU **Tolling-EMEA**: Europe, Middle East and Africa	0	0
CGU **Tolling-APAC**: Asia and Pacific	7,378	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	**22,755**	**22,735**

At the end of financial year 2021/22 an impairment test for each group of CGUs was carried out based on the budget for financial year 2022/23 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.

14.2.1 Key assumptions for impairment testing.

The following key assumptions for determining of the recoverable amount of the cash-generating units were made:

	2020/21	2021/22
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	8.05%	7.31%
Risk-free rate	-0.05%	0.69%

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, long-term 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 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.

The uncertainties and risks associated with the fighting in Ukraine and the resulting potential impact on business of the Group in the surrounding countries Russia and Belarus (in these countries projects included in the CGU Tolling-EMEA are delivered) have been implicitly included in the planning in the form of lump-sum deductions, evaluated on a group basis. With regards to the projects in Russia an Belarus four potential risk and escalation levels and the associated probability of occurrence have been evaluated. The most likely scenario from today's point of view is reflected in the deductions included in the planning.

14.2.2 Peer group.

In addition to Kapsch TrafficCom AG, the peer group assumed for the impairment test comprises another eleven peer companies, of which only seven companies were relevant for determining the parameters in financial year 2021/22 (2020/21: nine companies). 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 financial year 2021/22 was 30.8% (2020/21: 20.1%); the unlevered beta factor was 0.7 (2020/21: 0.6).

14.2.3 Results of the impairment test.

		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%

		Tolling-			TM-	
2020/21	**Americas**	**EMEA**	**APAC**	**Americas**	**EMEA**	**APAC**
Carrying amount of goodwill allocated to the CGU	11,783	0	7,378	3,364	0	230
Carrying amount of intangible assets with indefinite useful life allocated to the CGU (excl. goodwill)	0	361	0	0	114	0
Value in use of the CGU	225,565	143,018	155,262	84,807	49,186	34,182
Carrying amount of the CGU	79,922	63,262	9,750	18,075	34,267	660
Discount rate	6.0%	7.8%	5.4%	6.6%	6.6%	5.4%
Discount rate before tax	8.1%	10.4%	6.8%	9.2%	8.8%	7.1%
Break-even discount rate before tax	21.7%	20.8%	114.0%	34.0%	14.2%	505.5%

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

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 pp	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 pp	-12,782	-3,374	-3,634	-3,629	-1,475	-8,479

2020/21	Increase in assumption	Tolling-			TM-		
		Americas	EMEA	APAC	Americas	EMEA	APAC
Discount rate	+ 10%	-19,753	-14,175	-14,153	-8,325	-3,171	-3,100
Revenue growth	+ 10%	724	639	803	696	153	619
EBITDA margin	+ 10%	4,589	5,576	2,599	1,972	1,453	517
Terminal value growth rate	+ 0.5 pp	-297	-313	-30	-76	-155	-4
	Decrease in assumption	**Tolling-**			**TM-**		
		Americas	**EMEA**	**APAC**	**Americas**	**EMEA**	**APAC**
Discount rate	- 10%	24,090	17,385	17,299	10,185	3,868	3,786
Revenue growth	- 10%	-715	-634	-798	-682	-152	-573
EBITDA margin	- 10%	-4,589	-5,576	-2,599	-1,972	-1,453	-517
Terminal value growth rate	- 0.5 pp	297	313	30	76	155	4

14.3 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 financial year 2021/22 amounted to EUR 83,527 k (2020/21: EUR 106,624 k). Thereof, project-specific development costs charged to the customer amounted to EUR 46,146 k in financial year 2021/22 (2020/21: EUR 60,769 k). The remaining amount of EUR 37,381 k (2020/21: EUR 45,855 k) was recognized as an expense.

15 Interests in associates and joint ventures.

	2020/21	2021/22
Carrying amount as of March 31 of previous year	**32,635**	**29,751**
Additions	1,515	593
Debt-equity swap	0	667
Proportional result of the period from core business	-4,100	-2,073
Adjustments for elimination of intercompany transactions	33	50
Proportional result of the period from financial investments	-361	-1,190
Currency translation differences	29	34
Carrying amount as of March 31 of financial year	**29,751**	**27,832**
thereof interests in associates	9,067	8,544
thereof interests in joint ventures	20,684	19,288

The addition refers to a capital contribution in Copiloto Colombia S.A.S., Colombia. In the previous year, the addition of EUR 1,515 k related to the equity increase at Traffic Technology Services Inc., USA. The debt equity swap and capital increase at Traffic Technology Services Inc., USA, resulted in an increase of EUR 667 in financial year 2021/22.

Associated companies.

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

Traffic Technology Services, Inc., USA.
As of March 31, 2022, Kapsch TrafficCom held 42.44% in the entity (March 31, 2021: 42.19%). The company is accounted for using the equity method and the carrying amount of the investment as at March 31, 2022 was EUR 8,544 k (March 31, 2021: EUR 9,067 k). In financial year 2021/22, the proportional result of this associate amounted to EUR -1,190 k (2020/21: EUR -361 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, 2021	March 31, 2022
Non-current assets	10,291	6,288
Current assets	1,568	1,781
Non-current liabilities	-633	-1,532
Current liabilities	-1,426	-1,166
Net assets	**9,800**	**5,370**
	2020/21	**2021/22**
Revenues	2,154	2,398
Result for the period	-1,671	-2,796
Other comprehensive income	0	-9
Total comprehensive income	**-1,671**	**-2,804**

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, Germany.
As of August 13, 2018, the company autoTicket GmbH, Germany, (autoTicket) was acquired together with CTS EVENTIM AG & Co. KGaA as a shell company. Kapsch TrafficCom holds 50% of the shares and accounts for the company as a joint venture using the equity method. As the activities and strategy of autoTicket are part of Kapsch TrafficCom's core business, the proportional results (2021/22: EUR -1,785 k and 2020/21: EUR 3,832 k) are disclosed separately in the operating result (Item: "Proportional result from associates and joint ventures"). The carrying amount as at March 31, 2022 was EUR 18,427 k (March 31, 2021: EUR 20,213 k).

For further information, see note 29.

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

	March 31, 2021	March 31, 2022
Non-current assets	55,195	56,625
Current assets	746	188
Non-current liabilities	-14,546	-18,293
Current liabilities	-973	-1,667
Net assets	**40,422**	**36,852**
Cash and cash equivalents	725	181
Financial liabilities (non-current and current)	-14,400	-18,604
	2020/21	**2021/22**
Revenues	32	304
Result for the period	-7,665	-3,570
Other comprehensive income	0	0
Total comprehensive income	**-7,665**	**-3,570**

Reconciliation	**March 31, 2021**	**March 31, 2022**
Net assets at beginning of financial year	48,087	40,422
Increase of nominal capital and capital reserve	0	0
Total comprehensive income	-7,665	-3,570
Net assets as of March 31 of financial year	**40,422**	**36,852**
Share of Kapsch TrafficCom (50%)	20,213	18,427
Carrying amount as of March 31 of financial year	**20,213**	**18,427**

Copiloto Colombia S.A.S., Colombia.
In 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 financial year 2021/22 amounted to EUR -288 k (2020/21: EUR -235 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, 2022 amounted to EUR 735 k (March 31, 2021: EUR 345 k).

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

	March 31, 2021	March 31, 2022
Non-current assets	530	638
Current assets	609	1,185
Non-current liabilities	-71	0
Current liabilities	-46	-122
Net assets	**1,023**	**1,702**
Cash and cash equivalents	557	578
Financial liabilities (non-current and current)	0	0
	2020/21	**2021/22**
Revenues	-35	48
Result for the period	-536	-576
Other comprehensive income	0	0
Total comprehensive income	**-536**	**-576**

Reconciliation	March 31, 2021	March 31, 2022
Net assets at beginning of financial year	1,501	1,023
Increase of nominal capital and capital reserve	0	1,186
Total comprehensive income	-536	-576
Currency translation differences	58	69
Net assets as of March 31 of financial year	**1,023**	**1,702**
Share of Kapsch TrafficCom (50%)	511	851
Adjustments for elimination of intercompany transactions	-166	-116
Carrying amount as of March 31 of financial year	**345**	**735**

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 (2021/22: EUR 0 k and 2020/21: EUR 0 k) are reported in earnings before taxes after the financial result.

The carrying amount of the shares as at March 31, 2022 in MyConsorzio was EUR 1 k (March 31, 2021: 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, 2020 amounted to EUR 2 k (December 31, 2019: EUR 0 k). Revenues for the financial year 2020 were EUR 4,146 k (2019: EUR 3,666 k) and profit after tax was EUR 2 k (2019: EUR 1 k).

Joint operations.
The Group had several joint arrangements in financial year 2021/22, 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 financial year 2021/22. Proportional revenues in the amount of EUR 4,282 k (2020/21: EUR 10,171 k) and proportional results in the amount of EUR 1,332 k (2020/21: EUR 1,474 k) were included in the respective items in the consolidated financial statements.

16 Financial instruments.

Financial instruments by category at carrying amount	March 31, 2021	March 31, 2022
Trade receivables and other current and non-current assets	**135,075**	**135,550**
At amortized cost	**107,056**	**98,023**
Trade receivables (current and non-current)	107,056	98,023
At fair value through profit or loss	**0**	**1,545**
Derivative financial instruments (Fair value level 2)	0	1,545
Other non-financial assets [1] [2]	**28,020**	**35,982**
Contract assets (non-current and current) at amortized cost	**111,160**	**87,490**
Other financial assets and investments (non-current and current)	**13,204**	**16,564**
At fair value through profit or loss	**3,769**	**3,807**
Securities (Fair value level 1)	3,674	3,700
Current securities (Fair value level 1)	55	0
Investments (Fair value level 3)	40	107
At amortized cost	**9,435**	**12,757**
Other financial assets and loans (non-current)	8,566	11,177
Other financial assets and loans (current)	869	1,580
Cash and cash equivalents at amortized cost	**102,010**	**59,751**
Financial liabilities (non-current and current) at amortized cost	**223,257**	**180,065**
Promissory note bond (Fair value level 2)	74,347	31,479
Project financing (Fair value level 2)	45,715	33,226
Operating loans (Fair value level 2)	85,215	99,626
Other financial liabilities (Fair value level 2)	17,980	15,734
Lease liabilities (non-current and current) at amortized cost	**49,277**	**39,544**
Lease liabilities (non-current and current) [3]	49,277	39,544
Trade payables at amortized cost	**59,404**	**71,476**
Other liabilities and deferred income (non-current and current)	**51,973**	**46,543**
At amortized cost	**220**	**425**
Other financial liabilities	220	425
At fair value through profit or loss	**478**	**74**
Derivative financial instruments (Fair value level 2)	478	74
Other non-financial liabilities [1]	**51,275**	**46,044**

[1] Non-financial receivables and liabilities are only included for reconciliation with the respective balance sheet item.
[2] Other non-financial assets include lease receivables that were shown separately in the balance sheet in the previous year.
[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 financial year 2021/22.

As in the previous year, the securities as of March 31, 2022 relate to government and bank bonds as well as shares in investment funds. Kapsch TrafficCom used the option according to IFRS 9 to recognize one debt instrument at fair value through profit and loss instead of amortized costs.

The carrying amount of “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”, which are valued at amortized cost, is a reasonable approximation of the fair value in accordance with IFRS 7.29. These positions are attributable to level 3.

