Kapsch TrafficCom

Financial Report 2021/22

of Kapsch TrafficCom AG
as of March 31, 2022.

Management Report and Financial Statements 2021/22.

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MANAGEMENT REPORT.

1 Business performance and economic situation.

1.1 Business performance.

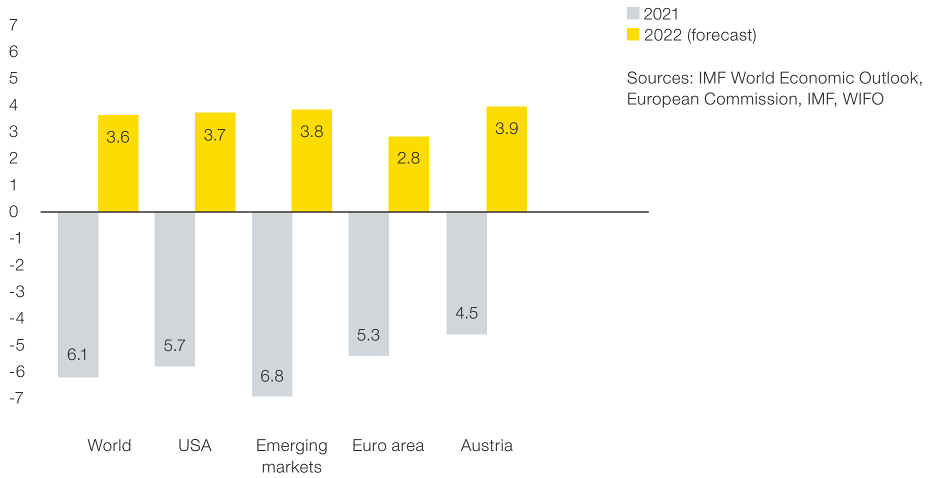
1.1.1 Economic environment.

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 %)



Sources: IMF World Economic Outlook, European Commission, IMF, WIFO

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%.

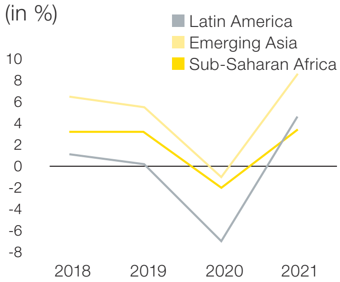
Emerging markets and developing economies.

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.

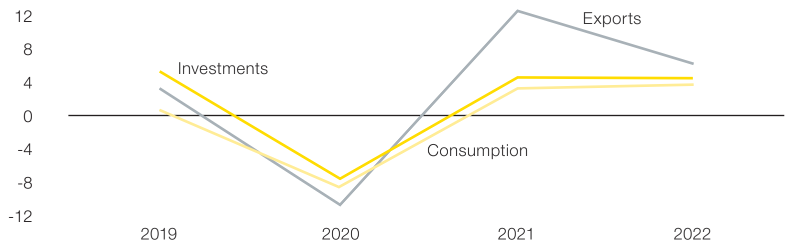
Central and Eastern Europe (CEE). This region came back on track to convergence in 2021. Regional growth exceeded the expansion rate of the Eurozone, boosted by robust domestic consumption, booming exports and a surge in investment activities. Croatia, Serbia and Hungary were among the best-performing 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.

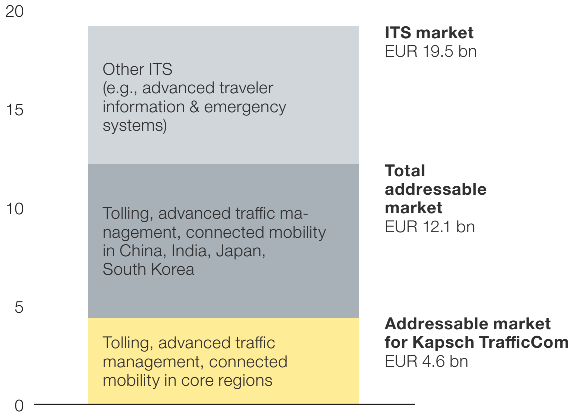
Focus on niche market with volume of EUR 4.6 billion (year 2020).

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

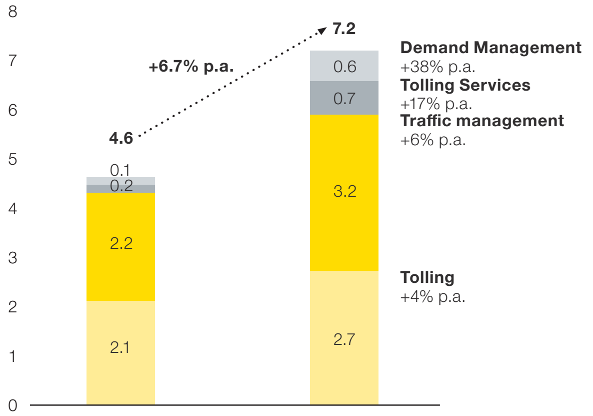
Addressable market.

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 ushering in a visible turnaround as from the first quarter. This was achieved 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 the 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 of Kapsch TrafficCom AG reached EUR 153.1 million in the financial year 2021/22, a significant increase of 18.6% compared to the previous year's figure of EUR 129.1 million. In the tolling segment, revenues amounted to EUR 126.5 million (previous year EUR 104.3 million). In the Traffic Management segment, revenues increased from EUR 24.8 million in the previous year to EUR 26.6 million in the financial year 2021/22.

At EUR 41.1 million, personnel expenses remained at the previous year's level of EUR 40.7 million. This includes a one-time severance payment of EUR 2,478 thousand for the premature termination of a Management Board mandate. The average number of employees decreased by 20.

Other operating expenses of EUR 37.6 million were reduced by EUR 9.0 million (previous year: EUR 46.6 million).

The operating result of Kapsch TrafficCom AG amounted to EUR 5.4 million in the reporting period, compared to EUR -45.0 million in the previous year, which represents a significant increase due to increased revenues and reduced operating expenses.

The financial result improved significantly from EUR 3.4 million in the previous year to EUR 21.3 million and is mainly attributable to income from the write-up of financial assets.

1.2.2 Net assets position.

Total assets of EUR 482.0 million as of the balance sheet date March 31, 2022 decreased by EUR 19.6 million compared to the end of the financial year 2020/21 (March 31, 2021: EUR 501.6 million).

Fixed assets increased by EUR 45.1 million to EUR 331.9 million as of March 31, 2022 (previous year: EUR 286.8 million). The change mainly results from the increase in shares in affiliated companies totaling EUR 39.8 million in financial year 2021/22. Inventories decreased from EUR 21.6 million to EUR 14.6 million, due to the decrease in services not yet invoiced in the amount of EUR 6.4 million. Group receivables, including receivables from companies in which participations are held (incl. loans), decreased from EUR 192.9 million in the previous year to EUR 144.6 million in the reporting year 2021/22. Cash and cash equivalents of EUR 7.9 million decreased by EUR 16.7 million compared to the previous year (EUR 24.6 million). This change resulted from loan repayments.

