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Kapsch Group

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Kapsch Group.

Consolidated Financial Statements 2020/21.

Kapsch Group.
Annual Report 2020/21.

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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, this always refers to men, women, and non-binary persons.

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-Group Beteiligungs GmbH disclaims any obligation to publicly announce the result of any revisions to the forward-looking statements made herein, except where it would be required to do so under applicable law.

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Company profile.

About Kapsch Group.

Johann Kapsch laid the foundations of today's Kapsch Group by opening a workshop manufacturing telegraph equipment and telephones back in 1892. Despite all the historical turmoil and challenges, Kapsch has regularly played a pioneering role in the development and establishment of new technologies, including radio, TV and telephony, mobile and train communications. Today, Kapsch Group is a global technology group with strong business segments:

> Intelligent mobility solutions provided by Kapsch TrafficCom
> Solutions and services in the field of information and telecommunications delivered by Kapsch BusinessCom

The name Kapsch stands for innovative power, a pioneering spirit, and customer orientation. The company has invested heavily in research and development for years in order to bring new technologies to the market to the benefit of customers and users. Kapsch makes a key contribution to shaping a mobile and interconnected world in a responsible and sustainable manner.

Kapsch is one of Austria's best-established, internationally renowned technological companies. The group of companies based in Vienna has around 100 subsidiaries and representative offices around the world. Kapsch Group is active across almost all of Europe, with key growth markets also located in the Americas region, Australia, Africa, and Asia.

The Group's parent company is KAPSCH-Group Beteiligungs GmbH, Vienna, which is wholly owned by DATAX HandelsgmbH. The shares in this company are held in equal parts by Traditio-Privatstiftung, ALUK-Privatstiftung, and Children of Elisabeth-Privatstiftung, each a private foundation under the Austrian Private Foundations Act (Privatstiftungsgesetz). Each of these private foundations is managed by a separate board of trustees and no single person serves on more than one of the boards of the three private foundations. The beneficiaries of these private foundations are Georg Kapsch and members of his family (Traditio-Privatstiftung), Kari Kapsch and members of his family (ALUK-Privatstiftung), and Elisabeth Kapsch and members of her family (Children of Elisabeth-Privatstiftung).

Selected key data.

2020/21 (financial year 2020/21): April 1, 2020 – March 31, 2021
Unless otherwise stated, all values in EUR million.

Earnings Data	2018/19 [1]	2019/20 [1]	2020/21	+/-
Revenues	1,093.8	1,137.9	958.5	-15.8%
EBITDA [2]	91.5	26.7	-30.9	> -100%
EBITDA margin in %	8.4	2.3	-3.2	-5.6%p
EBIT	72.2	-52.7	-102.3	-94.0%
EBIT margin in %	6.6	-4.6	-10.7	-6.0%p
Result before income taxes	65.4	-80.6	-118.1	-46.6%
Result for the period	51.2	-71.5	-94.7	-32.5%
Result for the period for discontinued operations	-18.0	-22.1	0.0	+100%
Free cash flow	-43.2	17.2	14.3	-16.9%
Research and development	114.7	134.8	109.6	-18.7%
Employees, end of period	6,422	6,673	6,325	-5.2%

Balance sheet data	March 31, 2019	March 31, 2020	March 31, 2021	+/-
Total assets [3]	1,069.6	1,060.1	940.0	-11.3%
Total equity [4]	274.3	171.4	85.6	-50.0%
Equity ratio in %	25.6	16.2	9.1	-7.1%p
Return on equity in %	26.3	-30.8	-119.4	-88.7%p
Financial liabilities	302.1	336.8	304.1	-9.7%
Net cash (+)/ debt (-) [5]	-176.4	-305.3	-304.5	-0.2%
Gearing in % [6]	64.3	178.1	355.6	177.5%p

Operating segments	2018/19		2019/20		2020/21		+/-
Traffic							
Revenues / share in revenues	737.8	67%	731.2	64%	505.2	53%	-30.9%
EBIT / EBIT margin	57.0	8%	-64.3	-9%	-116.0	-23%	-80.4%
Employees, end of period	4,981	78%	5,104	76%	4,657	74%	-8.8%
Enterprise							
Revenues / share in revenues	380.0	35%	408.6	36%	458.3	48%	12.2%
EBIT / EBIT margin	14.0	4%	8.9	2%	13.7	3%	53.9%
Employees, end of period	1,333	21%	1,461	22%	1,567	25%	7.3%

Regions	2018/19 [1]		2019/20 [1]		2020/21		+/-
Revenues / share in revenues							
Austria	318.0	29%	342.4	30%	377.5	39%	10.2%
Western Europe	153.3	14%	180.9	16%	165.4	17%	-8.6%
Central and Eastern Europe	238.6	22%	213.0	19%	131.5	14%	-38.3%
Americas	250.7	23%	295.5	26%	205.2	21%	-30.6%
Rest of the World	133.1	12%	106.2	9%	79.0	8%	-25.6%
Employees / share in Group, end of period							
Austria	1,937	30%	2,071	31%	2,065	33%	-0.3%
Central and Eastern Europe	581	9%	755	11%	624	10%	-17.4%
Western Europe	751	12%	789	12%	813	13%	3.0%
Americas	1,474	23%	1,586	24%	1,517	24%	-4.4%
Rest of the World	1,679	26%	1,472	22%	1,306	20%	-11.3%

1) The financial year 2019/20 as well as 2018/19 are stated without the discontinued operations (segment Carrier and Public Transport).
2) From 2019/20 including depreciation on right-of-use assets from leases due to IFRS 16.
3) From March 31, 2020 including lease liabilities from the initial application of IFRS 16.
4) Including non-controlling interests.
5) Cash and cash equivalents + other current financial assets - financial liabilities - lease liabilities
6) Net debt/equity

Consolidated Management Report

on the Consolidated Financial Statements as of March 31, 2021. KAPSCH-Group Beteiligungs GmbH.