The fair value of non-current and current financial liabilities amounted to EUR 31,478 k for the promissory note bond (March 31, 2021: EUR 75,174 k), EUR 33,236 k for the project financing (March 31, 2021: EUR 46,351 k), EUR 99,229 k for the non-current and current operating loans (March 31, 2021: EUR 86,471 k) and EUR 15,692 k for other financial liabilities (March 31, 2021: EUR 18,103 k). The fair value of other non-current financial assets and loans amounted to EUR 10,381 k (March 31, 2021: EUR 8,089 k) and of non-current financial liabilities amounted to EUR 420 k (March 31, 2021: EUR 217 k).

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:

	2020/21	2021/22
Loans and receivables recognized at (amortized) cost	-3,199	1,474
Financial liabilities recognized at (amortized) cost	-6,557	-5,701
At fair value through profit or loss	309	-106
Total	**-9,447**	**-4,333**

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 1,937 k and EUR 0 k respectively (2020/21: EUR 0 k and EUR -209 k). The gains and losses included in the financial result are shown in note 10.

As of March 31, 2022 the position “Trade receivables and other current receivables” includes derivative financial instruments in the amount EUR 1,545 (March 31, 2021: EUR 0 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, 2021: EUR 478 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, 2022.

17 Other non-current assets.

	March 31, 2021	March 31, 2022
Non-current trade receivables	3,289	3,289
Non-current lease receivables	847	503
Other non-current receivables	304	309
Total	**4,439**	**4,101**

The 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 29).

For details on long-term lease receivables see note 25.

Other non-current receivables include rental guarantees for buildings of the Spanish companies. As in the previous year, the remaining term is more than 1 year but less than 5 years from the balance sheet date. Gross cash flows of other non-current assets up to 2 years amount to EUR 3,361 k (March 31, 2021: EUR 20 k), between 2 and 3 years EUR 251 k (March 31, 2021: EUR 3.592 k) and more than 3 years EUR 3 k (March 31, 2021: EUR 3 k).

18 Deferred tax assets/liabilities.

	March 31, 2021 adjusted	March 31, 2022
Deferred tax assets to be recovered after more than 12 months	54,154	57,613
Deferred tax assets to be recovered within 12 months	7,838	2,610
Deferred tax assets	**61,992**	**60,223**
Deferred tax liabilities to be recovered after more than 12 months	222	2,853
Deferred tax liabilities to be recovered within 12 months	793	6
Deferred tax liabilities	**1,016**	**2,859**
Deferred tax assets net (+)/deferred tax liabilities net (-)	**60,977**	**57,364**

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 284,488 k (March 31, 2021: EUR 214,813 k) are not recognized due to the unsecure potential for future taxable income. The not recognized tax loss carry-forwards mainly 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 +2,400 k or EUR -3,653 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, 2021 adjusted	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	0	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**	**60,222**
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	20	10,428	1,858
Deferred tax liabilities	**1,016**	**-1,434**	**0**	**20**	**3,258**	**2,859**
Total net	**60,976**	**-3,608**	**-756**	**751**	**0**	**57,363**

	March 31, 2020	Disposal resulting from sale of entities	Through profit or loss of the period	Through other comprehensive income	Currency translation differences	Reclassification and off-set	March 31, 2021 adjusted
Tax loss carry-forwards	12,527	-385	25,275	0	-561	5,661	42,517
Provisions disallowed for tax purposes	4,097	0	93	-126	-38	0	4,024
Depreciation disallowed for tax purposes	219	0	3,442	0	0	0	3,662
Other (active deferred income)	9,446	0	1,649	812	-109	-9	11,789
Deferred tax assets	**26,289**	**-385**	**30,459**	**686**	**-708**	**5,652**	**61,992**
Special depreciation/ amortization of non-current assets	50	0	-134	0	0	124	40
Gains from recognition at fair value	9,105	0	-503	0	-7	0	8,595
Other (passive deferred income)	-7,449	-1	-37	0	0	-133	-7,619
Deferred tax liabilities	**1,706**	**-1**	**-673**	**0**	**-7**	**-9**	**1,016**
Total net	**24,583**	**-384**	**31,132**	**686**	**-701**	**5,661**	**60,976**

19 Inventories.

	March 31, 2021	March 31, 2022
Purchased parts and merchandise, at acquisition cost	17,997	13,848
Unfinished goods and work in progress, at production cost	2,680	2,801
Finished goods, at production cost	19,449	18,363
Prepayments on inventories	1,607	544
Total	**41,733**	**35,556**

Inventories for projects decreased especially in the USA and Mexico and increased in Chile. Individual inventory items were written down, to their net realizable values. The write-downs of inventories amount to EUR 22,721 k as at March 31, 2022 (March 31, 2021: EUR 28,348 k) and went down due to the decrease in inventories. In the reporting period EUR 53 k were recognized in the statement of comprehensive income (2020/21: EUR -5,337 k). In case the assumptions made for the impairment of inventories would change by 10%, the effect would be approximately EUR -3,555 and EUR +3,556 k (March 31, 2021: EUR -3,834 k or EUR +3,705 k).

20 Trade receivables and other current assets.

	March 31, 2021	March 31, 2022
Trade receivables	110,001	100,394
Allowance for bad debt	-6,537	-5,968
Trade receivables – net	**103,463**	**94,425**
Receivables from tax authorities (other than income tax)	13,037	17,173
Current lease receivables	595	525
Other receivables and prepaid expenses	13,542	19,327
Total trade receivables and other current assets	**130,636**	**131,449**

For details on current lease receivables, see note 25.

Allowance for bad debt developed as follows:

	2020/21	2021/22
Balance as of March 31 of previous year	**-7,899**	**-6,537**
Additions relating to specific bad debt reserve	-2,703	-56
Utilization relating to specific bad debt reserve	263	20
Disposals relating to specific bad debt reserve	3,553	326
Expected credit losses according to IFRS 9	418	399
Currency translation differences	-170	-120
Balance as of March 31 of financial year	**-6,537**	**-5,968**
thereof expected credit losses according to IFRS 9	-1,966	-1,567

Maturity structure of trade receivables:

	2020/21	2021/22
Not yet due	67,131	52,507
Overdue		
1-30 days	24,408	9,257
31-60 days	778	7,115
61-90 days	1,185	2,426
91-180 days	4,456	22,423
181-270 days	2,886	790
More than 271 days	9,156	5,877
Total	**110,001**	**100,394**

Total trade receivables are with 61,5% not due or overdue for 1-30 days (previous year: 83.2%). The increase in overdue receivables 91-180 days mainly concerns customers in the USA. There is no concentration of credit risk with respect to trade receivables, as the Group generally has a large number of customers worldwide.

21 Contract assets and contract liabilities.

Contract assets and liabilities are composed as follows:

	March 31, 2021	March 31, 2022
Current contract assets	107,579	85,335
Allowance on current contract assets	-1,607	-1,548
Total current contract assets	**105,972**	**83,787**
Non-current contract assets	5,214	3,703
Allowance on non-current contract assets	-26	0
Total non-current contract assets	**5,188**	**3,703**
Total contract assets	**111,160**	**87,490**
Current contract liabilities	39,145	35,678
Non-current contract liabilities	9,413	1,207
Total contract liabilities	**48,558**	**36,884**

In financial year 2021/22 extensive negative margin adjustments amounting to EUR 29,897 k (2020/21: EUR 78.906 k) were included, which also led to a decline in contract assets and mainly related to projects in the USA.

Impairment on contract assets amounted to EUR 1,548 k as of March 31, 2022 (March 31, 2021: EUR 1,633 k). Beside the expected credit loss on contract assets due to IFRS 9, there were allowances on contract assets related to a project in the USA. In the statement of comprehensive income for 2021/22, income in the amount of EUR 85 k (2020/21: EUR 1,118 k) was taken into account.

An amount of EUR 12,860 k of the contract liabilities in total amounting to EUR 48,558 k as of March 31, 2021 was recognized in revenues in financial year 2021/22 (2020/21: EUR 12,777 k).

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

	March 31, 2021	March 31, 2022
Future revenues	**1,342,146**	**1,274,615**
Total up to 1 year	435,185	403,106
Between 1 and 2 years	232,212	213,759
Between 2 and 3 years	154,212	129,408
Between 3 and 4 years	114,234	105,648
Between 4 and 5 years	80,406	77,885
More than 5 years	325,897	344,809

In case the margins would change by 10% compared to the assumptions made, the sensitivity analysis indicates that operating result would change with an increase of margins and a decrease of margins by approximately EUR +4.603 k and EUR -4.195 k respectively (March 31, 2021: EUR +7,198 k and EUR -6,409 k).

22 Cash and cash equivalents.

	March 31, 2021	March 31, 2022
Cash on hand	86	35
Deposits held with banks	101,924	59,716
Total	**102,010**	**59,751**

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.

23 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, 2022, 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 financial year 2021/22, as in the previous year, no dividend was paid by Kapsch TrafficCom AG. Dividends in the amount of EUR 334 k were paid to non-controlling interests in financial year 2021/22.

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

Increase of shares in subsidiaries.
The effects from increase of shares in subsidiaries in financial year 2020/21 resulted from the acquisition of the remaining 35% in tolltickets GmbH, Germany.

Sale of shares in subsidiaries.
The effects from the sale of shares in subsidiaries in financial year 2020/21 resulted from the sale of FLUIDTIME Data Services GmbH, Vienna.

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

24 Current and non-current financial liabilities.

	March 31, 2021	March 31, 2022
Non-current financial liabilities	120,895	136,051
Current financial liabilities	102,362	44,013
Total	**223,257**	**180,065**

Movements are as follows:

	March 31, 2021	Reclassification	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**

	March 31, 2020	Reclassification	Additions	Repayment	Currency translation differences and interest accrued	March 31, 2021
Promissory note bond	75,160	-42,879	0	0	-813	31,468
Loans for acquisitions	10,712	-3,572	0	0	0	7,140
Loans for project financing	37,500	-12,500	0	0	0	25,000
Operating loans	61,859	-4,528	121	0	-166	57,287
Non-current financial liabilities	**185,231**	**-63,479**	**121**	**0**	**-978**	**120,895**
Promissory note bond	0	42,879	0	0	0	42,879
Loans for acquisitions	3,572	3,572	0	-3,572	0	3,572
Loans for project financing	13,336	12,500	7,500	-12,922	302	20,715
Operating loans	25,267	4,528	807	-973	-1,702	27,928
Other current loans	8,527	0	10,482	-12,830	1,088	7,268
Current financial liabilities	**50,702**	**63,479**	**18,790**	**-30,296**	**-311**	**102,362**
Total	**235,933**	**0**	**18,911**	**-30,296**	**-1,290**	**223,257**

Additions and repayments are cash-effective. Three tranches of the promissory note bond ("Schuldscheindarlehen") with a five-year term were repaid according to schedule in June 2021. 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 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:

2021/22	Promissory note bond	Loans for acquisitions	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**

2020/21	Promissory note bond	Loans for acquisitions	Loans for project financing	Operating loans	Other loans	Total
In the next 6 months	43,219	1,861	6,812	3,246	2,500	57,638
In the next 7 to 12 months	268	1,848	14,625	26,302	4,975	48,019
Gross cash flows up to one year	**43,487**	**3,710**	**21,437**	**29,548**	**7,475**	**105,657**
Between 1 and 2 years	537	3,651	12,875	12,564	0	29,626
Between 2 and 3 years	23,364	3,594	12,625	10,697	0	50,280
Between 3 and 4 years	192	0	0	10,450	0	10,642
Between 4 and 5 years	192	0	0	10,739	0	10,930
Gross cash flows more than 5 years	8,596	0	0	15,103	0	23,698
Total	**76,368**	**10,954**	**46,937**	**89,100**	**7,475**	**230,834**

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

	2020/21	2021/22
Carrying fixed interest rates	122,098	78,739
Carrying variable interest rates	101,159	101,326
Total financial liabilities:	**223,257**	**180,065**
Average interest rates:		
Promissory note bond	1.20–2.26%	2.00–2.26%
Loans for acquisitions	1.47%	1.26%
Loans for project financing	1.50–6.00%	1.00–6.00%
Operating loans	1.30–11.35%	1.29–13.08%
Other loans	0.50–9.00%	0.41–13.08%

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

Bills of exchange amounting to EUR 56.465 k (March 31, 2021: EUR 42,137 k) were issued for an export promotion loan and loans for acquisitions as well as for an operating loan.