At EUR 250.4 million, equity was higher than the comparative figure of EUR 229.1 million as of March 31, 2021.The equity ratio of 52.0% as of March 31, 2022 increased compared to the previous year (previous year: 45.7%).

Non-current liabilities decreased from EUR 144.8 million in the previous year to EUR 141.3 million as of the balance sheet date March 31, 2022. Group liabilities decreased by EUR 7.6 million compared to the previous year (EUR 45.1 million). Other liabilities decreased from EUR 47.3 million in the previous year to EUR 3.5 million as of March 31, 2022. The main reason for this change was the repayment in mid-June 2021 of the promissory note bond (EUR 43.4 million), which was reclassified from non-current to current in the previous year.

1.2.3 Financial position.

Net cash flow from operating activities amounted to EUR 64.9 million, compared to EUR 6.8 million in the same period of the previous year, which is attributable to the positive result from operating activities.

The net cash flow from investing activities of EUR -41.3 million (previous year: EUR -18.8 million) resulted mainly from an increase in other financial investments.

The net cash flow from financing activities of EUR -40.3 million (previous year: EUR 9.0 million) resulted mainly from the partial repayment of promissory note bonds (EUR 43.4 million) and bank loans.

Cash and cash equivalents as of March 31, 2022 amounted to EUR 7.9 million (March 31, 2021: EUR 24.6 million).

1.2.4 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 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 marketknowledge*

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 AG amounted to EUR 40.9 million in financial year 2021/22 (previous year: EUR 39.3 million).

2 Anticipated development and risks.

2.1 Outlook.

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:

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.

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 CO2-neutral in the next few years and contribute disproportionately to the reduction of environmental pollution.

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 TrafficCom 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. For example, the sudden and rapid spread of COVID-19 has increased uncertainty with regard to new incoming orders. Previous assumptions, particularly regarding the expected time of new customer orders had to be questioned and revised in some cases.

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.

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.

An ongoing and consistent innovation process supports the strong market 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.

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.

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

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

Liquidity risk. Sufficient financial resources have to be available for Kapsch TrafficCom to meet its payment obligations at all times. 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.

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 quarterly 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 31 March 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

FINANCIAL STATEMENTS.

Primaries.

Balance sheet as at March 31, 2022.

in EUR		March 31, 2021		March 31, 2022
ASSETS				
A. Fixed assets				
I. Intangible assets				
1. Industrial property and similar rights and assets, and licenses in such rights and assets		18,877,849		19,500,142
2. Prepayments made and assets under construction		474,251		194,494
Total intangible assets		**19,352,100**		**19,694,635**
II. Tangible assets				
1. Leasehold improvements		1,252,301		895,808
2. Technical equipment and machinery		371,966		373,104
3. Other equipment, factory and office equipment		1,418,753		1,187,323
4. Prepayments made and assets under construction		0		187,670
Total tangible assets		**3,043,020**		**2,643,905**
III. Financial assets				
1. Shares in affiliated companies		177,011,189		216,829,943
2. Loans to affiliated companies		48,541,759		53,199,073
thereof with a remaining maturity of more than one year	0		0	
3. Participating interests		38,844,708		39,511,998
4. Securities		4,375		4,375
Total financial assets		**264,402,031**		**309,545,389**
Total fixed assets		**286,797,151**		**331,883,930**
B. Current assets				
I. Inventories				
1. Merchandise		3,517,127		2,898,318
2. Services not yet invoiced		17,671,343		11,318,539
3. Prepayments made		434,111		418,447
Total inventories		**21,622,581**		**14,635,304**
II. Receivables and other assets				
1.Trade receivables		8,864,647		5,186,305
thereof with a remaining maturity of more than one year	0		0	
2. Receivables from affiliated companies		135,702,582		80,882,658
thereof with a remaining maturity of more than one year	45,684,896		18,401,937	
3. Receivables from companies in which the Company has a participating interest		8,699,033		10,542,269
thereof with a remaining maturity of more than one year	7,617,298		9,302,081	
4.Other receivables and assets		7,232,143		10,726,888
thereof with a remaining maturity of more than one year	0		0	
Total receivables and other assets		**160,498,405**		**107,338,120**
II. Cash on hand, cash at banks		**24,641,137**		**7,949,501**
Total current assets		**206,762,122**		**129,922,925**
C. Prepaid expenses and deferred charges		**1,995,865**		**1,704,251**
D. Deferred tax assets		**6,001,457**		**18,444,698**
TOTAL ASSETS		**501,556,595**		**481,955,804**

Balance sheet as at March 31, 2022.

in EUR		March 31, 2021		March 31, 2022
SHAREHOLDERS' EQUITY AND LIABILITIES				
A. Shareholders' equity				
1. Share capital called up and paid in		13,000,000		13,000,000
Share capital subscribed	13,000,000		13,000,000	
2. Capital reserves		117,400,000		117,400,000
3. Unappropriated retained earnings		98,739,168		120,008,724
thereof prior period unappropriated retained earnings brought forward	124,617,212		98,739,168	
Total shareholders' equity		**229,139,168**		**250,408,724**
B. Accruals and provisions				
1. Accruals for severance payments		6,564,989		5,378,124
2. Other accruals and provisions		22,665,816		18,594,428
Total accruals and provisions		**29,230,806**		**23,972,552**
C. Accounts payable				
1. Promissory note bonds		74,886,478		31,507,988
thereof convertible	0		0	
thereof with a remaining maturity of less than one year	43,386,478		7,988	
thereof with a remaining maturity of more than one year	31,500,000		31,500,000	
2. Bank loans and overdrafts		117,137,463		113,965,463
thereof with a remaining maturity of less than one year	29,997,463		34,997,463	
thereof with a remaining maturity of more than one year	87,140,000		78,968,000	
3. Prepayments received		548,233		419,747
thereof with a remaining maturity of less than one year	548,233		419,747	
thereof with a remaining maturity of more than one year	0		0	
4. Trade payables		2,114,769		5,916,518
thereof with a remaining maturity of less than one year	2,114,769		5,916,518	
thereof with a remaining maturity of more than one year	0		0	
5. Payables to affiliated companies		44,994,052		52,301,649
thereof with a remaining maturity of less than one year	27,009,084		28,113,055	
thereof with a remaining maturity of more than one year	17,984,968		24,188,594	
6. Payables to companies in which the Company has a participating interest		160,591		427,357
thereof with a remaining maturity of less than one year	160,591		427,357	
thereof with a remaining maturity of more than one year	0		0	
7. Other liabilities		3,345,037		3,035,806
thereof taxes	66,623		71,649	
thereof social security payables	751,456		744,039	
thereof with a remaining maturity of less than one year	3,345,037		3,035,806	
thereof with a remaining maturity of more than one year	0		0	
Total accounts payable		**243,186,622**		**207,574,528**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**501,556,595**		**481,955,804**