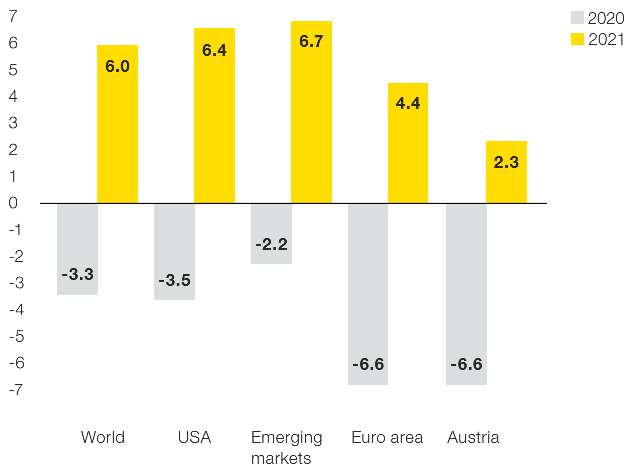
1 Economic environment.

1.1 General economic situation.

Global economy.
In 2020, global business activity was marked by the COVID-19 pandemic and the ensuing economic crisis. Aggregate output registered a decrease by 3.3% (previous year: +2.8%), which constitutes the deepest global recession in decades. Worldwide trade was adversely affected by a disruption of supply chains caused by far-reaching restrictions to fight the pandemic, most notably in the spring of 2020. Overall, the volume of goods exchanged around the globe was 5.3% below the preceding year's level. The second half of 2020, however, saw a gradual economic recovery thanks to substantial fiscal and monetary support in many parts of the world. Industrial production, in particular, showed increasingly strong signs of resilience.

Looking to 2021, economists predict a return to growth despite persistently high levels of infection.

GDP growth 2020 and 2021.
(in %)



USA.
The economic impact of the global crisis on the United States was less severe than expected in 2020. The gross domestic product went down by only 3.5%, owing to a relatively low dependence on exports.

With a projected growth rate of 6.4% in 2021, the US is even among the global growth engines in the foreseeable future. This is primarily due to the USD 1.9 trillion stimulus package launched in March 2021 ("American Rescue Plan"). In addition, the US Federal Reserve's loose monetary policy continues to have a stabilizing effect on the economy. Both the tense situation on the labour market and the subdued level of consumer confidence improved noticeably in the first quarter of 2021. By contrast, the protracted trade conflict between the US and China remains a major challenge.

Emerging markets and developing economies.
The emerging and developing economies faced significant challenges in 2020 as a result of their limited capacities to deal with the fallout from the crisis. Overall, economic activity declined by 2.2% (previous year: +3.6%). Emergency funds provided by multilateral organizations helped to address the economic and social consequences of the pandemic, at least to some extent.

Asia. On a regional level, the emerging Asian economies continued to develop most dynamically. Contrary to the global trend, the Chinese economy even expanded by 2.3% in 2020 due to massive public investment and strict containment measures. The ASEAN-5 economies (Indonesia, Malaysia, Thailand, Vietnam and the Philippines) are also set to witness a return to strong growth of up to 5% in 2021.

Commonwealth of Independent States (CIS). The Commonwealth of Independent States (CIS) was confronted with the additional economic burden of collapsing oil prices at the height of the crisis. In Russia, the largest market in the region, this led to a GDP contraction of 3.1% in 2020. A trend reversal occurred in the second half of 2020, though, as the alliance OPEC+ managed to agree on historic production cuts. The recovery of the oil price to pre-crisis levels in the first quarter of 2021 is expected to benefit the oil-exporting countries of the MENAP region (Middle East, North Africa, Afghanistan, Pakistan) as well.

Following a recession in 2020, economists predict a rebound in GDP growth to over 3% for said group of states.

Latin America und Africa. Latin America was hit the hardest by the COVID-19 pandemic. Regional output dropped by 7.0% in 2020, thus entrenching the north-south divide on the American continent even further. The situation in Sub-Saharan Africa proved less dire, with economic activity slowing down by only 1.9%. Growing debt levels, however, continue to pose a significant problem in this region despite temporary debt service suspension offered by official lenders. As far as 2021 is concerned, recovering commodity prices are expected to foster economic growth in Africa as well as in Latin America.

Europe.
The export-driven European economy was particularly exposed to the crisis in 2020.

European Union (EU). With aggregate GDP contracting by 6.3%, the European Union witnessed a deeper recession than in the aftermath of the 2008/09 financial and economic crisis. Regarding the prospects of recovery, a mixed picture is to be expected: While Europe's leading industrial powerhouses like Germany are more likely to make up for pandemic-induced losses as early as in 2021 thanks to reinvigorated global demand, the tourism-dependent economies in the south are set to take longer to bounce back. On the positive side, much-needed investment projects should result from the EUR 750 billion recovery fund agreed upon in July 2020. Another encouraging achievement in the year under review was the new trade and cooperation agreement between the EU and the UK, which entered into force at the beginning of 2021.

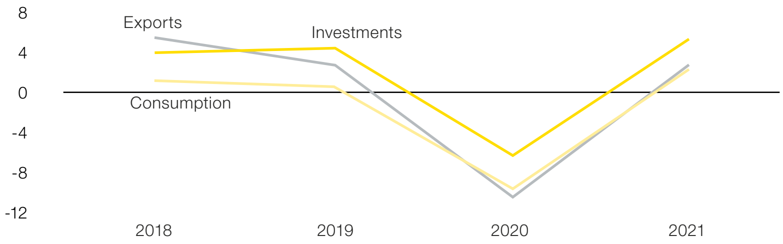
Eurozone. Economic activity in the Eurozone decreased by 6.6% in 2020 (previous year: +1.3%). First and foremost, this decline was attributable to the challenging situation in the service sector and to weak private consumption. The inflation rate shifted away from the European Central Bank's (ECB) medium-term target of 2% and averaged a mere 0.3%. For 2021, an increase to 1.4% is predicted. Apart from its continuous low-interest policy, the ECB has also remained committed to bond purchases under the PEPP stimulus package ("Pandemic Emergency Purchase Programme"). A return of the Eurozone economy to its pre-crisis level is currently projected for the spring of 2022.