25 Lease liabilities.

	March 31, 2021	March 31, 2022
Non-current lease liabilities	35,693	27,604
Current lease liabilities	13,585	11,940
Total	**49,277**	**39,544**

Movements of right-of-use assets from leases and classifications are included in note 13 property, plant and equipment. The Group only acts as lessor to an insignificant extent. Furthermore, the Group has concluded sublease agreements mainly with associated companies and shows receivables from these leases instead of right-of-use from leases. As of March 31, 2022, non-current receivables from leases amounted to EUR 503 k (March 31, 2021: EUR 847 k) and current receivables from leases to EUR 524 k (March 31, 2021: EUR 595 k).

The cash flows of lease liabilities are as follows:

	2020/21	2021/22
In the next 6 months	7,091	6,258
In the next 7 to 12 months	6,494	5,682
Gross cash flows up to one year	**13,585**	**11,940**
Between 1 and 2 years	11,256	9,789
Between 2 and 3 years	9,043	5,786
Between 3 and 4 years	5,171	3,282
Between 4 and 5 years	2,823	3,013
More than 5 years	7,400	5,734
Total	**49,277**	**39,544**

The weighted average incremental borrowing rate applied for the valuation of lease liabilities as of March 31, 2022 amounted to 2.68% (March 31, 2021: 2.12%). 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 -438 k (March 31, 2021: EUR -596 k); In case the incremental borrowing rate would change by -0.5 pp, the lease liabilities would change by approximately EUR +443 k (March 31, 2021: EUR +611 k).

In financial year 2021/22 lease expenses (without interest) amounted to EUR 15,106 k (2020/21: EUR 14,047 k). Interest expenses for lease liabilities amounted to EUR 1,063 k (2020/21: EUR 1,395 k) (see note 10), of which EUR 44 k (2020/21: EUR 9 k) were accrued.

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:

	2020/21			2021/22		
	Rental expenses	IT expenditures	Automobile expenses	Rental expenses	IT expenditures	Automobile expenses
Expenses relating to leases of low value assets	252	10,476	227	22	6,941	90
Expenses relating to short term leases	1,068	46	232	947	505	998
Expenses relating to variable lease payments and services	3,142	2,374	2,520	2,283	4,378	2,645
Total	**4,462**	**12,895**	**2,979**	**3,253**	**11,823**	**3,733**

26 Liabilities from post-employment benefits to employees.

	March 31, 2021 adjusted	March 31, 2022
Termination benefits	11,647	9,419
Pension benefits	13,778	12,962
Anniversary bonuses	1,916	1,817
Total	**27,341**	**24,198**

The entitlements to anniversary bonuses are now shown in the obligations from employee benefits and the previous year information was reclassified from other provisions.

Parameters.
Termination benefits obligations were valued based on an interest rate of 0.85–0.95% (2020/21: 0.15% – 0.35%) and in Mexico on an interest of 7.64% (2020/21: 5.80%). Retirement benefit obligations were valued based on an interest rate of 0.95% (2020/21: 0.40%) for the euro zone and based on an interest rate of 3.47% (2020/21: 2.90%) for Canada as well as compensation increases based on a rate of 2.50% – 5.00% (2020/21: 2.50% – 4.50%). An interest rate of 0.85-1.00% (2020/21: 0.25-0.40%) was used for the obligations from anniversary bonuses and 7.64% in Mexico (2020/21: 5.80%) and a value of 2.50-4.50% (2020/21: 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 (2020/21: AVO 2018-P ANG) by Pagler & Pagler for Austria and the 2014 Canadian Pension Mortality Private Tables for Canada. As in the previous year, pension increases were recognized at an average rate of 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**:

	2020/21	2021/22
Carrying amount as of March 31 of previous year	**13,446**	**11,647**
Disposals relating the sale of subsidiaries	0	-312
Remeasurements (actuarial gains/losses)	-733	-216
Current service cost	447	233
Interest expense	46	69
Payments	-1,557	-2,058
Currency translation differences	-3	56
Carrying amount as of March 31 of financial year	**11,647**	**9,419**
Total, included in the personnel expenses (note 6)	447	233
Total, included in the financial result (note 10)	46	69

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

	2020/21	2021/22
Remeasurements from changes in demographic assumptions	-132	0
Remeasurements from changes in financial assumptions	34	-377
Remeasurements from other changes (experience adjustments)	-634	161
Total	**-733**	**-216**

The expected allocation for termination benefits for the next financial year 2022/23 amounts to EUR 235 k. The weighted average duration amounts to 7.5 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)	± 50 pp	-317	298
Expected annual interest expenses (IC)	± 50 pp	39	-36
Expected annual service costs (CSC)	± 50 pp	-4	4
Impact of changes in salary increases			
Defined benefit obligation (DBO)	± 50 pp	275	-289
Expected annual interest expenses (IC)	± 50 pp	3	-3
Expected annual service costs (CSC)	± 50 pp	4	-5
Impact of changes in fluctuation			
Defined benefit obligation (DBO)	± 5%	-12	12
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**:

	2020/21	2021/22
Carrying amount as of March 31 of previous year	**14,165**	**13,778**
Remeasurements of employee benefit obligations after termination of the employment relationship	236	-192
Current service cost	7	4
Interest expense	115	116
Payments	-879	-893
Currency translation differences	134	150
Carrying amount as of March 31 of financial year	**13,778**	**12,962**
Total, included in the personnel expenses (note 6)	7	4
Total, included in the financial result (note 10)	115	116

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

	2020/21	2021/22
Remeasurements from changes in demographic assumptions	0	0
Remeasurements from changes in financial assumptions	-17	-646
Remeasurements from other changes	252	453
Total	**236**	**-192**

The expected allocation for pension benefits for the next financial year 2022/23 amounts to EUR 100 k. The weighted average duration amounts to 11.0 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)	± 50 pp	-581	520
Expected annual interest expenses (IC)	± 50 pp	51	-46
Expected annual service costs (CSC)	± 50 pp	8	-7
Impact of changes in salary increases			
Defined benefit obligation (DBO)	± 50 pp	0	0
Expected annual interest expenses (IC)	± 50 pp	0	0
Expected annual service costs (CSC)	± 50 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. This was shown under other provisions in the previous year.

The following amounts are recognized in the balance sheet and in the statement of comprehensive income for **anniversary bonuses**:

	2020/21	2021/22
Carrying amount as of March 31 of previous year	**2,195**	**1,916**
Remeasurements of employee benefit obligations	-194	-85
Current service cost	128	98
Interest expense	8	17
Payments	-232	-146
Currency translation differences	12	16
Carrying amount as of March 31 of financial year	**1,916**	**1,817**
Total, included in the personnel expenses (note 6)	-66	13
Total, included in the financial result (note 10)	8	17

The expected allocation for obligations from anniversary bonuses for the financial year 2022/23 amounts to EUR 119 k, the weighted average duration is 8.7 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)	± 50 pp	-69	64
Expected annual interest expenses (IC)	± 50 pp	7	-7
Expected annual service costs (CSC)	± 50 pp	-5	4
Impact of changes in salary increases			
Defined benefit obligation (DBO)	± 50 pp	50	-53
Expected annual interest expenses (IC)	± 50 pp	0	-1
Expected annual service costs (CSC)	± 50 pp	4	-4
Impact of changes in fluctuation			
Defined benefit obligation (DBO)	± 5%	-26	25
Expected annual interest expenses (IC)	± 5%	0	0
Expected annual service costs (CSC)	± 5%	-3	2

Analysis of expected maturity of undiscounted benefits

	2022/23	2023/24	2024/25	2025/26	2026/27	over 5 years	Total
Termination benefits	928	464	789	580	856	6,407	10,024
Pension benefits	917	909	900	888	874	10,646	15,135
Obligations from anniversary bonuses	131	150	140	125	158	2,397	3,100

27 Provisions.

	March 31, 2021 adjusted	March 31, 2022
Non-current provisions	3,349	1,685
Current provisions	42,472	28,630
Total	**45,820**	**30,315**

The provisions changed as follows:

	March 31, 2021 adjusted	Addition from accu-mulation	Addition	Utilization	Disposal	Reclassi-fication	Currency translation differences	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, total	**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, total	**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**

	March 31, 2020	Addition from accu-mulation	Addition	Utilization	Disposal	Reclassi-fication	Currency translation differences	March 31, 2021 adjusted
Warranties	456	0	0	0	0	721	0	1,177
Projects (excl. impending losses)	126	0	0	0	0	68	0	194
Provision for restructuring costs	0	0	0	0	0	556	0	556
Other non-current provisions	1,519	26	228	0	-201	3	-154	1,422
Non-current provisions, total	**2,100**	**26**	**228**	**0**	**-201**	**1,349**	**-154**	**3,349**
Warranties	2,375	0	559	-1,018	-349	-721	165	1,011
Provision for losses from onerous contracts	9,210	0	12,390	-38	-1,327	0	-624	19,611
Projects (excl. impending losses)	8,238	0	1,916	-25	-2,388	-68	12	7,685
Legal fees, costs of litigation and contract risks	1,846	0	8,625	-406	-281	0	-134	9,650
Provision for restructuring costs	0	0	3,917	0	0	-556	0	3,361
Other current provisions	1,706	0	406	-305	-550	-3	-100	1,153
Current provisions, total	**23,375**	**0**	**27,813**	**-1,792**	**-4,895**	**-1,349**	**-680**	**42,472**
Total	**25,475**	**26**	**28,041**	**-1,792**	**-5,096**	**0**	**-834**	**45,820**

Obligations from anniversary bonuses were reclassified and are now included in liabilities from post-employment benefits to employees (note 26). The previous year amount was reclassified as well.

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 108 k will be used in the first half of financial year 2022/23, EUR 1.664 k in the second half of the year and the remaining amount of EUR 512 k in the following financial years.