Income statement.

in EUR		2020/21		2021/22
1. Net sales		129,066,571		153,081,761
2. Change in services not yet invoiced		-6,005,403		-6,352,804
3. Other operating income				
a) Income from the retirement of fixed assets excluding financial assets		19,574		7,476
b) Income from the reversal of accruals and provisions		457,835		4,165,947
c) Other		7,535,076		12,146,341
		8,012,485		16,319,764
4. Cost of materials and other purchased services				
a) Cost of materials		-21,771,702		-22,763,253
b) Cost of purchased services		-61,455,064		-49,741,048
		-83,226,766		-72,504,301
5. Personnel expenses				
a) Wages		-85,955		-42,675
b) Salaries		-31,946,951		-30,881,999
c) Social benefits		-8,631,183		-10,156,355
thereof expenses for pensions	-18,750		-306,545	
thereof expenses for severance payments and contributions to staff provision funds	-366,850		-1,758,004	
thereof expenses for statutory social security, payroll-related taxes and mandatory contributions	-8,062,961		-7,896,847	
		-40,664,089		-41,081,029
6. Depreciation and amortization of fixed tangible and intangible assets		-5,543,548		-6,460,966
7. Other operating expenses		-46,633,110		-37,590,787
thereof taxes not included in line 16	-316,127		-134,612	
8. Subtotal of lines 1 to 7		**-44,993,860**		**5,411,639**
9. Income from participating interests		38,127,937		32,333,205
thereof from affiliated companies	38,127,937		32,333,205	
10. Other interest and similar income		6,087,823		3,900,849
thereof from affiliated companies	5,854,645		3,886,946	
11. Income from the disposal of fixed financial assets		1,930,329		25,393,615
12. Expenses on fixed financial assets		-30,687,174		-36,469,963
thereof write-downs	-29,326,227		-36,469,963	
thereof relating to affiliated companies	-30,687,174		-36,469,963	
13. Interest and similar expenses		-12,058,083		-3,813,628
thereof relating to affiliated companies	-8,849,848		-372,784	
14. Subtotal of lines 9 to 13		**3,400,831**		**21,344,078**
15. Loss before taxation (subtotal of lines 8 and 14)		**-41,593,029**		**26,755,717**
16. Taxes on income		15,714,985		-5,486,161
thereof recharged to group parent	12,710,720		0	
thereof deferred taxes	3,289,118		-5,434,355	
17. Loss after taxation		-25,878,044		21,269,556
18. Net loss for the year		**-25,878,044**		**21,269,556**
19. Prior period unappropriated retained earnings brought forward		124,617,212		98,739,168
20. Unappropriated retained earnings		**98,739,168**		**120,008,724**

Notes to the financial statements.

A. General principles.

The financial statements as at March 31, 2022 have been prepared in accordance with the financial reporting requirements of the UGB (Austrian Company Code) as amended.

In preparing these financial statements, the previous form of presentation has been maintained.

The financial statements, prepared under Austrian generally accepted accounting principles, present a true and fair view of the assets and liabilities, the financial situation of the Company, as well as its results of operations.

Accounting and valuation methods are based on generally accepted accounting principles. Section 201 para. 2 UGB was adhered to, as were the provisions on classification and valuation of balance sheet and income statement items under sections 195 to 211 and 222 to 235 UGB. The income statement was prepared in accordance with the total expenditure format.

The principle of completeness was observed in preparing the financial statements. With regard to the valuation, the Company's ability to continue as a going concern was assumed.

The principle of individual valuation was applied in the valuation of assets and liabilities.

Taking into account the principle of prudence, the Company only reported the profits realized as of the balance sheet date. All identifiable risks and impending losses occurred until the balance sheet date were taken into account.

Estimates are based on prudent assessment. If statistical experience exists for similar circumstances, it was taken into account by the Company in its estimates.

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.

B. Group relations.

The Company is a 63.291% subsidiary of KAPSCH-Group Beteiligungs GmbH, Vienna, and thus is related to its shareholder and its affiliated companies as a group company.

DATAX HandelsgmbH, Vienna, prepares the consolidated financial statements for the largest group of companies. These consolidated financial statements are deposited at the Commercial Court Vienna.

The Company prepares the consolidated financial statements for the smallest group of companies.

With regard to the disclosure on the legal and economic relations with affiliated companies, the protection-of-interest clause pursuant to section 242 UGB was used.

C. Accounting and valuation methods.

The previously applied accounting and valuation methods have been maintained.

In the prior year an amount of EUR 17,877,595.83 was reported as receivables from tax allocation to the tax group leader within receivables from affiliated companies. Under the existing group agreement there is no tax allocation in the event of tax losses, but this is evidently held as an “internal loss carryforward” and is to be offset against future positive tax profits, thus deferred tax assets are reported in financial year 2020/21.

1. Fixed assets.

Purchased intangible assets and tangible assets are valued at acquisition cost less scheduled straight-line amortization/depreciation charged according to the estimated useful life of the assets.

Low-value fixed assets with individual acquisition costs of less than EUR 800 were fully written off in the year of acquisition or production.

1.1 Intangible assets.

Acquired IT software is amortized based on a useful life of between four and eight years.

In the reporting year, intangible assets in the amount of EUR 5,429,796 (prior year: EUR 3,358 k) were acquired from affiliated companies.

1.2 Tangible assets.

Tangible assets were depreciated on a straight-line basis over the following useful lives:

	Years
Investments in leasehold buildings	2-12
Technical equipment and machinery	2-5
Other equipment, factory and office equipment	2-15

No write-downs were charged in the financial year.

Additions to fixed assets are depreciated according to the date of their initial use.

1.3 Financial assets.

Financial assets are stated at acquisition costs or the lower market values at the balance sheet date. Write-downs/write-ups are made only in case a diminution/increase in value is expected to be permanent.

Write-ups to fixed assets.
Write-ups to fixed assets are made if the reasons for the write-down no longer apply. The maximum amount written up is the net book value resulting from taking into account the scheduled amortization/depreciation that would have had to be charged in the meantime.

2. Current assets.

2.1 Inventories.

The stocks of purchased goods, recorded by means of electronic data processing, were stated using the moving average price method. Inventories denominated in foreign currencies were stated using the exchange rate at the date of acquisition. Where required, write-downs were made to the lower replacement costs. A proportional deduction from acquisition or production cost was made for goods with diminished usability or marketability, which was derived from the respective inventory turnover ratio.

Services not yet invoiced were stated at acquisition or production cost which include direct costs as well as proportionate material and production overheads.

In case of long-term contracts, no administrative and selling overheads were capitalized, directly attributable finance cost was capitalized depending on the project. At the balance sheet date, there are no services not yet invoiced for which finance cost was capitalized. Expenses for social benefits were not included. To provide for losses from pending transactions arising from the projects, the asset affected is written off or provisions are set up.