Central and Eastern Europe. Economic activity in Central and Eastern Europe (CEE) slowed as well in 2020. Disruptions in international supply and value chains, for instance, led to a GDP decrease ranging between 5.0% (Hungary) and 5.6% (Czech Republic) in Austria's neighbouring countries. The best-performing economy in the Western Balkans, Serbia, was much less affected by the crisis and registered a GDP drop of only 1.0%. Looking ahead, new growth opportunities for the CEE region may arise not only from expected EU transfers under the recovery fund, but also from the reshoring of strategically important production processes, especially from Asia.

Austria.
The Austrian economy was marked by a GDP decline of 6.6% in 2020. Despite signs of recovery over the summer months and a steady expansion of industrial production in the second half of the year, the downside effects of the pandemic-related containment measures could be mitigated only partially. The tourism and service sectors, in particular, bore the brunt of the restrictions. The national inflation rate was once again noticeably higher than the corresponding Eurozone value, averaging 1.8% in 2020.

Turning to 2021, economists forecast a moderate growth rate of around 2%, primarily driven by government-supported investment activities of Austrian businesses.

Export, investment & consumption growth in Austria 2018–21.
(in %)



1.2 Industry analysis.

Market for Intelligent Transportation Systems (ITS, Segment Traffic).

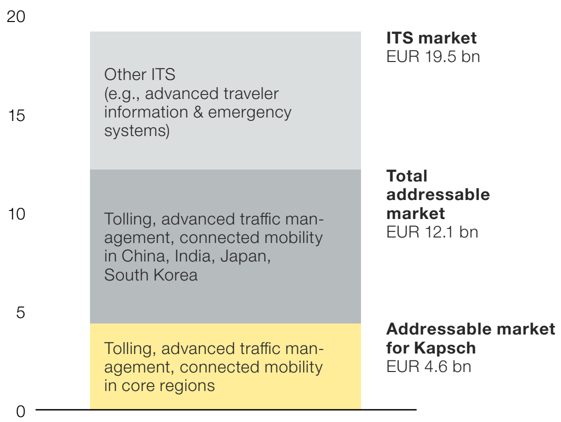
Kapsch is a globally recognized provider of transportation solutions for sustainable mobility. Innovative solutions in the application areas of Tolling and Tolling Services as well as Transportation Management and Demand Management contribute to a healthier world without traffic jams.

Vision and mission.
Kapsch's mission is to develop innovative transportation solutions for sustainable mobility. Road users should be able to arrive at their destination conveniently, safely, efficiently, and on time with a minimal amount of environmental pollution. Kapsch's vision is to probe the limits of mobility for the benefit of a healthy world without traffic jams.

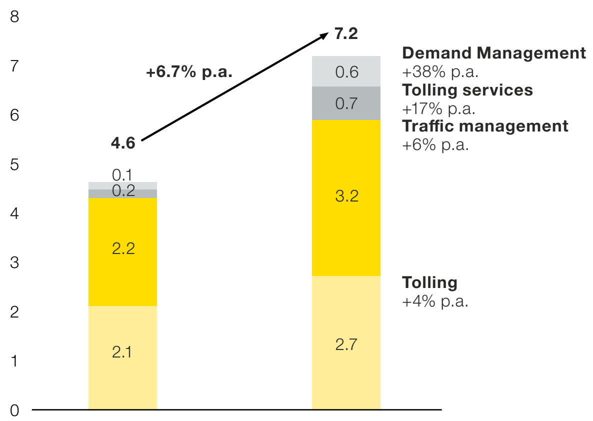
Target markets.
Kapsch addresses the market for intelligent transportation systems (ITS) to achieve its vision and mission. Intelligent transportation systems support and optimize transportation (including infrastructure, vehicles, users and industry). They use information and communication technologies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

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

Addressable market in 2020.
(in EUR billion)



Addressable market for Kapsch 2020–2027.
(in EUR billion)



Market drivers.
Kapsch 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 CO_2 emissions, the particulate matter problem will remain.

Connected mobility. Rapid technological progress is being made in vehicle-to-vehicle (V2V) and vehicle-to-infrastructure (V2I) communication as well as in the area 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. 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.

Market for information and communication technologies (segment Enterprise).

Following the COVID-19 contraction and declining sales, the signs in the Bitkom industry are pointing towards growth again for 2021. The German market for IT, telecommunications and consumer electronics is expected to grow by 2.7% to EUR 174.4 billion this year. Companies in Germany are expected to create 20,000 additional jobs by the end of the year. Currently, 1.2 million people are employed in the industry. Already in the closing months of last year, the business climate developed positively for the most part. With 19.7 points in December, Bitkom's-ifo digital index climbed to its highest level since February 2020. "The Corona crisis has accelerated digitalisation in many areas. Business, government and consumers are investing in digital technologies, and investments that were postponed are now being made up for," says Bitkom President Achim Berg. "The Bitkom industry has come through the crisis well so far. For 2021, the signs are pointing towards growth again." Under the impact of the crisis, sales had fallen slightly in 2020. The ICT market declined by 0.6% to EUR 169.8 billion, mainly due to weaker business with IT services and software.

After temporary losses, the importance of the information technology segment will increase again in 2021 and continues to be the largest industry segment. According to Bitkom calculations, sales will increase by 4.2% to EUR 98.6 billion in 2021. IT hardware – i.e. in particular computers, servers and peripherals – will grow the most with a strong increase of 8.6% to EUR 31.6 billion. The market for software is also growing again. With a plus of 4.1% to EUR 27.0 billion, it is growing stronger than the industry average. The IT services business, which includes IT consulting, is back in the black with 1.1% growth to EUR 40.0 billion. "While IT hardware is at the top of the shopping list, another trend in information technology is gaining ground with the strongly growing cloud business. It is increasingly a case of renting instead of buying. Infrastructure-as-a-Service, i.e. the business with rented servers, network and storage capacities, recently recorded annual growth rates of up to 40% and is now a market worth billions," says Berg.

The information on market development is based on data from the European Information Technology Observatory (EITO). EITO is a project by Bitkom Research in collaboration with the market research institute IDC.