A current provision of EUR 20,976 k has been recognized for losses from onerous contracts in financial year 2021/22. 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 of EUR 192 k is expected in the first half of financial year 2022/23 and EUR 20,785 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 375 k will be used in the first half of financial year 2022/23, EUR 4,081 k in the second half of the financial year and the remaining amount of EUR 75 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. In the previous year, a competitor in the USA initiated a lawsuit accusing Kapsch TrafficCom of patent infringement. In the second quarter of 2021/22, Kapsch TrafficCom succeeded in settling this patent dispute. Therefore, a large part of the provision was utilized or reversed in the financial year. It is expected that the full amount of provisions for legal fees, costs of litigation and contract risks will be used in financial year 2022/23, of which EUR 182 k will be used in the first half of the year and EUR 123 k in the second half of the year.

In financial year 2021/22, the Group's existing provisions for restructuring costs (mainly for measures in the USA and Sweden) were utilized to a significant amount. Of the remaining provision for restructuring costs in the amount of EUR 177 k, utilization in the amount of EUR 48 k is expected in the first half of the subsequent financial year, EUR 107 k in the second half of the year and utilization in the amount of EUR 22 k in the following financial years.

Other provisions mainly include provisions for taxes and duties, provisions for commissions and bonuses and provisions for dismantling, removing and restoring assets. It is expected that an amount of EUR 616 k will be used in the first half of financial year 2022/23, EUR 350 k in the second half of the year and the remaining amount of EUR 1,076 k in the following financial years.

28 Other liabilities and deferred income.

	March 31, 2021	March 31, 2022
Other employee liabilities	30,575	26,101
Liabilities to tax authorities (other than income tax)	8,191	10,840
Other prepayments received	2,260	1,439
Refund Liabilities	452	1,082
Sundry liabilities and deferred income	9,882	6,656
Total	**51,361**	**46,118**

Other personnel 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.

29 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, 2021	March 31, 2022
North America (toll collection systems)	24,667	27,363
Australia (toll collection systems)	15,378	15,919
Total	**40,045**	**43,281**

Further performance and bid bonds from financial institutes or insurance companies, where an outflow of resources is deemed unlikely, amount to EUR 267,417 k (2020/21 adjusted: EUR 202,800 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 11,609 k (March 31, 2021: EUR 11,721 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.

Shortly before the end of the financial year, 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 15).

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.

30 Interests in subsidiaries.

Consolidated group.
As of March 31, 2022 the consolidated group (including parent company Kapsch TrafficCom AG, Vienna) consists of 61 entities (March 31, 2021: 62 entities). The consolidated group changed as follows:

	2020/21	2021/22
Amount of entities at the beginning of the financial year	59	62
Initial consolidation	5	2
Deconsolidations	-2	-3
Amount of entities in the consolidated group	**62**	**61**

The regional distribution of the consolidated group was as follows:

	2020/21	2021/22
Austria	6	6
EMEA (excluding Austria)	30	29
Americas	22	22
APAC	4	4
Total	**62**	**61**

The following companies are included in the consolidated financial statements:

Entity, headquarter of entity	March 31, 2021 Group's share	March 31, 2021 Non-controlling interests	March 31, 2022 Group's share	March 31, 2022 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 [1]	–	–	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 [3]	50.0%	50.0%	50.0%	50.0%
Kapsch TrafficCom AB, Jonkoping, Sweden	100.0%	–	100.0%	–
Kapsch TrafficCom Arce Sistemas S.A.U., Bilbao, Spain	100.0%	–	100.0%	–
Kapsch TrafficCom Argentina S.A., Buenos Aires, Argentina	100.0%	–	100.0%	–
Kapsch TrafficCom Australia Pty Ltd, Melbourne, Australia	100.0%	–	100.0%	–
Kapsch TrafficCom B.V., Amsterdam, Netherlands	100.0%	–	100.0%	–
Kapsch TrafficCom Canada Inc., Mississauga, Canada	100.0%	–	100.0%	–
Kapsch TrafficCom Chile S.A., Santiago de Chile, Chile	100.0%	–	100.0%	–
Kapsch TrafficCom Dominican Republic S.R.L., Santo Domingo, Dominican Republic	100.0%	–	100.0%	–
Kapsch TrafficCom France SAS, Paris, France	100.0%	–	100.0%	–
Kapsch TrafficCom 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 IVHS, S.A. de C.V., Mexico City, Mexico [2]	100.0%	–	–	–
Kapsch TrafficCom Kazakhstan LLC, Almaty, Kazakhstan [2]	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 S.r.l. a socio unico, Milan, Italy [2]	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%	–

Entity, headquarter of entity	March 31, 2021 Group's share	March 31, 2021 Non-controlling interests	March 31, 2022 Group's share	March 31, 2022 Non-controlling interests
Kapsch TrafficCom Transportation Argentina S.A., Buenos Aires, Argentina	100.0%	–	100.0%	–
Kapsch TrafficCom Transportation Brasil Ltda., São Paulo, Brazil	100.0%	–	100.0%	–
Kapsch TrafficCom Transportation Colombia S.A.S., Bogotá, Colombia	100.0%	–	100.0%	–
Kapsch TrafficCom Transportation S.A.U., Madrid, Spain	100.0%	–	100.0%	–
Kapsch TrafficCom USA, Inc., McLean, USA	100.0%	–	100.0%	–
KTS Beteiligungs GmbH, Vienna, Austria	100.0%	–	100.0%	–
Mobiserve (Pty) Ltd., Cape Town, South Africa [5]	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%	–	100.0%	–
TMT Services and Supplies (Pty) Ltd., Cape Town, South Africa [5]	100.0%	–	100.0%	–
tolltickets GmbH, Rosenheim, Germany	100.0%	–	100.0%	–
Transport Telematic Systems - LLC, Abu Dhabi, United Arab Emirates [4]	49.0%	51.0%	49.0%	51.0%
Trust South Africa, Cape Town, South Africa [5]	100.0%	–	100.0%	–

1) Foundation/acquisition/acquisition of additional shares in financial year 2021/22
2) Deconsolidation in financial year 2021/22
3) Consolidation due to voting-right-agreements
4) Power over the relevant activities of the entity based on substantive rights
5) IFRS 10 control of Trust South Africa and thus full consolidation with 100%

The company Arce Mobility Solutions, S.A., Spain, was established in financial year 2021/22. The public transport business of the Spanish companies was merged into this company.

The consortium Consorcio Medellin al Mar, Colombia, was formed in financial year 2021/22. Kapsch TrafficCom holds 51% of the shares and controls the relevant activities. Therefore, this consortium is fully consolidated.

Kapsch TrafficCom sold all shares in Kapsch TrafficCom S.r.l. a socio unico by agreement dated July 14, 2021, Italy, and generated a gain on the sale of EUR 709 k, which is included in other operating income, and cash inflows in the amount of EUR 800 k.

The companies Kapsch TrafficCom IVHS, S.A. de C.V., Mexico, and Kapsch TrafficCom Kazakhstan LLC, Kazakhstan, were liquidated in financial year 2021/22.

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)

31 Non-controlling interests.

The non-controlling interests represent the third party shares in the equity of consolidated subsidiaries.

Information on the balance sheet.
The balance sheet of the consolidated subsidiaries with material non-controlling interests and the carrying amount of material non-controlling interests are presented below:

	Amounts before intercompany eliminations					
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**

	Amounts before intercompany eliminations					
2020/21	**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	273	0	427	-155	-62
Consorcio Peaje AGR, Ecuador	0	736	0	708	28	14
Consorcio Túneles Al Nus, Colombia	0	1,976	0	1,293	683	335
Intelligent Mobility Solutions Limited, Zambia	0	138	6,565	6,675	-13,103	-7,081
Kapsch TrafficCom - Rowing - UTE, Argentina	188	1,148	93	554	690	345
Kapsch TrafficCom Lietuva UAB, Lithuania	0	45	0	8	37	21
Streetline Inc., USA	0	789	883	525	-619	-51
Carrying amount as of March 31, 2021						**-6,480**

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		
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**

	Amounts before intercompany eliminations				Amounts attributable to non-controlling interests		
2020/21	**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	738	-528	9	-519	-211	4	-208
Consorcio Peaje AGR, Ecuador	474	28	0	28	14	0	14
Consorcio Túneles Al Nus, Colombia	4,008	675	8	683	331	4	335
Intelligent Mobility Solutions Limited, Zambia	171	-4,880	2,749	-2,131	-2,707	1,596	-1,111
Kapsch TrafficCom - Rowing - UTE, Argentina	2,265	319	-26	292	174	-28	146
Kapsch TrafficCom Lietuva UAB, Lithuania	0	2	0	2	1	0	1
Streetline Inc., USA	55	-460	13	-447	-14	0	-14
Remaining	2,903	-374	0	-374	2	0	2
Total					**-2,410**	**1,576**	**-834**

Information on the cash flow statement and dividends.

The cash flow statement and dividends of the consolidated subsidiaries with material non-controlling interests are presented below (amounts before intercompany elimination):

	Cash flow from				
2021/22	**Operating activities**	**Investing activities**	**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**

	Cash flow from				
2020/21	**Operating activities**	**Investing activities**	**Financing activities**	**Cash net increase/ decrease**	**Dividends paid to non-controlling interests**
Consorcio ITS Parques del Rio, Colombia	-545	0	0	-545	0
Consorcio Peaje AGR, Ecuador	0	0	0	0	0
Consorcio Túneles Al Nus, Colombia	477	0	0	477	0
Intelligent Mobility Solutions Limited, Zambia	-730	0	720	-11	0
Kapsch TrafficCom - Rowing - UTE, Argentina	99	-2	-51	46	0
Kapsch TrafficCom Lietuva UAB, Lithuania	14	0	0	14	0
Streetline Inc., USA	-403	0	878	475	0
Total					**0**

32 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.

In October 2021, Kapsch BusinessCom left the Kapsch Group with a view to the next generation of the Kapsch family and to be able to ensure a smooth transition to the next generation at a later date. Income and expenses with Kapsch BusinessCom are only included for the first half of the financial year 2021/22, the balance sheet values as of March 31, 2022 with Kapsch BusinessCom were zero.

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:

	2020/21	2021/22
Parent company		
Revenues	0	35
Expenses	-1,315	-580
Income (+) / Expense (-) from tax allocation [1]	58	0
Affiliated companies		
Revenues	1,118	540
Expenses	-12,189	-8,859
Associated companies		
Revenues	0	0
Expenses	0	0
Joint ventures		
Revenues	164	287
Expenses	-3,715	-4,157
Other related parties		
Revenues	0	0
Expenses	-11,461	-3,414

[1] Previous year figure adjusted.

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

	March 31, 2021	March 31, 2022
Parent company		
Trade receivables and other assets	0	42
Trade payables and other liabilities	-188	-310
Receivables (+) / Liabilities (-) from tax allocation [1]	0	0
Affiliated companies		
Trade receivables and other non-current and current assets	394	88
Trade payables and other liabilities	-3,901	-3,518
Associated companies		
Trade receivables and other non-current and current assets	369	875
Trade payables and other liabilities	0	0
Joint ventures		
Trade receivables and other non-current and current assets	7,296	9,317
Trade payables and other liabilities	-539	-558
Other related parties		
Trade receivables and other non-current and current assets	0	0
Trade payables and other payables including pension benefits	-11,960	-10,482

[1] Previous year figure adjusted.

Parent company.