2.2 Receivables and other assets.

Receivables and other assets were stated at nominal values. Identifiable risks were considered in the valuation of the individual receivables by write-downs. Non-interest-bearing receivables or receivables bearing particularly low interest were discounted.

Receivables in foreign currencies are translated using the exchange rate at the date of the original transaction or the lower bank buying rate prevailing at the balance sheet date.

2.3 Cash on hand, cash at banks.

Cash on hand and cash at banks denominated in foreign currencies are reported using the exchange rate at the date of the original transaction or the lower rate prevailing at the balance sheet date.

3. Prepaid expenses and deferred charges.

Prepaid expenses include payments effected before the balance sheet date as far as they relate to expenses for a specific time after the balance sheet date.

4. Deferred tax assets.

Deferred tax assets are recognized on differences between the valuation according to company law and the valuation according to tax law with respect to assets, accruals and provisions, accounts payable, prepaid expenses and deferred charges as well as deferred income which are expected to decrease in later financial years.

In addition, the option of recognizing deferred tax assets for tax loss carryforwards (internal loss carryforwards that are kept evident within the Group and offset against future positive tax results) was used for the first time in fiscal year 2021/22.

Deferred tax assets for existing tax loss carryforwards are recognized to the extent that sufficient deferred tax liabilities are available, or there are convincing substantial indications that future taxable profit will be available against which the temporary differences can be utilized (planning horizon of 8 years).

Deferred taxes are determined with a tax rate of 25% for temporary differences that will reverse in the following fiscal year and 23% for other temporary differences and loss carryforwards (previous year: 25% for all temporary differences), without taking discounting into account.

As a compensation of current tax assets with current tax liabilities was legally possible, deferred tax assets were offset against deferred tax liabilities.

5. Accruals and provisions.

The accruals and provisions were set up in accordance with the principle of prudence at the estimated amounts.

The accruals for **severance payments and the provisions for anniversary bonuses** were calculated as stated in the AFRAC (Austrian Financial Reporting and Auditing Committee) opinion 27 “Accruals for pensions and severance payments, provisions for anniversary bonuses and comparable obligations falling due in the long term under the provisions of the Austrian Company Code” (December 2020, available in German only) pursuant to accepted actuarial methods in accordance with IAS 19 using the projected unit credit method.

A discount rate of 1.00% (prior year: 0.4%) was used for the calculation of the provisions for anniversary bonuses and a discount rate of 0.95% (prior year: 0.35%) for the calculation of accruals for severance payments. A rate of 2.5% (prior year: 2.5%) was assumed for salary increases. Furthermore, the calculation was based on the earliest possible retirement age in accordance with the transitional statutory provisions and the mortality tables AVÖ 2018-P ANG for salaried employees. Staff turnover rates were determined based on the period of service.

The interest rate used is the interest rate at the balance sheet date.

All changes in personnel-related accruals and provisions (including interest expense) were recorded entirely in personnel expenses.

In accordance with the principle of prudence, **other accruals and provisions** take into account all risks identifiable at the time the balance sheet was prepared and all liabilities uncertain as to their amounts or bases. Other accruals and provisions were stated at the best possible estimate of the settlement amount.

6. Accounts payable.

In accordance with the principle of prudence, accounts payable were valued at the settlement amount.

Payables in foreign currencies are translated using the exchange rate at the date of the original transaction or the higher bank selling rate prevailing at the balance sheet date.

Exchange gains or losses from foreign currency valuation are recorded entirely in the operating result (other operating income or other operating expense).

D. Comments on items in the balance sheet.

Assets.

Movements in fixed assets:

	Acquisition cost				
in EUR	**Balance April 1, 2021**	**Additions**	**Disposals**	**Transfers**	**Balance March 31, 2022**
I. Intangible assets					
1. Industrial property and similar rights and assets, and licenses in such rights and assets	42,609,285	6,315,270	0	0	48,924,555
2. Prepayments made and assets under construction	474,251	90,372	-370,130	0	194,494
	43,083,537	**6,405,642**	**-370,130**	**0**	**49,119,049**
II. Tangible assets					
1. Leasehold improvements	6,518,258	20,160	0	0	6,538,418
2. Technical equipment and machinery	2,186,751	150,854	0	0	2,337,605
3. Other equipment, factory and office equipment	7,229,730	82,619	-164,651	0	7,147,698
4. Prepayments made and assets under construction	0	187,670	0	0	187,670
	15,934,739	**441,304**	**-164,651**	**0**	**16,211,391**

in EUR	Acquisition cost Balance April 1, 2021	Additions	Disposals	Transfers	Balance March 31, 2022
III. Financial assets					
1. Shares in affiliated companies	218,873,517	52,138,000	-5,933,471	0	265,078,046
2. Loans to affiliated companies	70,047,919	4,657,314	0	0	74,705,233
3. Participating interests	50,760,326	667,290	0	0	51,427,615
4. Securities	4,375	0	0	0	4,375
	339,686,137	**57,462,604**	**-5,933,471**	**0**	**391,215,270**
Total fixed assets	**398,704,413**	**64,309,549**	**-6,468,252**	**0**	**456,545,710**

	Accumulated amortization/depreciation						Net book values	
in EUR	Balance April 1, 2021	Additions	Disposals	Write-ups	Transfers	Balance March 31, 2022	Balance March 31, 2022	Balance March 31, 2021
I. Intangible assets								
1. Industrial property and similar rights and assets, and licenses in such rights and assets	23,731,437	5,692,977	0	0	0	29,424,413	19,500,142	18,877,849
2. Prepayments made and assets under construction	0	0	0	0	0	0	194,494	474,251
	23,731,437	**5,692,977**	**0**	**0**	**0**	**29,424,413**	**19,694,635**	**19,352,100**
II. Tangible assets								
1. Leasehold improvements	5,265,957	376,653	0	0	0	5,642,611	895,808	1,252,301
2. Technical equipment and machinery	1,814,785	149,716	0		0	1,964,500	373,104	371,966
3. Other equipment, factory and office equipment	5,810,977	241,620	-92,222		0	5,960,375	1,187,323	1,418,753
4. Prepayments made and assets under construction	0	0	0		0	0	187,670	0
	12,891,718	**767,989**	**-92,222**		**0**	**13,567,486**	**2,643,905**	**3,043,020**
III. Financial assets								
1. Shares in affiliated companies	41,862,328	36,469,963	-5,380,225	-24,703,963	0	48,248,103	216,829,943	177,011,189
2. Loans to affiliated companies	21,506,160	0	0	0	0	21,506,160	53,199,073	48,541,759
3. Participating interests	11,915,618	0	0	0	0	11,915,618	39,511,998	38,844,708
4. Securities	0	0	0	0	0	0	4,375	4,375
	75,284,106	**36,469,963**	**-5,380,225**	**-24,703,963**	**0**	**81,669,881**	**309,545,389**	**264,402,031**
Total fixed assets	**111,907,262**	**42,930,929**	**-5,472,447**	**-24,703,963**	**0**	**124,661,781**	**331,883,930**	**286,797,151**

Financial obligations of the Company from the use of tangible assets not recognized in the balance sheet amount to:

Obligations from rental and lease agreements	2020/21	2021/22
	in EUR k	in EUR
In the following financial year	7,542	4,896,142.64
In the next 5 financial years	15,754	9,884,511.10

Financial assets.