With its broad portfolio of products and solutions as well as different financing and ICT operating models, the Kapsch Group can ideally respond to different customer requirements.

2 Development of the Kapsch Group.

2.1 Overview of Group Development.

Kapsch Group completed another challenging year in the past 2020/21 financial year. The focus was on the two large future segments Traffic and Enterprise. While all targets in the segment Enterprise were achieved or even exceeded in terms of both sales and earnings, the targets in the segment Traffic were clearly missed, not least due to a variety of one-off effects.

Revenues of EUR 958 million.

The financial year was also defined by the worldwide measures to contain the COVID-19 pandemic. The effects on the last financial year were noticeable, but not too great in the entire group. What changed immensely, however, was on the one hand how Kapsch worked together internally and on the other hand how customer relationships were maintained. The outstanding IT equipment made it possible for a large part of the employees to switch to working from home. Digital cooperation and communication platforms provided valuable services. In the segment Enterprise, Kapsch was valued as a partner for maintaining and expanding critical infrastructure and was able to make a very proactive contribution to overcoming the crisis. In the segment Traffic, sales in the implementation business fell significantly and sales in the profitable components business also suffered from the lower traffic volume and fell by more than a third compared to the same period of the previous year. There were also more delays, on the one hand in tenders and the placing of orders – these mainly related to the implementation business in this segment – and on the other hand selectively in the supply chain.

The professional handling of the COVID-19 pandemic also confirms that the group is able to cope with crises and thus the last year also contributed to increasing resilience.

In financial year 2020/21, a restructuring plan was set up and largely implemented in the segment Traffic. Of the recognized restructuring costs in the amount of EUR 5.3 million, EUR 4.5 million related to staff costs and EUR 0.8 million related to other expenses. Of the total amount, EUR 3.9 million were set aside as a provision and will be paid out in the next financial year and the following year. The restructuring costs relate mainly to the USA, Sweden, and Austria.

Measures introduced in the past such as the globalization of the company, the diversified service portfolio, the focus as well as a long-term and sustainably oriented accounting policy have made a substantial contribution to the fact that the group has a stable balance sheet despite the difficult year and extremely bad results as well as the restructuring measures.

The number of employees decreased, compared to the previous year, to 6,325 (March 31, 2020: 6,673), which is exclusively due to the segment Traffic. In the segment Enterprise, the number of employees was increased by a total of 106 as of the balance sheet date.

Already in the previous year, the segment **Carrier** and the operating part of the **Public Transport** segment were sold (with effect on May 31, 2019) and thus presented as discontinued operations in accordance with IFRS 5.

Overall Kapsch Group.

in EUR million	2019/20	2020/21	Change	
Revenues	1,137.9	958.5	-179.5	-16%
EBITDA	26.7	-30.9	-57.6	> -100%
EBITDA margin in %	2.3	-3.2		
EBIT	-52.7	-102.3	-49.6	-94%
EBIT margin in %	-4.6	-10.7		
Total assets	1,060.1	940.0	-120.0	-11%
Equity	171.4	85.6	-85.8	-50%
Equity ratio in %	16.2	9.1		

2.2 Earnings situation.

In financial year 2020/21, Kapsch Group generated **revenues** in the amount of EUR 958.5 million (previous year: EUR 1,137.9 million), a decrease of 16%. In the segment Enterprise, revenues rose from EUR 408.6 million in the previous year to EUR 458.3 million (+12.2%). In the segment Traffic, however, revenues slumped from EUR 731.2 million in the previous year to EUR 505.2 million (-30.9%).

The revenues by segment and the share of revenue were as follows:

in EUR million	2019/20		2020/21		Change	
Traffic	731.2	64%	505.2	53%	-226.0	-31%
Enterprise	408.6	36%	458.3	48%	49.7	12%
Others	29.0	3%	23.5	2%	-5.5	-19%
Eliminations	-30.8	-3%	-28.5	-3%	2.4	-8%
Group	**1,137.9**	**100%**	**958.5**	**100%**	**-179.5**	**-16%**

The regional revenue analysis shows that Kapsch Group's revenues in financial year 2020/21 increased by 10% in Austria, but decreased in the other countries. On the Austrian domestic market, it is primarily the strong increase in revenues in the segment Enterprise that lead to the increase in revenues. In Central and Eastern Europe, revenues decreased by EUR 81.5 million (-38%) compared to the previous year. This decline resulted from the Czech Republic (EUR -55.4 million), where the operation of the Czech truck tolling system was terminated by the customer in December 2019, and the decline in revenue in Bulgaria (EUR -27.3 million). In Western Europe, revenues fell by EUR 15.5 million or 9%. The significant decline in the Americas region was particularly dramatic at EUR -90.3 million or -31% to EUR 205.2 million, with the majority of this decline affecting the USA at EUR -79.8 million and was due to margin adjustments resulting from higher costs, including for past periods. In the Rest of the World region, revenues in the past financial year also declined by EUR -27.2 million or -26% to EUR 79.0 million. This is mainly due to the decline in Australia (EUR -12.4 million), where a number of major projects were again completed in the previous year, and in South Africa (EUR -7.7 million). The Rest of the World region contributes 8% to the Group's revenue.

The revenues by region were as follows:

in EUR million	2019/20	2020/21	Change	
Austria	342.4	377.5	35.1	10%
Western Europe	180.9	165.4	-15.5	-9%
Central and Eastern Europe	213.0	131.5	-81.5	-38%
Americas	295.5	205.2	-90.3	-31%
Rest of the World	106.2	79.0	-27.2	-26%
Total	**1,137.9**	**958.5**	**-179.5**	**-16%**

Other operating income fell by 6% to EUR 17.5 million, but included income from subsidies related to the COVID-19 pandemic of EUR 3.9 million in the financial year 2020/21 (previous year: EUR 0.0 million). However, operating foreign currency gains fell by EUR 3.7 million compared to the previous year. **Changes in inventories** were at the previous year's level.