The parent company KAPSCH-Group Beteiligungs GmbH provides services to the Group in the area of Group consolidation (including costs for the implementation of new accounting standards) and legal advice for all topics relating to corporate law. Expenses incurred by the Group in financial year 2021/22 amounted to EUR 448 k (2020/21: EUR 1,109 k). In October 2021, all employees of the of the finance department of the Kapsch Group were transferred to Kapsch TrafficCom and therefore the costs for these services are now included in the Group. Furthermore, the parent company invoiced insurance costs (directors & officers liability insurance) to the Group amounting to EUR 54 k (2020/21: EUR 60 k).

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 positive tax allocation of Kapsch TrafficCom to the Austrian (tax) group parent KAPSCH-Group Beteiligungs GmbH has been adjusted for the financial year 2020/21 and deferred tax assets from losses were recognized instead of current tax receivables. The utilization of these tax loss carry-forwards is shown under deferred tax assets/liabilities.

Affiliated companies.

In October 2021, Kapsch BusinessCom left the Kapsch Group. The aim was to be able to ensure a smooth transition to the next generation of the Kapsch family. The Kapsch BusinessCom companies are therefore only included as affiliated companies until this date.

The Group's lease income from subleasing to affiliates in financial year 2021/22 amounted to EUR 100 k (2020/21: EUR 181 k). The remainder of revenues to affiliated companies related to other goods and services.

Expenses from transactions with affiliated companies relate to a large extent to goods and services in the area of IT, data processing and telephone services (leasing of telephone and IT equipment as well as IT support), especially through Kapsch BusinessCom AG, Vienna. The expenses of the Group in this context amounted to EUR 438 k in financial year 2021/22 (2020/21: EUR 1,352 k). Most expenses relating to goods and services in the area of IT, data processing and telephone services are not attributable to Kapsch BusinessCom AG, Vienna, but to the other related party Kapsch Financial Services GmbH, Vienna.

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 2,249 k (2020/21: EUR 3,323 k).

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 financial year 2021/22 amounted to EUR 2,529 k (2020/21: EUR 2,628 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 financial year 2021/22 expenses amounting to EUR 2,893 k (2020/21: EUR 3,537 k) were incurred in the Group in this regard.

Due to the transfer of different central functions from Kapsch AG, 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 Group. Other expenses of the Group from transactions with affiliated companies in financial year 2021/22 include with EUR 610 k (2020/21: EUR 935 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.

Associated companies and joint ventures.
In financial year 2021/22 trade receivables and other non-current and current assets with associated companies amounted to EUR 875 k (March 31, 2021: EUR 369 k) and mainly refered to loans to Traffic Technology Services Inc., USA.

Kapsch TrafficCom AG reported receivables from financing to the joint venture autoTicket in the amount of EUR 9,302 k as of March 31, 2022 (March 31, 2021: EUR 7,260 k).

Income from joint ventures amounted to EUR 287 k in financial year 2021/22 (2020/21: EUR 164 k) and mainly includes interest charged to autoTicket, GmbH, Germany, and sales of goods and services to Copiloto Colombia S.A.S., Colombia.

In financial year 2021/22 the expenses of joint ventures amount to EUR 4,157 k (2020/21: EUR 3,715 k) and were mainly related to the consortium MyConsorzio.

Other related parties.
Expenses to other related parties mainly referred to Kapsch Financial Services GmbH, Vienna, which also left the Kapsch Group in October 2021. This company performed services centrally in the area of IT, data processing and telephone services (leasing of telephone and IT equipment as well as IT support) for the Group. These expenses amount to EUR 3,414 k in financial year 2021/22 (2020/21: EUR 11,461 k).

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 38.

33 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:

33.1 Foreign exchange risk.

Kapsch TrafficCom operates internationally and is exposed to foreign exchange risk. This risk originates from business transactions that are executed in a currency which is not in conformity with the functional currency of the respective subsidiary (hereinafter referred to as “foreign currency”). The foreign exchange risk exists in relation to assets and liabilities as well as net investments of foreign business locations not in the Eurozone. During the consolidation process these positions have to be translated to the group currency “euro”.

From group perspective the most relevant foreign currencies were the US dollar and the South African rand in financial year 2021/22. 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 financial year 2021/22 the income from hyperinflation adjustment amounted to EUR 240 k and the expenses from hyperinflation adjustment amounted to 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, 2022 and March 31, 2021 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			
	2020/21		2021/22	
Currency	**Change +10%**	**Change -10%**	**Change +10%**	**Change -10%**
USD	-8,649	10,570	-19,766	12,079
ZAR	-535	653	-2,103	1,285
SEK	16	-19	141	-86
GBP	-870	1,063	-47	29
EUR	2,900	-3,545	6,619	-4,045

33.2 Interest rate risk.

Interest rate risk is the risk arising from fluctuations in the value of financial instruments, other balance sheet items (e.g. receivables and payables) and/or cash flows due to fluctuations in the market interest rates. For fixed interest balance sheet items, the risk comprises the present value risk. In case the market interest rate for the financial instrument fluctuates, either a profit or a loss may result if the financial instrument is sold prior to maturity.

In the case of variable interest balance sheet items, the risk relates to the cash flow. With variable interest financial instruments, adjustments in the interest rates may result from changes in the market interest rates. Such changes would entail changes in interest payments. Variable interest (both current and non-current) financial liabilities account for round 44% of interest-bearing financial liabilities. If the market interest rate had been 50 basis points higher (lower) (+/- 0.5%) as of March 31, 2022, 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.

33.3 Liquidity risk.

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

The Group provides sufficient liquidity by maintaining suitable financial reserves, by issuing bonds, through customer prepayments and the continuous reconciliation of the terms of receivables, liabilities and financial assets. To this end, cash flow forecasts are prepared at regular intervals for short-term periods (the next 12 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 24 and 25.

33.4 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 20 and 21.

The maximum credit risk corresponds to the following book values:

	March 31, 2021	March 31, 2022
Other non-current financial assets and investments	12,281	14,984
Non-current contract assets	5,188	3,703
Non-current lease receivables	847	503
Other non-current assets	3,592	3,597
Other current financial assets	924	1,580
Current contract assets	105,972	83,787
Trade receivables and other current assets	130,041	130,925
Current lease receivables	595	525
Current income tax receivables	6,830	4,392
Cash and cash equivalents	102,010	59,751
Total	**368,280**	**303,748**

34 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 May 2021, new and uniform key performance indicators were also agreed with all the banks for the next two years. They are based on the expected results in connection with the restructuring concept. The covenants provide for a certain ratio of net financial liabilities to EBITDA (related to the IFRS consolidated figures) for a transition period of two years for each quarter. Furthermore, a certain equity ratio must be achieved on the following balance sheet dates. In the event that these new key figures are not achieved by the balance sheet dates and are not restored through measures such as grants or subordinated loans, the lender is entitled to call the loan due immediately. These covenants also include timely compliance with the agreed repayments.

In the financial year 2021/2022 the Group met these targets at all times. However, some of our own requirements and targets for capital management have still 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.

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 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).

Cash and cash equivalents amounted to EUR 59.8 million as of the balance sheet date. The significant decrease compared to the previous year (March 31, 2021: EUR 102.0 million) is due to the scheduled repayment of financial liabilities in the amount of EUR 69.9 million and lease liabilities in the amount of EUR 9.7 million. In particular, the three tranches of the promissory note loan issued in June 2016 in the amount of EUR 42.5 million, which were repaid in mid-June 2021, are included, but also all other current repayments were carried out as planned. In the first quarter of the financial year 2021/22, it was possible to secure the disbursement of a special Kontrollbank credit line loan (Sonder-KRR) secured by Österreichische Kontrollbank in the amount of EUR 17.9 million, which generated additional liquidity for the Group. In total, additional loans amounting to EUR 24.3 million have been raised. Net debt was reduced by EUR 11.3 million in the 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, 2022 and March 31, 2021:

	March 31, 2021	March 31, 2022
Non-current financial liabilities	120,895	136,051
Current financial liabilities	102,362	44,013
Non-current lease liabilities	35,693	27,604
Current lease liabilities	13,585	11,940
Total financial liabilities	**272,535**	**219,608**
Cash and cash equivalents	-102,010	-59,751
Other current financial assets	-924	-1,580
Net debt	**169,601**	**158,277**
Equity	84,761	77,902
Gearing	**200.1%**	**203.2%**
EBITDA	-67,150	32,664
Gearing in relation to EBITDA	**-2.53**	**4.85**
Equity ratio	**14.3%**	**15.2%**

35 Accounting and valuation principles.

The accounting and valuation principles, which form the basis for these consolidated financial statements, were applied unchanged to the previous period and supplemented by new mandatory IFRS and IFRIC applicable from the financial year.

35.1 Consolidation.

35.1.1 Subsidiaries.

Subsidiaries are all companies (including structured companies) where the Group exerts its control. The control in this sense means that the Group is exposed to fluctuating returns arising from its interest in the subsidiary, is in possession of entitlements to these returns and has the ability to influence such returns by virtue of its position of power with respect to the associated company. Subsidiaries are included within the consolidated financial statements (full consolidation) as from the time when the parent company has acquired control over the subsidiary. They are deconsolidated at the time when such control is relinquished.

All Group internal assets and liabilities, equity, expenses and income as well as unrealized gains and losses from transactions between Group companies are completely eliminated in the course of Group consolidation. In case of consolidation processes affecting profit or loss, income tax effects are taken into consideration and deferred taxes are recognized.

35.1.2 Transactions with non-controlling interests.

Transactions with non-controlling interests are treated as transactions with equity owners of the Group. Depending on the ownership structure, the Group splits the gains or losses as well as all components of the comprehensive income to the interests of the parent company and the non-controlling interests. Even in the event of a negative balance of the non-controlling interests, the total comprehensive income is attributed to the parent company and the non-controlling interests. For purchases of non-controlling interests, the difference between any consideration paid and the relevant interest acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity, unless a change in the percentage of shares held leads to a loss of control of the interest.

If the Group loses its control over any of the companies, the assets and liabilities of the former subsidiary are to be removed from the consolidated balance sheet. The remaining interest is to be remeasured at fair value and regarded as the initially recognized value of a financial asset pursuant to IFRS 9, Financial Instruments: Recognition and measurement or as acquisition costs in case of the addition of an interest in an associated company or joint venture. Any resulting gains or losses which are attributable to the controlling interest are recognized in the income statement. In addition, any amounts previously recognized in other comprehensive income with respect to the former subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities. This means that amounts previously recognized in other comprehensive income are reclassified from equity to the result for the period.

35.1.3 Joint arrangements.

The Group applies IFRS 11 to all joint arrangements.

The Group differentiates according to the contractual arrangements at which decisions are made unanimously, concerning rights and obligations of the controlling parties between joint ventures and joint operations. Parties belonging to a joint venture enjoy rights to net assets. In the consolidated financial statements, the result, assets, and liabilities are included subject to the equity method.

In the case of the equity method, the interests in joint ventures are initially recognized at acquisition costs. After this, the carrying value of the interests goes up or down according to the share of the Group in profit or loss as well as in any changes in the other comprehensive income of the joint venture. If the share in the (cumulative) losses of a joint venture exceeds the carrying value of the joint venture (including all long-term interests which are to be allocated to the commercial substance after the net investment of the Group in the joint venture), then the Group is not to recognize the excessive loss share unless it has entered into legal or constructive obligations for the joint venture or has made liabilities or provisions for the joint venture. In the case of accumulated losses, a positive carrying amount is only recognised after the accumulated losses have been offset.