Loans.

Loans amounting to EUR 53,199,072.89 (prior year: EUR 48,542 k) granted to affiliated companies have a residual term of less than one year. However, it is planned to extend the term of the loan.

Shares in affiliated companies and participating interests.

Supplementary disclosures pursuant to section 238 para. 1 subsec. 4 UGB

Figures as at March 31, 2022	Share in %	Shareholders' equity in EUR k	Result of financial year in EUR k	FN
a) Shares in affiliated companies				
Kapsch TrafficCom AB, Jönköping, Sweden	100.00	16,016	3,065	1)
Kapsch TrafficCom Argentina S.A., Buenos Aires, Argentina	95.00	3,837	-450	1)
Kapsch Components GmbH & Co KG, Vienna	100.00	3,731	-484	1)
Kapsch Components GmbH, Vienna	100.00	144	6	1)
Kapsch TrafficCom B.V., Amsterdam, Netherlands	100.00	193,053	8	1)
Kapsch Telematic Services GmbH, Vienna	93.00	5,326	4,612	1)
Kapsch TrafficCom S.r.l.´a socio unico, Milan, Italy	0.00	-0	73	1)
Kapsch Telematic Technologies Bulgaria EAD, Sofia, Bulgaria	100.00	219	-111	1)
Kapsch TrafficCom Ltd., Middlesex, United Kingdom	100.00	1,032	77	1)
Artibrain Software Entwicklungsgesellschaft mbH, Vienna	100.00	42	-4	1)
Kapsch TrafficCom Russia o.o.o., Moscow, Russia	100.00	263	-3	1)
Kapsch TrafficCom France SAS, Paris, France	30.20	1,157	1,189	1)
Electronic Toll Collection (Pty) Ltd., Cape Town, South Africa	9.62	7,724	5,716	1)
Kapsch TrafficCom South Africa Holding (Pty) Ltd., Cape Town, South Africa	100.00	5,579	30	1)
Kapsch TrafficCom Kazakhstan LLC, Almaty, Kazakhstan	0.00	0	-4	1)
KTS Beteiligungs GmbH, Vienna	100.00	530	345	1)
Transport Telematic Systems LLC, Abu Dhabi, United Arab Emirates	49.00	88	7	1)
Kapsch Telematic Services IOOO, Minsk, Belarus	99.00	2,336	3,973	1)
Kapsch TrafficCom Lietuva UAB, Vilnius, Lithuania	51.00	38	1	1)
Kapsch TrafficCom Transportation S.A.U., Madrid, Spain	100.00	17,132	4,101	1)
tolltickets GmbH, Rosenheim, Germany	100.00	-2,521	-1,892	1)
Kapsch TrafficCom S.A.S., Bogota, Colombia	100.00	533	-1,067	1)
Intelligent Mobility Solutions Limited, Lusaka, Zambia	51.00	-14,144	3,228	1)
MTS Maut & Telematik Services GmbH, Berlin, Germany	100.00	3,463	-706	1)
Kapsch TrafficCom Dominican Republic S.R.L., Santo Dominigo, Dominican Republic	99.00	-81	-479	1)
Kapsch TrafficCom Norway AS, Oslo, Norway	100.00	6	0	1)
SIMEX, Integracion de Sistemas, S.A.P.I. de C.V. Mexico City, Mexico	69.50	4,454	137	1)
Kapsch TrafficCom Peru S.A.C., Lima, Peru	99.93	-227	-19	1)
Kapsch TrafficCom Transportation Argentina S.A., Buenos Aires, Argentina	22.03	2,236	-931	1)
Kapsch TrafficCom Ireland Limited, Dublin, Ireland	100.00	202	179	1)
Arce Mobility Solutions, S.A., Bilbao, Spain	100.00	1,336	847	1)
b) Participating interests				
Traffic Technology Services Inc., Beaverton, United States	42.44	4,966	-3,075	1)
MoKA SAS, Paris, France	50.00	252	1	-
autoTicket GmbH, Berlin, Germany	50.00	-19,129	-6,730	2)

1) Figures as at March 31, 2022 (IFRS)
2) Figures as at December 31, 2021 (local law)

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.

As of July 14, 2021 Kapsch TrafficCom AG sold all shares in Kapsch TrafficCom S.r.l. a socio unico, Milan, Italy.

In the current financial year equity increases in shares in affiliated companies took place in the following companies: Kapsch TrafficCom B.V., Amsterdam, Netherlands, Kapsch TrafficCom S.A.S., Bogota, Colombia, MTS Maut & Telematik Services GmbH, Berlin, Germany. Of this amount, EUR 50 million related to a conversion of Group receivables into equity (debt-equity swap) of Kapsch TrafficCom B.V., Amsterdam, Netherlands.

Of the **write-down on shares in affiliated companies** totaling EUR 36,469,963.00 in financial year 2021/22, EUR 36,295,133.00 relates to Kapsch TrafficCom B.V., Amsterdam, Netherlands and EUR 174,830.00 to Kapsch TrafficCom Transportation Argentina S.A., Buenos Aires, Argentina.

Of the **write-up on shares in affiliated companies** totaling EUR 24,703,963.00 in financial year 2021/22, EUR 964,811.00 relates to Kapsch TrafficCom Argentina S.A., Buenos Aires, Argentina, EUR 14,744,600.00 to Kapsch TrafficCom AB, Jönköping, Sweden and EUR 8,994,522.00 to Kapsch TrafficCom South Africa Holding (Pty) Ltd., Cape Town, South Africa.

EUR 135,581,400.87 of the shares in affiliated companies relates to Kapsch TrafficCom B.V., Amsterdam, Netherlands, acting as holding company of the Kapsch TrafficCom North America Group. Moreover, loans to and loan receivables from affiliated companies in the amount of EUR 61,376 k exist towards the US companies (subsidiaries/ sub-subsidiaries of KTC TrafficCom B.V.).

The material US sub-subsidiary Kapsch TrafficCom USA Inc., McLean, USA, incurred significant losses in financial year 2020/21 which mainly resulted from considerable cost overruns and adjustments to planned costs and margins for material projects. In 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, 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 USA Inc., McLean, USA, continues to make a negative contribution to earnings (negative EBIT amounting to EUR 28,489 k). Based on this test for write-downs and on the multi-year plan updated in March 2022, a write-down in the amount of EUR 36,295,133 on the participating interest in Kapsch TrafficCom B.V., Amsterdam, the Netherlands, was recognized. For the outstanding loan receivables from and loans to the US companies as at March 31, 2022 no need for impairment was identified. The valuation depends on whether a return to profitable business planning is achieved in the future.

Current assets.

Inventories.