Cost of materials and purchased services decreased by EUR 75.0 million or -12.5% to EUR 524.2 million, which is related to the lower sales volume on the one hand and the additional costs for some projects in the segment Traffic on the other. The ratio of materials and other purchased services to revenue rose from 52.7% to 54.7%.

The number of employees fell by 348 or 5% in the last financial year to 6,325 employees at present. **Staff costs** fell by 4% (or EUR 16.1 million) to EUR 375.9 million. In the segment Traffic, the number of employees fell by 447 and staff costs by EUR 25.3 million. These staff costs also include restructuring costs of EUR 4.5 million. In the segment Enterprise, the number of employees increased by 106 and staff costs rose by EUR 11.9 million. The other adjustments relate to the segment Other.

Other operating expenses remained significantly below the previous year's level at EUR 96.3 million (EUR -31.7 million or -24.8%). Travel restrictions due to COVID-19 and internal saving programs, especially in the segment Traffic, led to a decrease in travel expenses of EUR 12.3 million. The write-off and allowances of trade receivables and contract assets fell by EUR 8.2 million. Marketing and advertising costs also decreased by EUR 4.2 million. Exchange rate losses from operating activities increased by EUR 3.0 million and mainly related to exchange rate fluctuations of the US dollar and the Swedish krona in respect to euro. Legal and consulting costs also increased by EUR 5.5 million due to a patent lawsuit in the USA that was opened in November 2020.

The **proportional result from joint ventures** amounted to EUR -4.1 million (previous year: EUR -4.6 million) and relates primarily to the proportional result from the joint venture in Germany.

The **operating result before amortization, depreciation and impairment (EBITDA)** fell significantly in the past financial year by EUR 57.6 million to EUR -30.9 million. This is due to the fact that results deteriorated in the past financial year, especially in the segment Traffic. The EBITDA margin therefore fell from 2.3% to -3.2%.

The **expenses for amortization and depreciation** fell slightly to EUR 37.2 million (previous year: EUR 38.6 million). In addition, **impairment charge** of EUR 34.1 million (previous year: EUR 40.9 million) had to be recognised in the segment Traffic in the past financial year. In the first half of the financial year, updated estimates of future business development in the segment Traffic led to goodwill impairments of EUR 24.2 million. This related to the cash-generating unit Tolling-EMEA (formerly: ETC-EMEA). On the other hand, further intangible assets in the amount of EUR 3.5 million of the cash-generating unit TM-EMEA (formerly: IMS-EMEA) were impaired, which, however, were revalued again in the amount of EUR 1.8 million at the end of the financial year. In addition, property, plant and equipment and rights of use assets from leases in the segment Traffic were impaired (EUR 8.3 million).

In the previous year, in addition to intangible assets (primarily from IFRIC 12 concession agreements in the amount of EUR 13.8 million), goodwill in the segment Traffic (EUR 22.0 million) and costs to obtain a contract relating to the project in Germany of EUR 4.1 million were impaired. In addition, the goodwill from the acquisition of evolaris next level GmbH, Austria, was impaired in the segment Enterprise (EUR 0.9 million).

The **operating result (EBIT)** of EUR -102.3 million was therefore also significantly below the previous year's value, where a negative operating result of EUR -52.7 million was also generated in the previous year. In the segment Traffic in particular, the following effects were the main drivers of the negative result in the financial year:

- Impairment of non-current assets as described above (EUR -34.1 million).
- Adjustments of project margins and provisions for losses from onerous contracts: for some projects, especially in North America, the project margins were adjusted, sales and contract assets were reduced and provisions for losses from onerous contracts had to be set up. This had a negative impact of EUR 78.9 million on EBIT, with valuation effects for projects in the USA amounting to EUR 10.0 million already taken into account in the 2019/20 financial year in the consolidated financial statements of Kapsch Group.
- Impact of COVID-19: revenues in the profitable components segment suffered severely as a result of decreased transportation volume.
- Operating currency effects: the operating currency effects (net) were negative at EUR 5.9 million (previous year: EUR +0.8 million). Operating foreign currency profits fell (EUR 3.7 million), while operating foreign currency losses rose by EUR 3.0 million. For the most part, the exchange rates of the US dollar (USD) and the Swedish krona (SEK) relative to the euro (EUR) were responsible for this.
- Provisions for lawsuits in the USA in the amount of EUR 8.1 million.
- Restructuring costs in the amount of EUR 5,3 million.

The **financial result** improved significantly from EUR -27.2 million to EUR -16.1 million. On the one hand, financial income increased to EUR 9.3 million (previous year: EUR 5.7 million), and on the other hand, financial expenses decreased to EUR -25.3 million (previous year: EUR -32.9 million). While shares in Q-Free ASA, Norway, had to be written down by EUR -5.7 million in the previous year, they could be sold in the reporting period. This led to a positive contribution to earnings of EUR 0.4 million (the sales price of the shares in Q-Free ASA, Norway, was EUR 6.1 million; the fair value as of 31 March 2020 amounted to EUR 5.7 million). Foreign currency losses (net) fell to EUR -2.0 million (previous year: EUR -9.0 million) and were primarily related to the South African rand (ZAR), the Zambian kwacha (ZMW) and the US dollar (USD) relative to the euro (EUR) in the financial year.

The **result from associated companies and joint ventures from financial investments** amounted to EUR 0.3 million (2019/20: EUR -0.6 million) and resulted on the one hand from Traffic Technology Services Inc., USA, (EUR -0.4 million) and on the other hand from the investments of Kapsch BusinessCom AG in Kapsch Financial Services GmbH, CALPANA business consulting GmbH and Sensor Network Services GmbH (EUR 0.7 million).

The **result before income taxes** of EUR -118.1 million and the **result for the period** of EUR -94.7 million were also significantly below the previous year's values of EUR -80.6 million and EUR -71.5 million, respectively. Due to the negative result, **income taxes** were positive at EUR 23.4 million (previous year: EUR +9.1 million). This value consists of current taxes and deferred tax assets (from permanent tax differences and tax loss carry-forwards), whereby EUR 24.8 million were capitalised as taxes from tax loss carry-forwards (previous year: EUR 13.1 million). Deferred tax assets can be used partly based on the planning for the next few years and were recognised for this part.