Unrealized gains or losses from transactions between Group companies and joint ventures are to be eliminated in the consolidated financial statements in the amount of the share of the Group in the joint venture. Unrealized losses are not eliminated if the transaction gives any indication that there may be an impairment of the asset transferred.

The accounting and valuation principles of joint ventures correspond to those of the parent company.

Proportional results from joint ventures are split in the presentation in the income statement. Results from joint ventures whose activities and strategic alignments are part of Kapsch TrafficCom's core business are reported in the operating result. Results from other joint ventures are reported in the result before income taxes after the financial result.

If there are rights to assets and obligations for liabilities as a result of a contractual agreement it is a joint operation. Recognition in the consolidated financial statements is proportional.

35.1.4 Associated companies.
Associated companies are entities in which the Group has a significant but not a controlling influence, generally accompanied by a shareholding of between 20% and 50% of the voting rights. Associated companies are reported using the equity method and initially recognized at acquisition costs. Following the acquisition date, the share of the Group in the result of the associate is recorded in the statement of comprehensive income and the share of changes in other comprehensive income is recognized in other comprehensive income, with a corresponding adjustment being made to the carrying amount of the interest. Dividends received from the associated company reduce the carrying amount of the interest. Goodwill arising on acquisition of associated companies is not separately shown but recorded as part of the carrying amount of associated companies.

If the percentage of shares held in an associated company is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to the profit or loss for the period where appropriate.

The cumulative shares of the Group in the profits and losses as well as in the other comprehensive income of the associated company after the acquisition are offset against the carrying amount of the investment. If the Group's share in the losses of an associate, including any unsecured receivables, equals or exceeds its interest in that associated company, the Group will not disclose any additional losses. A liability or provision is only recognized if the Group has entered into legal or constructive obligations for the associated company or has made payments for the associated company.

At each balance sheet date, the Group checks whether there are any indications showing that the investment in an associate is impaired. If this is the case, the impairment requirement is determined as the difference arising from the carrying amount of the interest of the associate and the corresponding recoverable amount and recognized separately in the income statement. Significant unrealized gains from transactions between the Group and associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Proportionate results from associated companies are split in the presentation in the income statement. Results from associated companies whose activities and strategic directions are part of the core business of Kapsch TrafficCom are reported in the operating result. Results from other associated companies are reported in the result before income taxes after the financial result.

The accounting and valuation principles of associated companies correspond substantially to those of the parent company.

35.1.5 Business combinations.
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.

If the combination is achieved in stages, the equity capital share previously held in the acquired company by the acquirer is remeasured at the fair value as at the acquisition date. Any resulting profit or loss is to be recognized in the income statement.

Any hidden reserves and liabilities uncovered are carried forward in line with the corresponding assets and liabilities.

The determination of the fair values requires certain estimates and assumptions, in particular of the acquired intangible assets and property, plant and equipment, of the liabilities assumed as well as of the useful lives of the acquired intangible assets and property, plant and equipment.

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's net assets.

The Group determines the goodwill at the acquisition date as:

- the fair value of the consideration transferred – plus
- the value recognized of all recognized non-controlling interests in the acquiree – plus
- the fair value of the acquirer's previously held equity interest in the acquiree if the combination is achieved in stages – less
- the net amount (in general of the fair values) of the identifiable assets acquired and liabilities assumed and contingent liabilities.

If the excess is negative, a gain on a bargain purchase is recognized only upon re-examination of the allocation directly in the result for the period.

35.1.6 Foreign currency translation.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in euros, which is Kapsch TrafficCom's presentation currency.

Translation of foreign financial statements.
In accordance with IAS 21, financial statements of foreign subsidiaries (except for foreign entities from hyperinflationary countries) that have a functional currency different from the euro which are included in the consolidated financial statements are translated as follows:

The statement of comprehensive income of foreign entities is translated into the Group's presentation currency at average exchange rates of the financial year, balance sheets at the prevailing 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:

	2020/21		2021/22	
	Average exchange rate	Exchange rate as at balance sheet date	Average exchange rate	Exchange rate as at balance sheet date
AUD	1.63	1.54	1.57	1.48
CAD	1.54	1.48	1.46	1.39
GBP	0.89	0.85	0.85	0.85
SEK	10.38	10.24	10.24	10.34
USD	1.17	1.17	1.16	1.11
ZAR	19.01	17.35	17.35	16.17

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 12).

35.2 Fair value measurement.

The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In measuring the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date.

To the greatest extent possible, the Group uses observable market data for the fair value measurement of assets or liabilities. Depending on the availability of observable input factors and their impact on the fair value measurement as a whole, the fair value is assigned to one of 3 levels in the following fair value-hierarchy:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: Inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs at this level are unobservable inputs for the asset or liability.

35.3 Revenue recognition.

Revenue is recognized in accordance with IFRS 15 "Revenue from Contracts with Customers". Assessment of each contract is based on the five-step model:

- Identify the contract with a customer
- Identify the performance obligations
- Determine the transaction price
- Allocate the transaction price to the performance obligations
- Recognize revenue either over time or at a point in time

A customer is defined as a party that has contracted with an entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for a consideration. It is assessed if the contracts meet the criteria in accordance with IFRS 15.9, in particular the enforceable right to consideration. It is furthermore assessed if the consideration the entity is entitled to is enforceable and revenue is probable (see note 33.4. Credit risk).

The Group identified the following performance obligations:

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

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

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

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

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

The Group also assumes statutory warranties which do not represent a separate performance obligation but for which provisions are set up in accordance with IAS 37.

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

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

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

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

35.4 Segment information.

The reporting on operating segments is consistent with the internal reporting provided to the chief operating decision-maker (management approach). The chief operating decision-maker is responsible for allocating resources to the operating segments and assessing their performance. The Executive Board of Kapsch TrafficCom has been identified as the chief operating decision-maker.

35.5 Property, plant and equipment.

Property, plant and equipment are recognized at acquisition and production cost less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected useful lives of the assets in accordance with the group policies.

Properties are not subject to scheduled depreciation. The useful lives generally range between 5 to 26 years for plants and buildings on leasehold land, 4 to 20 years for technical equipment and machinery, and 3 to 10 years for other equipment, factory, and office equipment. The assets' useful lives and residual values are reviewed, and adjusted if appropriate, in case of evidence leading to an adjustment. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The impairment test is carried out in accordance with IAS 36 and is described in chapter 35.7.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of those assets which were replaced is derecognized. Expenses for repairs and maintenance which do not necessitate a significant replacement investment (i.e. day-to-day servicing) are charged to the income statement during the financial period in which they are incurred.

The difference between the proceeds from the disposal of property, plant and equipment and the carrying amount is recognized as profit or loss in the result from operating activities.

35.6 Intangible assets.

35.6.1 Goodwill.

Goodwill arises on the acquisition of subsidiaries. It represents the excess of the consideration transferred for the acquisition beyond the Group's interest in net fair value of the identifiable assets, liabilities, and contingent liabilities.

Goodwill impairment reviews are undertaken at least annually or more frequently if events or changes in circumstances indicate a potential impairment. The Group carries out the annual goodwill impairment review in the fourth quarter. In addition, the Group carries out impairment tests during the year if a triggering event occurs that may cause the asset to be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the cash generating units (CGUs) or groups of cash generating units which are expected to benefit from the synergies of the business combination and have reported the goodwill. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

The impairment loss of goodwill is recognized in the statement of comprehensive income. No write-ups on goodwill are made.

35.6.2 Concessions and rights.

Computer software, trademarks, and similar rights are capitalized on the basis of the costs incurred for acquisition and amortized linearly over their estimated useful lives of 4 to 15 years. Acquired customer agreements (toll contracts, maintenance agreements) are recognized at acquisition costs and amortized over estimated useful lives that generally range between 2 and 10 years.

35.6.3 Research and development costs.

Research expenditures are recognized as an expense. Costs incurred for development projects (relating to the design and testing of new or improved products) are recognized as intangible assets if the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an opportunity to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial, and other resources are available to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognized as an expense. The costs for producing the intangible asset are capitalized as from the point in time when the above criteria are initially met. Development costs previously recognized as an expense cannot be subsequently capitalized. Capitalized development costs are amortized, as soon as they are available for use, using the straight-line method on the basis of the normal useful life, which generally ranges between 3 and 15 years.

Capitalized development assets are tested for impairment annually in accordance with IAS 36 as long as they are not yet available for use.

35.6.4 Service concession arrangements.

Service concession arrangements exist when a private entity develops and operates an infrastructure facility for public services, with the grantor being a public sector entity or a public authority. The Group does not provide public infrastructure or overall public services considering most of the contracts. The isolated development or the operation of a toll collection system or systems for traffic monitoring, traffic control and traffic safety do not fall into the scope of this interpretation. In case service concession arrangements can be assumed, a distinction between those arrangements resulting in an intangible asset and those resulting in a financial asset has to be made. In case the operator receives an unconditional contractual right to receive an amount of cash or another financial asset from the grantor in return for the construction of a system, the operator recognizes a financial asset. In case the operator solely receives the right to charge for the use of a public sector service, the operator recognizes an intangible asset. The intangible asset is recognized during the construction phase as construction progresses, in line with the revenue recognition according to IFRS 15 relating to each stage of completion, and is amortized over the period of the operational phase after completion. Financial assets are settled through payment of the construction portion.

As of March 31, 2022 Kapsch TrafficCom did not recognize any projects in accordance with this interpretation.

35.7 Impairment of non-financial assets.

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready for use – are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the asset might be impaired.

An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and its value in use. At entity level an impairment is posted if there is any indication that an asset may be impaired and, if necessary, an impairment loss is recognised. Hereon at the level for cash generating units the goodwill is tested. First, the goodwill is amortized by the amount of the impairment. If the impairment is higher than the carrying amount of the goodwill, the carrying amounts of the other assets of these cash-generating units (CGUs) are proportionately reduced.

The value in use of a cash generating unit corresponds to the present value, calculated using the discounted cash flow method, of the future cash flows which the entity will receive from the cash generating unit. In order to determine the value in use, the expected future cash flows plus taxes based on the post-tax discount rate that reflects the current market expectations with regard to the interest effect and the specific risks of the cash generating units, are discounted to their present values. In the process, the current planning, covering a period of 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.

35.8 Borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. A qualifying asset is an asset that requires a substantial period of time (with regard to the Group at least 12 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 financial year 2021/22, the criteria for a qualified asset were not fulfilled for any assets.

All other borrowing costs are expensed in the period in which they are incurred.

35.9 Government grants.

Government grants with regard to purchased non-current assets are deferred and taken through profit or loss over the estimated useful life of the respective asset. Government grants are recognized at their fair value, provided it is virtually certain that the Group will comply with all attached conditions and the grant will be received.

Due to materiality considerations, government grants are not disclosed separately in the financial statements but are included in other current liabilities and deferred income.

Other grants received as compensation for expenses or losses already incurred are immediately taken through profit or loss and included in other operating income.

Also grants referring to the COVID-19-pandemic and for reliefs of the effects of the pandemic fall under this point and thus are included in other operating income in the statement of comprehensive income.

35.10 Leasing.

IIFRS 16 “Leases” specifies the recognition, measurement, presentation as well as disclosure requirements with regard to leases in financial statements. As for Kapsch TrafficCom, this mainly relates to buildings, motor vehicles and IT equipment. A lessee recognizes a right-of-use asset on the underlying asset and a liability that represents its liability to lease payments. Extension and termination options are recognized if virtually certain.