Valuation allowances in the amount of EUR 3,115,132.09 (prior year: EUR 9,866 k) were set up for inventories.

Receivables.

Receivables from affiliated companies pertain to trade receivables in the amount of EUR 57,518,723.63 (prior year: EUR 71,643 k), loan receivables in the amount of EUR 23,363,934.04 (prior year: EUR 46,182 k) and receivables resulting from tax allocation in the amount of EUR 0,00 (prior year: EUR 17,878 k).

Receivables from companies in which the Company has a participating interest pertain to loan receivables in the amount of EUR 10,166,982.68 (prior year: EUR 7,617 k) and trade receivables in the amount of EUR 375,286.58 (prior year: EUR 1,082 k).

Other receivables and assets mainly include research bonuses, receivables from fiscal authorities, accrued receivables and other receivables.

Other receivables include income in the amount of EUR 9,966,502.45 (prior year: EUR 6,089 k) that will affect cash flow only after the balance sheet date.

Deferred tax assets.

Deferred tax assets in the amount of EUR 2,750,570.01 (prior year: EUR 6,002 k) result from temporary differences from accruals for severance payments, outstanding annual write-downs on shares in affiliated companies and participating interests as well as from fixed assets, and also include the amounts of the subsidiary Kapsch Components GmbH & Co KG, Vienna, whose taxable result is attributable to Kapsch TrafficCom AG, Vienna. Deferred taxes include long-term temporary differences in the amount of EUR 2,484,604.15 (prior year: EUR 2,648 k).

Deferred tax assets are recognized for tax loss carryforwards (internal loss carryforwards from group taxation) to the extent that this tax benefit is likely to be offset by future taxable income. The Company has recognized deferred tax assets for tax losses of EUR 15,694 k (previous year: EUR 0 k) that can be offset against future taxable income.

In the previous year, receivables from affiliated companies for tax allocation was recognized, which was reclassified to deferred tax assets in the reporting year. As a result, no tax allocation is recognized in the income statement in financial year 2021/22, but rather a change in deferred tax assets.

Shareholders' equity and liabilities.

Shareholders' equity.

Disclosures on share capital.
The registered share capital of the Company amounts to EUR 13,000,000.00. The share capital is fully paid in. The total number of shares issued is 13,000,000. The shares are no-par value bearer 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 Management 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 authorization to repurchase shares granted by the 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 retained for options and no conversion rights.

Proposed appropriation of retained earnings.
The Company intends to distribute no dividend and to carry forward the full amount of unappropriated retained earnings fully to the next financial year.

Amount subject to a prohibition of profit distribution.
According to section 235 UGB, unappropriated retained earnings in the amount of EUR 18,444,697.87 (prior year: EUR 6,002 k) resulting from deferred tax assets are not available for distribution.

Accruals and provisions.

Other accruals and provisions include the following items:

	March 31, 2021	March 31, 2022
	in EUR k	in EUR
Project-based accruals and provisions (including impending losses)	11,583	7,451,209.10
Invoices not yet received (excl. projects)	4,642	5,047,266.92
Personnel-related accruals and provisions (including vacation accruals of EUR 2,507,273.22; prior year: EUR 2,301 k)	4,340	4,189,745.24
Restructuring costs	731	9,793.00
Warranties and liabilities for construction flaws, as well as production and system defects	511	1,506,159.30
Other accruals and provisions	859	390,254.55
Total	**22,666**	**18,594,428.11**

Accounts payable.

Of the payables, promissory note bonds in the amount of EUR 0.00 (prior year: EUR 8,500 k) and bank loans and overdrafts in the amount of EUR 12,500,000.00 (prior year: EUR 20,000 k) have a remaining maturity of more than 5 years.

As at June 9, 2016 five promissory note bonds were issued.

As at June 16, 2021 the repayment of the tranches of EUR 26 million, EUR 4.5 million and USD 14.5 million took place.

The remaining tranches as at the balance sheet date March 31, 2022 are as follows:

Tranche	Interest rate	Interest fixing and interest payment	Repayment
EUR 23.0 million	6M EURIBOR + 150 Bp	semi-annual	June 16, 2023
EUR 8.5 million	2.26%	yearly	June 16, 2026

In May 2021, an agreement on uniform covenants for the upcoming two years was reached with all banks which are based on the Group's planned development of results outlined in the restructuring concept. For a transitional period of two years, these covenants stipulate a certain relation of net debt to EBITDA (based on the IFRS group figures) for each quarter. Moreover, a certain equity ratio is to be achieved at the subsequent balance sheet dates. In the case these new covenants are not achieved for the balance sheet dates and are not improved by implementing any measures such as the use of subsidies or subordinated loans, the lender is entitled to immediately call in the loan. These covenants take into account that loans are redeemed in a timely manner as agreed.

In the last financial year 2021/2022 the Group met these targets at all times.

Payables to affiliated companies refer to loans in the amount of EUR 24,188,593.86 (prior year: EUR 17,985 k) as well as trade payables.

Other liabilities include expenses in the amount of EUR 2,927,925.13 (prior year: EUR 3,019 k) that will affect cash flow only after the balance sheet date.

Collateral securities.

The export promotion loan recognized in the amount of EUR 1,425,462.56 (prior year: EUR 1,425 k), the loan for acquisitions in the amount of EUR 37,140,000.00 (prior year: EUR 40,712 k) as well as the export loan in the amount of EUR 17,900,000,00 (prior year: EUR 0 k) are secured by bill of exchange.

Contingent liabilities and other financial obligations.

Values in EUR	March 31, 2021	March 31, 2022
Assumption of liabilities on behalf of subsidiaries	36,297	34,588,569.03
Bank guarantees for the performance of contracts relating to projects	31,011	25,280,388.25
Payment guarantees	161	160,873.40
Performance bonds	153,343	169,299,890.79
Other guarantees (security deposits, bid bonds and sureties)	1,384	5,376,632.48
Total	**222,195**	**234,706,353.95**

In addition, Kapsch TrafficCom AG, Vienna, provided performance bonds for export transactions and projects of Kapsch TrafficCom AB, Jönköping, Sweden, at a contract value of EUR 8,398,232.66 (prior year: EUR 8.6 million).

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.

Derivative financial instruments.

At the balance sheet date, derivative financial instruments break down as follows and are included in the following balance sheet items:

Figures as of March 31, 2022	Nominal amount	Number	Fair value [1]	Book value	Balance sheet item
Type of financial instrument					
Interest rate-related products					
Interest rate swap (12/2026)	EUR 30,000,000	1	574,032.85	0.00	n/a
Interest rate swap (09/2027)	EUR 30,000,000	1	971,064.39	0.00	n/a

[1] A positive figure in the column refers to a positive fair value, a negative figure to a negative fair value.