The **result from discontinued operations** related to the segment Carrier and the operating part of the Public Transport segment and was clearly negative in the financial year 2019/20 at EUR -22.1 million.

The **other comprehensive income** in the past financial year was EUR 9.4 million (previous year: EUR -4.9 million). This was mainly due to currency translation differences of EUR 8.6 million (previous year: EUR 1.9 million). The remeasurements of liabilities from post-employment benefits decreased to EUR 0.8 million (previous year: EUR -6.9 million). The **total comprehensive income** was also clearly negative at EUR -85.3 million (previous year: EUR -98.5 million).

2.3 Net assets position.

Kapsch Group's balance sheet total decreased by 11.3% to EUR 940.0 million, but remained quite stable.

Assets.
Property, plant and equipment fell by EUR 27.0 million (-20.1%). This is primarily due to the scheduled depreciation and amortisation as well as due to adjustment and impairment of right-of-use assets from leases (mainly related to Sweden and the USA in the segment Traffic). Intangible assets decreased by EUR 19.8 million as at 31 March 2021. The main reasons for this decrease were the impairment of goodwill of the cash-generating unit Tolling-EMEA (formerly: ETC-EMEA) by EUR 24.2 million and impairment of other intangible assets (excluding goodwill) of the cash-generating unit TM-EMEA (formerly: IMS-EMEA) in the amount of EUR 1.6 million.

Interests in associates and joint ventures fell by EUR 2.5 million. This is mainly due to the negative proportional results (EUR -3.8 million), while the financing for Traffic Technology Services Inc, USA of EUR 1.5 million reduced the decline. Other non-current financial assets and investments decreased by EUR 1.0 million. The reasons were the financing of the joint venture autoTicket GmbH, Germany, (EUR +7.3 million), the disposal of the investment in Q-Free ASA, Norway, (EUR -5.7 million) and the disposal of securities (EUR -2.5 million). Non-current lease receivables, which arise when Kapsch Group acts as a lessor at the request of its customers, primarily in the segment Enterprise, increased by EUR 4.8 million.

Deferred tax assets increased by EUR 26.4 million, largely due to deferred tax assets on carry-forward losses in the USA and Austria.

Inventories fell from EUR 60.7 million to EUR 47.4 million. This was due in particular to developments in Austria (EUR -8.9 million) and the USA (EUR -8.1 million), with the majority in the USA being due to higher impairments for inventories.

The item "Trade receivables and other current assets" decreased by a total of EUR 34.6 million compared to March 31, 2020. The drop largely resulted from a payment in connection with the implementation of the nation-wide passenger car and truck toll system in Bulgaria (EUR 27.6 million), lower trade receivables in Belarus (EUR 5.5 million), and the reclassification of EUR 3.3 million to non-current trade receivables. Non-current and current contract assets also fell by EUR 24.0 million, which was largely due to projects in the USA (including margin adjustments for these projects), while the segment Enterprise saw an increase in contract assets (EUR +16.7m).

The current lease receivables amounting to EUR 15.0 million include the part of the lease receivables that will be due for payment in the next 12 months.

Despite a slightly positive free cash flow in financial year 2020/21, cash and cash equivalents declined by EUR 37.2 million compared to March 31, 2020. This was due to repayments of financial liabilities and payments for leasing.

Liabilities and equity.
Kapsch Group's equity decreased significantly by EUR -85.8 million or -50% to EUR 85.6 million in the past financial year. This is primarily due to the clearly negative total result. The equity ratio fell significantly to 9.1% (previous year: 16.2%).

Non-current financial liabilities decreased significantly by EUR -79.0 million to EUR 172.8 million, while current financial liabilities increased by EUR 46.3 million. In addition to repayments of financial liabilities in Kapsch Group Beteiligungs GmbH, Vienna, and Kapsch PublicTransportCom GmbH, Vienna, the main reason for the changes was the reclassification of parts of the promissory note loan (EUR 42.9 million) due for repayment in mid-June 2021 from non-current to current.

As at March 31, 2021, non-current lease liabilities increased slightly compared to the previous year (EUR 5.7 million) and current lease liabilities decreased by EUR -11.4 million. Part of the decrease related to the repayment of lease liabilities in the amount of EUR 20.5 million. In the segment Traffic, there was an adjustment of right-of-use assets from lease and of lease liabilities in Sweden. This adjustment was necessary since the original assumptions changed over the termination of a major lease agreement. In the segment Enterprise, lease liabilities also changed significantly by EUR +22.0 million (non-current) and EUR -11.5 million (current) respectively.

Non-current contract liabilities fell by EUR 16.6 million to EUR 9.4 million, as a mainly one contract, that was non-current in the previous year is now presented as current or has largely already been concluded. Liabilities from post-employment benefits to employees remained at the previous year's level of EUR 68.1 million.

Trade payables decreased to EUR 95.8 million (-18.7%), while current contract liabilities increased by EUR 24.0 million. Current provisions increased by EUR 12.8 million, mainly due to higher provisions for losses from onerous contracts and restructuring costs as well as for litigations in the USA. Other current liabilities and accruals also increased by EUR 7.1 million.

2.4 Financial position.

Cash flow.
The cash flow from operating activities was positive at EUR +27.8 million (previous year: EUR 54.7 million) despite the significant deterioration in earnings. In particular, the change in net working capital of EUR 85.2 million (previous year: EUR 33.6 million) led to this effect, as trade receivables as well as other current assets and current contract assets, but also inventories, were significantly reduced.

At EUR -13.5 million, cash flow from investing activities was less negative than in the previous year (EUR -37.5 million). The sale of the shares in Q-Free ASA, Norway, led to a payment of EUR 6.1 million. Payments made for the acquisition of securities, investments, and other non-current financial assets included financing for the joint venture autoTicket GmbH, Germany, in the amount of EUR -17.9 million in the previous year, which was converted to equity as of March 31, 2020. In financial year 2020/21, EUR 7.3 million in financing was provided to this joint venture.