The lessor continues to distinguish between finance or operating leases for accounting purposes. Kapsch TrafficCom has sub-leasing contracts with affiliated companies as well as the parent company and therefore discloses lease receivables instead of right-of-use assets from leases. which are classified as finance leases. The Group only acts as lessor to an insignificant extent, and thus does not expect any material impact on the Group’s financial statements from such leases.

The Group applies exemptions regarding short-term leases with a term of not more than twelve months and leases of low-value assets (around EUR 5 k). Those leases will not be recognized in the balance sheet, instead, payments made for such leases will continue to be recognized as expenses.
For the calculation of the present value of liabilities from leasing contracts the incremental borrowing rate according to the corresponding maturity is calculated and applied. The incremental borrowing rate is derived from a risk free rate of the corresponding maturity, adjusted for country, currency and enterprise risks.

35.11 Financial instruments.

Financial instruments include financial assets (such as securities, investments, loans, trade receivables, and cash and cash equivalents) as well as financial liabilities (such as bonds and loans, trade payables, and derivative financial instruments).

Financial instruments are first recognized at fair value.

35.11.1 Financial assets.

In accordance with IFRS 9, financial assets are subdivided as follows:

- amortized cost,
- fair value through profit or loss or
- fair value through other comprehensive income.

The classification is based on whether the instrument is classified as equity or debt.

Generally, equity investments are mandatorily measured at fair value through profit or loss. In the case of equity instruments that are not held for trading, in accordance with IFRS 9, an entity can make an irrevocable election at initial recognition to classify equity investments at fair value through other comprehensive income (without recycling). The assets are measured at fair value, with gains or losses recognized in other comprehensive income without recycling. The gains and losses resulting from these assets are recognised in other comprehensive income without recycling.

Fair values are determined by transactions in an active market or, where there is no active market, by applying valuation techniques.

All purchases or sales are recognised on the settlement date and the cost of acquisition includes transaction costs.

In the case of investments in debt instruments, the classification is based on the company’s business model or managing financial assets and the characteristics of the contractual cash flows of the financial assets.

Financial assets are measured **at amortized cost** if they meet the following two conditions and are not designated as at fair value through profit or loss:

- they are held in a business model whose objective is to hold financial assets to collect the contractual cash flows and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest of the principal amount outstanding.

These financial assets are subsequently measured at amortized cost using the effective interest rate method. If not material, they are not discounted. Cash and cash equivalents, trade receivables and parts of other financial receivables and assets fall into this category.

Financial assets that are neither held in the business model to collect the contractual cash flows nor held in the business model to collect and sell the contractual cash flows are measured **at fair value through profit or loss**. Assets may be designated or also fall into this category if the contractual cash flows are not solely payments of principal and interest of the principal amount outstanding. The assets are measured at fair value, with gains or losses recognized in the income statement. The fair values are determined through transactions on an active market or, if there is no active market, by using valuation techniques. Debt instruments that do not include solely payments of principal and interest of the principal amount outstanding, and derivative financial instruments fall into this category. 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.

35.11.2 Cash and cash equivalents.

Cash and cash equivalents include cash and cash equivalents, short-term bank deposits held at call and other bank balances, which are convertible to known amounts of cash and subject to insignificant risk of changes in value. Changes in cash and cash equivalents are presented in the cash flow statement. Overdrafts are reported in the balance sheet under current financial liabilities.

35.11.3 Financial liabilities.

Financial liabilities are recognised at amortised cost or at fair value through profit or loss in accordance with IFRS 9.

Financial liabilities are non-derivative financial assets with fixed or determinable payments. They are initially recognized at fair value less transaction costs incurred and subsequently at amortized cost, taking into account the effective interest method. Financial liabilities with a remaining term of up to one year are reported as current liabilities; if the remaining term is longer, they are reported under non-current liabilities. Liabilities from current accounts are disclosed under current financial liabilities on the balance sheet. Borrowing costs are recognized as an expense in the statement of comprehensive income on an accrual basis. Liabilities denominated in foreign currencies are measured at the current rate at the balance sheet date.

Financial liabilities include non-current and current financial liabilities, lease liabilities, trade payables, as well as portions of other liabilities.

There are no liabilities that were designated at fair value through profit or loss.

35.11.4 Derivative financial instruments.

Derivatives are only used for economic hedging purposes and not as speculative investments. Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into. They are subsequently remeasured at their fair value at each reporting date. The method of recognizing gains or losses depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Kapsch TrafficCom has a group-wide treasury policy in place to generally regulate hedging transactions. If necessary the Group documents and recognizes the hedging transactions according to IAS 39. As of March 31, 2022 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 16.

In the case of net investments in a foreign operation, exchange rate differences are recognized in other comprehensive income and are reclassified from equity to profit or loss on the sale or partial disposal of the foreign operation or the repayment of the amounts owed.

35.11.5 Impairment of financial assets.

In accordance with IFRS 9, recognition of expected credit losses applies to the following finaancial assets:

- Trade receivables
- Contract assets
- Lease receivables
- Cash and cash equivalents

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, 2022. Financial assets are written off if no reasonable expectation of recovery exists. For example the debtor is insolvent or no agreement is possible and therefore the cash inflow cannot be anticipated anymore.

Any impairment on cash and cash equivalents would be insignificant and was thus not taken into consideration.

The Group assesses at each balance sheet date whether there is objective evidence of impairment of each significant individual financial asset or group of financial assets. If such evidence exists, the Group accounts for that impairment, and the proportionate loss previously recognized in equity for debt instruments measured at fair value through other comprehensive income is removed from equity and recognized through profit or loss in the statement of comprehensive income. The cumulative loss reclassified from equity to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

If in subsequent periods the fair value of the impaired financial instrument increases and that increase is directly related to an event occurring after the impairment was recognized through profit or loss in the statement of comprehensive income, the Group reverses the impairment loss.

35.12 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.

35.13 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 non-group entity (fund). The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Next to the defined contribution plans, there are defined benefit plans. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service, and compensation.

The projected unit credit method is used for the calculation of liabilities arising from pension obligations and termination benefits in accordance with IAS 19. According to this method, post-employment costs for employee benefits are recognized in the statement of comprehensive income in such a way that scheduled costs are spread over the employees' years of service on the basis of an expert opinion by a qualified actuary, who completely remeasures the schemes annually. The obligations for pension payments are calculated at the present value of future benefits using interest rates of high-quality corporate bonds whose term roughly equals the term of the liability. The liability recognized on the balance sheet with respect to defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

Costs arising from defined benefit plans from pension obligations and termination benefits include the following components:

- Service costs include current as well as past service costs as well as gains or losses from benefit changes or curtailments. Service costs are recognized in profit or loss within personnel expenses.
- The net interest cost on the defined benefit obligation or plan asset. This component is included in interest expense in the statement of comprehensive income.
- Remeasurements of the net defined benefit obligation or net asset. These are charged or credited to other comprehensive income in the period in which they arise.

Contributions paid by the Group under a defined contribution pension scheme are charged to the statement of comprehensive income under personnel expenses in the period in which they occur.

For the calculation of liabilities arising from obligations for anniversary bonuses in accordance with IAS 19, the projected unit credit method is used. Anniversary bonuses are special lump-sum payments stipulated in the collective agreement and dependent on compensation and years of service. Eligibility is determined by a certain number of service years. The calculation of liabilities arising from obligations for anniversary bonuses is performed in a similar way as the calculation for liabilities arising from termination benefits. Current service costs are recognized within personnel expenses, net interest costs are recognized in interest expense in the statement of comprehensive income. Remeasurements are recognized within personnel expenses.

35.14 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 2021/22 in Kapsch TrafficCom. The majority of the measures were carried out in financial year 2021/22 and the provision was utilized accordingly.

35.15 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 (planning horizon of 8 years). In addition, it is to be assumed that such temporary differences will be reversed in the foreseeable future.

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.

35.16 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, 2022 there are no material non-current assets held for sale and discontinued operations.

35.17 Contingent liabilities

With regard to contingent liabilities, the Group classifies the possibility of an outflow of resources embodying economic benefits as remote, and a liability does not have to be recognized yet pursuant to IFRS.
Contingent liabilities occur for two reasons. For one, they comprise possible obligations that arise from past events and whose existence will be confirmed by uncertain future events that are at least partly beyond the Group's control. For another, they comprise present obligations that fail to meet general or special recognition standards (i.e. the amount of an obligation cannot be measured with sufficient reliability or an outflow of resources to settle the obligations is not deemed probable).

35.18 New and amended standards and interpretations that have been adopted by the EU and applied for the first time in financial year 2021/22.

	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 16	Amendments to IFRS 16 Leases: Covid-19- Related Rent Concessions	March 2021	April 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 4	Temporary Exemption from Applying IFRS 9	June 2020	January 1, 2021	None

IFRS 16 "Covid-19-Related Lease Concessions".
As a result of the Corona pandemic, lessees have been granted lease concessions in various forms. The amendment to IFRS 16, allows lessees to assess whether a lease concession related to COVID-19 is a modification of the lease under IFRS 16. Instead lessees may treat such lease concessions as if they were not a lease modification of the lease. The adoption did not have any impact on the consolidated financial statements.

Reform of Benchmark Interest Rates (IBOR-Reform) – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.
In August 2020, the IASB issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 that address issues arising from the reform of reference rates, including the replacement of one reference rate by another.

The amendments from phase 2 allow the following exemptions:
- When changing the basis for determining the contractual cash flows for financial assets and liabilities (including lease liabilities), the simplifications have the effect that the changes that are necessary as a direct result of the IBOR reform and are considered to be economically equal do not result in a gain or loss to be recognised directly in the income statement.
- The hedge accounting exemptions will allow most IAS 39 or IFRS 9 hedging relationships directly affected by the IBOR reform to continue. However, additional ineffectiveness may need to be recognized.

Affected companies must disclose information on the nature and extent of the risks arising from the IBOR reform and to which the company is exposed and how the company manages these risks and what progress it is making in the transition to alternative reference rates and how it manages this transition. The application did not have any impact on the consolidated financial statements.

IFRS 4 "Temporary exemption from IFRS 9".
As this amendment mainly affects insurance companies, there is no impact on the consolidated financial statements of Kapsch TrafficCom Group.

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

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

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, according to 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 according to 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.

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.

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.

36 Earnings per share.

Earnings per share (undiluted earnings) are calculated by dividing the result for the period attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year, excluding, if any, ordinary shares purchased by Kapsch TrafficCom and held as treasury shares. As of March 31, 2022, as in the previous year, no treasury shares were held by the company. There were no dilutive effects.

	2020/21	**2021/22**
Result for the period attributable to equity holders of the company (in EUR)	-102,878,150	-9,311,675
Weighted average number of ordinary shares	13,000,000	13,000,000
Earnings per share (in EUR)	**-7.91**	**-0.72**

37 Events after the reporting period.

No subsequent events to be reported, have occurred after March 31, 2022.

38 Supplementary disclosures.

The average number of staff in financial year 2021/22 was 3,714 salaried employees and 733 waged earners (2020/21: 4,020 salaried employees and 807 waged earners).

Expenses for the auditor.