Figures as of March 31, 2021	Nominal amount	Number	Fair value [1]	Book value	Balance sheet item
Type of financial instrument					
Interest rate-related products					
Interest rate swap	USD 7,500,000	1	-26,233.18	26,233.18	other accruals and provisions
Interest rate swap (12/2026)	EUR 30,000,000	1	-272,942.92	272,942.92	other accruals and provisions
Interest rate swap (09/2027)	EUR 30,000,000	1	-93,001.07	93,001.07	other accruals and provisions

[1] A positive figure in the column refers to a positive fair value, a negative figure to a negative fair value.

The fair value corresponds to the market value.

E. Comments on income statement items.

Breakdown of net sales.

	March 31, 2021	March 31, 2022
	in EUR k	**in EUR**
Toll	104,274	126,525,426.90
Traffic management	24,793	26,556,334.15
Total net sales by field of activity	**129,067**	**153,081,761.05**
Domestic	12,657	17,192,337.04
European Union, excl. Austria	54,563	56,731,036.65
Non-European Union	61,846	79,158,387.36
Total net sales by region	**129,067**	**153,081,761.05**

The item **salaries** includes income from changes in provisions for anniversary bonuses in the amount of EUR 55,893.33 (prior year: expense in the amount of EUR 232 k).

Expenses for severance payments and contributions to staff provision funds include the following:

	March 31, 2021 in EUR k	March 31, 2022 in EUR
Expenses for severance payments	-37	1,351,501.85
Contributions to staff provision funds	404	406,502.52
Total	**367**	**1,758,004.37**

Expenses for the auditor.

Expenses for the auditor amount to EUR 280,203.75 (prior year: EUR 308 k) and are broken down as follows:

	March 31, 2021 in EUR k	March 31, 2022 in EUR
Audit of the financial statements	55	55,480.00
Other assurance services	148	189,445.00
Other services	105	35,278.75
Total	**308**	**280,203.75**

Financial result.

Interest and similar expenses include write-downs on loan receivables in the amount of EUR 0 k (prior year: EUR 8,581 k).

Taxes on income.

The Company is member of a tax group. Parent of the tax group is KAPSCH-Group Beteiligungs GmbH, Vienna. In accordance with section 9 para. 1 KStG (Austrian Corporate Income Tax Act), the relevant tax result of the respective group member is allocated to the relevant tax result of the participating group member or the group parent in the respective financial year. Pursuant to section 7 para. 2 KStG, the income is determined at the group parent based on the consolidated result of the group and taxed. Tax is allocated using the stand-alone method, whereby an allocation to the group parent only takes place in the event of a taxable profit. Tax losses are carried forward in the form of an internal loss carryforward and offset against future positive results.

F. Other disclosures.

Disclosures on board members and staff.

The average number of staff during financial year 2020/21 was 416 including 414 salaried employees and 2 waged workers (prior year: 432 salaried employees, 4 waged workers).

In financial year 2020/21, the remuneration of the Executive Board amounted to EUR 2,105 k (prior year: 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 for severance payments and pensions for managing directors amounted to EUR 1,613 k (prior year: income of EUR 283 k). Thus, in total the compensation paid to members of the Executive Board in financial year 2021/22 amounted to EUR 4,583 k (before offsetting against accruals and provisions).

With regard to Supervisory Board members EUR 120,000.00 (prior year: EUR 121 k) were recognized as expenses (including travel expenses).

The following persons served on the Executive and Supervisory Board:

Executive Board.

Georg Kapsch (Chairman)
Alfredo Escribá Gallego
Andreas Hämmerle (since July 1, 2021)
André Laux (until October 20, 2021)

Supervisory Board.

Franz Semmernegg (Chairman)
Harald Sommerer (Deputy-Chairman)
Sonja Hammerschmid (since September 8, 2021)
Sabine Kauper
Kari Kapsch (until September 8, 2021)

delegated by the Works Council:

Claudia Rudolf-Misch
Christian Windisch

Subsequent events.

No subsequent events occurred that would have to be reported.

Vienna, June 14, 2022

Georg Kapsch
Chief Executive Officer

Andreas Hämmerle
Executive Board member

Alfredo Escribá Gallego
Executive Board member

Statement of all Members of the Executive Board.

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

We declare to the best of our knowledge that the Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the Management Report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

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 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 financial statements of Kapsch TrafficCom AG, Vienna, which comprise the balance sheet as at March 31, 2022, the income statement for the financial year then ended and the notes.

In our opinion, the accompanying financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as at March 31, 2022, and of its financial performance for the financial year then ended in accordance with Austrian Generally Accepted Accounting Principles.

Basis for Opinion.
We conducted our audit in accordance with Regulation (EU) No. 537/2014 (hereinafter EU Regulation) and Austrian Generally Accepted Standards on Auditing. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company 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 financial statements of the financial year. These matters were addressed in the context of our audit of the 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 Valuation of shares in affiliated companies and participating interests as well as loans to and loan receivables from affiliated companies.

Description.
As a holding company, Kapsch TrafficCom AG, Vienna, holds material shares in affiliated companies (book values in the amount of EUR 216,830 k) and participating interests (book values in the amount of EUR 39,512 k) as at March 31, 2022. Moreover, loans to and loan receivables from affiliated companies and participating interests in the amount of EUR 76,563 k exist.

Pursuant to section 204 para. 2 UGB, shares in affiliated companies and participating interests as well as loans are to be written down in case a diminution in value occurs that is expected to be permanent. Pursuant to section 207 UGB, the strict lower of cost or market principle is to be taken into account for current assets (loan receivables). Write-ups are made if the reasons for the write-down no longer apply.

Valuation of shares in affiliated companies and participating interests requires management to make material estimates on future market developments and the probability of the subsidiaries winning contracts in the planning period. Moreover, there is a significant area of judgement involved in the valuation, in particular with regard to the discount rate and the long-term growth rate. With regard to the financial statements, there is a risk of an overstatement of shares in affiliated companies and participating interests due to these estimation uncertainties and it was therefore identified as key audit matter.

In the financial year 2021/22, the following write-ups and write-downs on the participating interests recognized were made based on these tests for write-downs:

Entity (values in EUR k)	Write-up in financial year 2021/22	Write-down in financial year 2021/22
Shares in affiliated companies		
Kapsch TrafficCom AB, Jönköping, Sweden	14,745	
Kapsch TrafficCom Argentina S.A., Buenos Aires, Argentina	965	
Kapsch TrafficCom South Africa Holding (Pty) Ltd., Cape Town, South Africa	8,994	
Kapsch TrafficCom Transportation Argentina S.A., Buenos Aires, Argentina		-175
Kapsch TrafficCom B.V., Amsterdam, Netherlands		-36,295
Total	**24,704**	**-36,470**

EUR 135,581 k (after the write-downs were made) of the shares in affiliated companies relate to Kapsch TrafficCom B.V., Amsterdam, the Netherlands, which acts as holding company of the Kapsch TrafficCom North America Group. Moreover, loans to and loan receivables from affiliated companies in the amount of EUR 61,376 k exist vis-à-vis the US companies (subsidiaries/sub-subsidiaries of KTC TrafficCom BV).