The free cash flow, which is defined as the sum of cash flow from operating activities and cash flow from investment activities, was only slightly below the previous year's value of EUR 17.2 million at EUR 14.3 million.

The cash flow from financing activities was clearly negative at EUR -53.3 million. In financial year 2019/20, it was clearly positive at EUR 28.6 million due to the raising of new non-current financial liabilities. In the financial year 2020/21, financial liabilities of EUR -31.5 million (net) were repaid. Payments made in connection with lease contracts were slightly higher than in the previous year at EUR -20.5 million (2019/20: EUR -18.6 million).

Cash and cash equivalents at the end of the financial year amounted to EUR 132.5 million, a decrease of EUR 37.2 million or 21.9% compared to the previous year. This is mainly due to the negative cash flow from financing activities.

Other key figures.

in EUR million	2019/20	2020/21	Change	
Net debt [1]	-305.3	-304.5	0.8	-0%
Gearing in % [2]	178.1	355.6	177.5	100%
Capital expenditure [3]	61.5	35.8	-25.6	-42%
Research and development [4]	134.8	109.6	-25.2	-19%
Employees, as of March 31	6,673	6,325	-348	-5%

1) Cash and cash equivalents + other current financial assets - financial liabilities - lease liabilities
2) Net debt/equity
3) Investments to purchase property, plant and equipment and intangible assets including IFRS 16
4) Research and development expenses include only non-Group costs

Net debt was at the previous year's level of EUR -304.5 million (previous year: EUR -305.3 million). However, as equity fell sharply, the gearing ratio doubled to 355.6% (previous year: 178.1%).

The number of employees decreased to 6,325 (previous year: 6,673) compared to the previous year, whereby this is exclusively due to the Traffic segment. In the Enterprise segment, the number of employees was even increased by a total of 106 employees on the balance sheet date.

3 Operating segments.

Kapsch Group continued to operate in the following segments:
> Segment Traffic
> Segment Enterprise
> Segment Others

3.1 Segment Traffic.

This segment is represented by Kapsch TrafficCom AG as well as its direct and indirect subsidiary companies **(sub-group Traffic)**. KAPSCH-Group Beteiligungs GmbH owns a 63.3% stake in this company.

In the segment Traffic, the Group offers integral technologies, solutions and services for the intelligent transportation systems (ITS) market worldwide. The segment consists of the following two divisions:

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

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

Earnings situation segment Traffic.

Overall, the segment Traffic was affected by a number of burdening one-off effects in the financial year 2020/21:

> Impairment of non-current assets (EUR -31.3 million).
> In addition, a further impairment of goodwill amounting to EUR 2.8 million was included at Kapsch Group level.
> Adjustments of project margins and provisions for losses from onerous contracts: for some projects, especially in North America, the project margins were adjusted, sales and contract assets were reduced and provisions for losses from onerous contracts had to be set up. This had a negative impact of EUR 78.9 million on EBIT, with valuation effects for projects in the USA amounting to EUR 10.0 million already taken into account in the 2019/20 financial year in the consolidated financial statements of Kapsch Group.
> Impact of COVID-19: revenues from the profitable component segment suffered severely as a result of decreased transportation volume.
> Operating currency effects: the operating currency effects (net) were negative at EUR 8.3 million (previous year: EUR 0.0 million). Operating foreign currency profits fell (EUR 5.6 million), while operating foreign currency losses rose by EUR 2.7 million. For the most part, the exchange rates of the US dollar (USD) and the Swedish krona (SEK) relative to the euro (EUR) were responsible for this.
> Provisions for lawsuits in the USA in the amount of EUR 8.1 million.
> Restructuring costs in the amount of EUR 5.3 million.

The following figures and analyses relate to the “Traffic sub-group”, which reflects the consolidated financial statements of Kapsch TrafficCom AG. At the level of Kapsch Group, valuation effects for projects in the US in the amount of EUR -10.0 million were already included in the financial year 2019/20, which will show a positive effect in the financial year 2020/21. Furthermore, at the level of the parent company KAPSCH-Group Beteiligungs GmbH the additional impairment of goodwill belonging to the segment Traffic in the amount of EUR 2.8 million (previous year: EUR 15.1 million) is not included.

In financial year 2020/21, revenues of Kapsch TrafficCom decreased to EUR 505.2 million, which was 30.9% lower than the previous year's figure (EUR 226.0 million). Consolidated revenues are broken down geographically as follows:
> EMEA region (Europe, Middle East, Africa): 54.8% (previous year: 55.2%)
> Americas region (North, Central and South America): 40.6% (previous year: 40.2%)
> APAC region (Asia-Pacific): 4.6% (previous year: 4.6%)

The slightly more than 30% decline in revenues was evenly spread across all the regions, which underscores the correlation with the global pandemic.

The segment Traffic revenue is divided into the following divisions:

in EUR million	2019/20	2020/21	Change	
Tolling (before: ETC)	563.5	358.2	-205.3	-36%
Traffic Management (before: IMS)	167.7	147.0	-20.7	-12%
Segment Traffic total	**731.2**	**505.2**	**-226.0**	**-31%**

Tolling (formerly: Electronic Toll Collection, ETC). Revenues in the Tolling segment collapsed by 36.4% to EUR 358.2 million in financial year 2020/21. Revenue contributed 70.9% (previous year: 77.1%) to total revenue.

The largest contribution to revenues at EUR 190.0 million was generated in the EMEA region, but this fell substantially relative to the value in the previous year (EUR 315.0 million). Implementation projects fell by 82.0% and reached a revenue volume of EUR 13.2 million. The installation of the Bulgarian toll system was completed in the previous year. There have been no significant investments in expansion related to the restructuring of the activities in Poland. The volume of operations projects fell by 25.1%, mainly due to the end of the nation-wide toll project in the Czech Republic by the end of 2019 and lower revenues in Poland. In Poland, the contract to operate the nation-wide toll system expired in November 2019. However, it was possible to reach an agreement with the Polish authorities: Kapsch TrafficCom will be supporting the operation of the toll system for another 27 months after the expiration of the old contract, and this was renewed for another five months in the financial year. Furthermore, the revenues from components in financial year 2020/21 suffered substantially due to COVID-19 and collapsed by 33.7% in the EMEA region.