The expenses for the auditor amounted to EUR 280 k (2020/21: EUR 308 k) and are broken down as follows::

	2020/21	**2021/22**
Audit of the consolidated financial statements	104	105
Other assurance services	99	140
Tax advisory services	0	0
Other services	105	35
Total	**308**	**280**

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

In financial year 2021/22, the following persons served on the Executive Board:
- Georg Kapsch (Chairman)
- Alfredo Escribá Gallego
- Andreas Hämmerle (from July 1, 2021)
- André Laux (until October 20, 2021)

The compensation paid to members of the Executive Board in financial year 2021/22 amounted to EUR 2,105 k (2021/22: EUR 1,605 k). A one-time severance payment of EUR 2,478 k was made for the premature termination of an Executive Board mandate. Expenses from termination and pension benefits for the Executive Board amounted to EUR 1,613 k (previous year: gains of EUR 283 k). In total, this results in total compensation for the Executive Board in financial year 2021/22 of EUR 4,583 k (before offsetting against provisions).

In financial year 2021/22, the following persons served on the Supervisory Board:
- Franz Semmernegg (Chairman)
- Harald Sommerer (Deputy-Chairman)
- Sonja Hammerschmid (from September 8, 2021)
- Sabine Kauper
- Kari Kapsch (until September 8, 2021)

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

The compensation paid to members of the Supervisory Board in financial year 2021/22 amounted to EUR 120 k (2020/21: EUR 120 k).

As in previous years, no advances or loans were granted to members of the Executive Board or Supervisory Board, nor were any guarantees issued in their favor.

Proposed appropriation of retained earnings.

The Group intends, as in this financial year, no dividend distribution.

Authorized for issue:
Vienna, June 14, 2022

Georg Kapsch	Andreas Hämmerle	Alfredo Escribá Gallego
Chief Executive Officer	Executive Board member	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 and 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, together with a description of the principal risks and uncertainties faced by the Group.

Vienna, June 14, 2022

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, 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year then ended, and the notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as at March 31, 2022, 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 11,771 k is allocated to the cash-generating unit Tolling-Americas and EUR 7,371 k to the cash-generating unit Tolling-APAC. The Group carries out an impairment test at least once a year and if evidence occurs indicating impairment (impairment test in accordance with IAS 36). In the financial year 2021/22, 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. Significant losses were incurred in the financial year 2020/21 which mainly result from considerable cost overruns and adjustments to planned costs and margins for material projects. In the financial year 2020/21, in response to the losses and the reasons for the losses identified, management – assisted by external consultants – 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 2021/22 was still significantly affected by these restructuring measures and by a period of consolidation and reorganization. Albeit to a much lesser extent than in the prior year, margins for some implementation projects in the US also had to be further adjusted, which is why

Kapsch TrafficCom Inc., McLean, US, continues to make a negative contribution to earnings (negative EBIT amounting to EUR 28,489 k). 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, sanctions resulted in an impact on Kapsch TrafficCom's business in Russia and Belarus. While there is no sign of any significant negative effects in Belarus at present, particularly with regard to the vital nation-wide tolling system for passenger vehicles and trucks to be operated until 2032, no new business is currently accepted in Russia, which only makes quite a small contribution to sales. In its multi-year plan, management has included sales and margin reductions to take into account the potential uncertainties in connection with orders in Russia and Belarus, which mainly relate to the CGU Tolling-EMEA. No need for impairment exists for this CGU as at March 31, 2022.

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 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 budget are in line with the plans drawn up by the Executive Board and approved by the Supervisory Board and we analyzed and critically assessed the essential drivers for future development (such as revenues, expenses, project planning, investments, changes in working capital). Likewise, we analyzed and critically assessed the assumptions made in the multi-year plan in respect of the uncertainties due to the war in Ukraine and the resulting potential risks. 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 suitable to carry out an impairment test as required by IFRS (IAS 36). The assumptions and 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 14 "Intangible assets" and note 35.6.1 "Goodwill" in section 35 "Accounting and valuation principles".

2 Estimates and assumptions regarding the recognition of revenue from implementation projects.

Description.
A significant part of the Group's revenues and earnings contributions reported during the financial year comes from the construction of toll systems (tolling) and from the construction of systems for controlling traffic and mobility patterns (traffic management). Non-current and current contract assets as at March 31, 2022 amount to EUR 87,490 k, and non-current and current contract liabilities amount to EUR 36,884 k. In addition, provisions for losses from onerous contracts were set up in the amount of EUR 20,976 k in order to provide for potential losses from the further processing of projects. In the financial year 2021/22 revenue from the implementation of tolling and traffic management systems was generated in the amount of EUR 149,231 k. The Group realizes revenues for its imple-

mentation 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 financial year 2020/21, resulting in an impact on revenue recognition pursuant to IFRS 15. In the financial year 2021/22, percentage of completion was improved for a major part of the projects in question, even if margins had to be adjusted in this financial year as well, albeit to a much lesser extent than in the prior year. One of the projects was cancelled by the customer.

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 related to automatic and manual internal controls in connection with the approval of order calculation for new contracts, approval of ongoing cost updates and status reports on major projects. Due to the first-time implementation, we reviewed and assessed the Group's technical concept for the implementation of IFRS 15. In the financial year 2018/19, when it was first implemented, the group-wide IT system for revenue recognition according to IFRS 15 ("Revenue Engine") was subject to a system audit, with update audits of the related IT controls taking place on an annual basis since then. Using samples, we recalculated the accurate determination of revenues based on percentage of completion. Based on 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 for individual projects. 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 additional 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. In addition, we critically reviewed and assessed the project risk analysis prepared by an external consultant (update regarding prior-year analysis with regard to six projects still considered critical).

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 21 "Contract assets and contract liabilities", note 27 "Provisions" as well as in note 35.3 "Revenue recognition" in section 35 "Accounting and valuation principles".

3 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 following phase of the arbitration proceedings.

In the consolidated financial statements, an assessment as to particularly the recognition of contingent receivables and liabilities 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. As at the reporting date March 31, 2022, we obtained external confirmations from the lawyers advising the Group regarding the matter, and discussed the interim award with the lawyers practicing at the law firm representing autoTicket GmbH, Germany, in the arbitration proceedings. We evaluated whether the recognition of a contingent receivable continues to be required based on the interim award confirming the merits of the claims.

Further, we inspected the audited financial statements as at December 31, 2021 of autoTicket GmbH, Germany, and performed additional audit procedures of our own with regard to the group reporting package as at March 31, 2022 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 will be confirmed in the now following phase of the arbitration proceedings, as a contingent receivable is appropriate.

The presentation of the contingent receivables and liabilities is appropriate and the disclosures in the notes particularly required pursuant to 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 29 “Contingent liabilities and other commitments as well as disclosure to German infrastructure charge”.

4 Recognition of deferred tax assets.

Description.
Deferred tax assets in the amount of EUR 60,222 k are reported in the consolidated financial statements, mainly resulting from tax loss carry-forwards in the amount of EUR 41,310 k predominantly in Austria (intragroup loss carry-forward via group taxation), Spain 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. The planning horizon in this context is eight 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 and approved by the Supervisory Board, and we analyzed and critically assessed the essential drivers for future development (such as revenue 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. "Estimated impairment of deferred tax assets", note 11 "Income taxes", note 18 "Deferred tax assets/liabilities" and note 35.15 "Current and deferred income tax" in section 35 "Accounting and valuation principles".

5 Compliance with financial covenants.

Description.
As at March 31, 2022, non-current and current financial liabilities in the amount of EUR 105,040 k and promissory note bonds in the amount of EUR 31,479 k exist whose compliance with financial covenants ("covenants") was agreed in the loan agreements. As at March 31, 2022, the Company complied with these covenants. In the prior year, the Company was not able to comply with all the financial covenants agreed at the time. Prior to the end of the financial year ending as at March 31, 2021, Kapsch TrafficCom AG, Vienna, therefore concluded waivers with the financing banks involved, under which compliance with these financial covenants as at the reporting date is not required until the end of the subsequent financial year. New and uniform financial covenants were agreed with all relevant banks in May 2021, with these covenants based on the earnings performance budgeted in the restructuring concept. For a transitional period of two years, these covenants stipulate a certain relation of net debt to EBITDA as well as certain equity ratios, both based on the IFRS group figures, for each quarter.

The measures for ensuring sufficient liquidity implemented by management in the prior year were continued in the financial year 2021/22.

Due to the significant impact of potential non-compliance with covenants (loans being called in early) on the financial position with regard to the maturity of the financial liabilities, there is a risk of misstatement of the maturities in the consolidated financial statements, and it was therefore identified as key audit matter.

Audit approach and key observations.
We recalculated the financial covenants determined on a consolidated basis and checked the mathematical accuracy of the calculation. We reconciled the underlying input data for the calculation of the financial covenants with the consolidated financial statements of Kapsch TrafficCom AG, Vienna, which were prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs).

As at the reporting date March 31, 2022, the Company complies with the financial covenants agreed with the banks in May 2021. On this basis, we checked and verified the disclosure of the corresponding liabilities which are not due in the course of the next financial year but still recognized in the consolidated balance sheet as at March 31, 2022 as non-current financial liabilities.

Moreover, we assessed the measures implemented to ensure sufficient liquidity and checked whether the controls 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. Liquidity is still being monitored appropriately on an ongoing basis.

Reference to related disclosures.
The Group's disclosures on the financial covenants are included in note 34 "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 8, 2021. We were appointed by the Supervisory Board on February 15, 2022. 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 Mr. Felix Wirth, Austrian Certified Public Accountant.

Vienna, June 14, 2022

PwC Wirtschaftsprüfung GmbH

signed:
Mag. Felix Wirth
Wirtschaftsprüfer

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: Asia-PACific.
CGU	Cash-generating unit (according to IFRS): It is the smallest group of assets that independently generates cash flow and whose cash flow is largely independent of the cash flows generated by other assets.
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.
IASB	International Accounting Standards Board: An independent, private sector body that develops and approves IFRS.
ICS	Internal control system.
IFRS	International Financial Reporting Standards.
IPR	Intellectual Property Rights.
ITS	Intelligent Transportation 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.
pp	Percent points.
R&D	Research and development.
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.
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.
UGB	Austrian Commercial Code (DE: Unternehmensgesetzbuch).

Financial calendar.

17. August 2022	Results Q1 2022/23
28. August 2022	Record Date: Annual General Meeting
7. September 2022	Annual General Meeting
16. November 2022	Results H1 2022/23
22. Februar 2023	Results Q1–Q3 2022/23

Contact details for investors.

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

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 always refers to people of all gender categories.

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

Imprint.
Media owner and publisher: Kapsch TrafficCom AG
Place of publishing: Vienna, Austria
Editorial deadline: June 14, 2022

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 ountries and is listed in the Prime Market segment of the Vienna Stock Exchange (ticker symbol: KTCG). In its 2021/22 financial year, 4,220 employees generated revenues of about EUR 520 million.

>>> www.kapsch.net

Kapsch TrafficCom AG | Am Europlatz 2 | 1120 Vienna | Austria | www.kapsch.net
Investor contact | Hans Lang | Phone +43 50 811 1122 | Fax +43 50 811 99 1122 | IR.kapschtraffic@kapsch.net
Press contact | Carolin Treichl | Phone +43 50 811 1710 | Fax +43 50 811 99 1710 | carolin.treichl@kapsch.net