The material US sub-subsidiary Kapsch TrafficCom USA Inc., McLean, US, incurred significant losses in the financial year 2020/21 which mainly resulted 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 USA Inc., McLean, US, continues to make a negative contribution to earnings (negative EBIT amounting to EUR 28,489 k). Based on this test for write-downs and on the multi-year plan updated in March 2022, a write-down in the amount of EUR 36,295 k on the participating interest in Kapsch TrafficCom B.V., Amsterdam, the Netherlands, was recognized. The valuation of the remaining participating interests as well as of the loans to and loan receivables from the US companies depends on whether a return to profitable business planning is achieved in the future.

Following the outbreak of the war in Ukraine, sanctions generally resulted in an impact on Kapsch TrafficCom’s business in Russia and Belarus even if the participating interests in the subsidiaries in Russia and Belarus are not material.

Management believes that no further diminutions or increases in value (up to a maximum of the amount of acquisition cost) apply to shares in affiliated companies, participating interests as well as loans to and loan receivables from affiliated companies as at March 31, 2022 and that, consequently, no further write-downs or write-ups are required.

Audit approach and key observations.
In combination with our assessment of the valuation of the most significant shares in affiliated companies and participating interests as well as loans and loan receivables, we checked the corresponding valuation models. In doing so, we checked the valuation methods used by management and assessed the parameters applied (planned cash flows and discount rates). We evaluated whether the models used are in line with accepted valuation principles and whether the assumptions made are plausible and appropriate.

With regard to the companies stated above, we checked and recalculated whether the need for a write-down or write-up based on previous business results and the earnings outlook exists.

The valuation models used by the Company are suitable to assess the valuation of the shares in affiliated companies and the participating interests as well as the loans and loan receivables. The assumptions and parameters used in the valuation are reasonable.

Reference to related disclosures.
For further information, reference is made to the notes to the financial statements of Kapsch TrafficCom AG, Vienna, Section D. Comments on items in the balance sheet “Shares in affiliated companies and participating interests“.

2 Estimates and assumptions in project accounting.

Description.
Services not yet invoiced as at March 31, 2022 amount to EUR 11,318 k and project-related accruals amount to EUR 7,451 k. Implementation projects, in particular, require 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 project 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. The major projects of the Company usually are technologically complex individual contracts with specific terms of contract and therefore have to be assessed individually with regard to revenue recognition and project risks.

Due to the material impact of the major projects, in particular during the construction phase, on the Company’s financial position and financial performance and the considerable estimates involved in the accounting for these contracts, there is the risk that the project revenue, the 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 processes and internal controls relevant for the accounting of construction contracts and tested the effectiveness of selected internal controls. This mainly referred to internal controls in connection with the release of order calculation upon the conclusion of new contracts, approval of the ongoing recalculation and status reports on major projects. In the course of our detailed audit procedures, we requested the project valuations for the major construction contracts and reperformed the calculation of the accruals/deferrals based on plan revenue and costs as well as the costs incurred up until the balance sheet date. Based on samples we looked at project requests, customer contracts, Supervisory Board minutes, the project budgeting tool as well as detailed cost estimates for individual significant projects and held discussions with the project managers and the management team regarding the status of the project, project risks and planning assumptions. In assessing the appropriateness of the estimates, a particular focus was on the review of the regular update of plan assumptions, in particular on the planned cost to complete and the planned project margin. In doing so, we made use of, among others, historical experience regarding the accuracy of estimates of large-scale projects carried out in the past.

The valuation methods applied and the underlying assumptions for the valuation of projects are reasonable.

Reference to related disclosures.
For further information, reference is made to the notes to the financial statements of Kapsch TrafficCom AG, Vienna, Section C. Accounting and valuation methods “2.1. Inventories” and “5. Accruals and provisions” as well as Section D. Comments on items in the balance sheet under “Accruals and provisions”.

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 participating interest autoTicket GmbH, Germany, was awarded the contract to collect the infrastructure charge (passenger vehicle toll) in Germany. Additionally and prior to this, the subsidiary 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 560 million. 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 financial statements, an assessment as to particularly the recognition of contingent receivables and the completeness and appropriateness of the 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 Company's Executive Board and legal department. As at the reporting date March 31, 2022, we obtained external confirmations from the lawyers advising the Company 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 there is still no recognition of a compensation claim required based on the interim award confirming the merits of the claims but not their amounts.

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 disclosures in the notes is appropriate.

Reference to related disclosures.
The Company's information on the termination of the contract for the commissioning for the collection of the German infrastructure charge and on the pending arbitration proceedings can be found, in particular, in Section D. Comments on items in the balance sheet under "German infrastructure charge".

4 Recognition of deferred taxes.

Description.
In the financial statements, deferred tax assets in the amount of EUR 18,445 k are reported which are mainly attributable to internal loss carry-forwards from group taxation. The Company 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.

The recognition of deferred taxes requires management to make significant estimates as regards future market and business development within the planning horizon, which is usually subject to a degree of uncertainty. With regard to the 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. 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 taxes provided in the notes are appropriate.

The assumptions used in the valuation are reasonable. The disclosures in the notes required by UGB are complete.

Reference to related disclosures
The Company's disclosures on the recognition of deferred taxes are included in Section C. Accounting and valuation methods under "Deferred tax assets".

5 Compliance with financial covenants.

Description.
As at March 31, 2022, long-term and short-term financial liabilities in the amount of EUR 105,040 k and promissory note bonds in the amount of EUR 31,508 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 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 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 balance sheet 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 maturities of more than one year of the corresponding liabilities recognized in the balance sheet as at March 31, 2022 which are not due within the next financial year.

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 Company's disclosures on financial covenants are included in the notes under "Accounts payable" in Section D. Comments on items in the balance sheet.

Responsibilities of Management and the Audit Committee for the Financial Statements.

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Austrian Generally Accepted Accounting Principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation and with Austrian Generally Accepted Standards on Auditing, which require the application of ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU Regulation and with Austrian Generally Accepted Standards on Auditing, which require the application of ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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 Company.
Pursuant to Austrian Generally Accepted Accounting Principles, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the management report was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the management report 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.

Opinion.
In our opinion, the management report for the Company was prepared in accordance with the applicable legal regulations, comprising the details in accordance with section 243a UGB, and is consistent with the financial statements.

Statement.
Based on the findings during the audit of the financial statements and due to the obtained understanding concerning the Company and its circumstances no material misstatements in the management report 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, 2021. We have audited the Company's financial statements for an uninterrupted period since 2002.

We confirm that the audit opinion in the "Report on the 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 Felix Wirth, Austrian Certified Public Accountant.

Vienna, June 14, 2022

PwC Wirtschaftsprüfung GmbH

signed
Mag. Felix Wirth
Austrian Certified Public Accountant

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

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.

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Kapsch TrafficCom

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

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

Kapsch TrafficCom, headquartered in Vienna, has subsidiaries and branches in more than 25 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.

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