Revenues in the Americas region fell by one-third (-33.1%) to EUR 148.0 million. Implementation revenues and component revenues, primarily in the USA, fell by 39.9% and 39.7%. For some projects, especially in North America, the project margins had to be adjusted and provisions for losses from onerous contracts had to be set up. Declines in component sales due to COVID-19 played a major role here as well. Revenues from operation projects could be kept on the level of the previous year, by contrast.

In the APAC region, there was a decline in revenues of 25.3% to EUR 20.2 million relative to the comparable period of the previous year. Implementation revenues fell by 44.2%. This was due to a lower volume of new business and project margin adjustments. Component revenues fell by 19.1%, while operation revenues increased by 11.9%.

In financial year 2020/21, 9.9 million on-board units were sold, a decline of 3.3 million relative to the previous year. Declines were seen in most countries, with the most drastic being the collapse in the USA (-2.1 million units).

Traffic Management (formerly: Intelligent Mobility Solutions, IMS).
In financial year 2020/21, revenues fell by 12.4% to EUR 147.0 million and contributed 29.1% (previous year: 22.9%) to total revenues.

Revenues of EUR 87.1 million were generated in the EMEA region (previous year: EUR 88.5 million). While implementation revenues rose relative to the previous year (13.3%), primarily due to a project in Ireland, operation revenues fell by 5.5%. Component revenues also fell by EUR 2.4 million in comparison to the previous year.

Revenues in the Americas region totaled EUR 57.0 million (-21.2%). This was seen primarily in the USA, where declines were observed in all types of business.

Revenues in the APAC region fell from EUR 7.0 million to EUR 3.0 million. The drop was primarily due to the implementation business in Australia.

Other operating income includes EUR 1.6 million in grants and support provided in some countries to alleviate the impact of the COVID-19 pandemic on Kapsch TrafficCom. Public sector grants for short-time work and for the compensation of staff costs are also included in this income. However, the operating foreign currency gains fell by EUR 5.6 million, leading to higher net operating foreign currency losses.

Cost of materials and other production services fell by 27.3% (EUR 91.5 million) to EUR 243.5 million (previous year: EUR 334.9 million). The ratio of material and other production services to revenues rose from 45.8% to 48.2%.

The restructuring measures made it possible to reduce staff costs by 9.4% to EUR 243.8 million. The average number of staff fell by 258 persons. Restructuring provisions were made for staff reductions, which increased staff costs by EUR 4.5 million. The staff percentage (share of staff costs as a percentage of revenues) rose from 36.8% in the previous year to 48.3%.

Other operating expenses fell year on year by 28.7% to EUR 84.7 million, although legal and consulting costs rose by EUR 6.7 million. A major cause of this was a patent lawsuit in the USA that was filed in November 2020. The write-off and allowances of trade receivables and contract assets fell by EUR 9.3 million. Travel restrictions due to COVID-19 and internal savings programs led to a decline in travel expenses by EUR 11.0 million. Exchange rate losses (net, including exchange rate gains) from operating activities rose by EUR 8.2 million and primarily related to fluctuations in the exchange rate of the US dollar and the Swedish krona in respect to euro.

The proportional result from associates and joint ventures relates primarily to the joint venture with autoTicket GmbH in Germany for a total of EUR -3.8 million (previous year: EUR -4.6 million) and a joint venture in Colombia for a total of EUR -0.2 million (previous year: EUR 0.0 million).

The operating result before amortization, depreciation and impairment (EBITDA) was negative at EUR -67.1 million (previous year: EUR +13.6 million). The EBITDA margin therefore totaled -13.3% (previous year: +1.9%).

Expenses for amortization and depreciation fell to EUR 24.7 million (previous year: EUR 27.9 million), in particular due to a drop in net CAPEX.

Impairment charges totaled EUR 31.3 million (previous year: EUR 24.9 million). In the first half of the financial year, on account of the updated forecasts for the ongoing course of business, there were impairments of goodwill in the amount of EUR 21.3 million. This related to the cash-generating unit Tolling-EMEA (formerly: ETC-EMEA). On the other hand other intangible assets in the amount of EUR 3.5 million for the cash-generating unit TM-EMEA (formerly: IMS-EMEA) were written down, which, however, were written up again at the end of the financial year in the amount of EUR 1.8 million. Furthermore, property, plant, and equipment as well as rights-of-use assets from leasing agreements were impaired (EUR 8.3 million).

In the previous year, impairments in the amount of EUR 24.9 million were recognized. They related to the impairment of costs to obtain a contract (due to the early termination of German passenger vehicle toll projects) in the amount of EUR 4.1 million, goodwill in the IMS segment (now: Traffic Management) of EUR 6.9 million, and updated estimates on the ongoing course of business in Zambia in the amount of EUR 13.8 million.

Furthermore, additional goodwill of EUR 2.8 million (previous year: EUR 15.1 million), which is also allocated to the segment Traffic, was impaired at the level of the parent company KAPSCH-Group Beteiligungs GmbH.

In financial year 2020/21, a restructuring plan was set up and largely implemented. Of the recognized restructuring costs in the amount of EUR 5.3 million, EUR 4.5 million related to staff costs and EUR 0.8 million related to other expenses. Of the total amount, EUR 3.9 million were set aside as a provision and will be paid out in the next financial year and the following year. The restructuring costs relate mainly to the USA, Sweden, and Austria.

The financial result improved substantially from a loss of EUR 23.1 million in the previous year to a loss of EUR 9.6 million in this financial year. While shares in Q-Free ASA, Norway, had to be written down by EUR -5.7 million in the previous year, they could be sold in the reporting period. This led to a positive contribution of EUR 0.4 million to earnings (The sales price of the shares in Q-Free ASA, Norway, amounted to EUR 6.1 million; the fair value as of March 31, 2020, amounted to EUR 5.7 million). Foreign currency losses fell to EUR -2.0 million (previous year: EUR -9.0 million) and were primarily connected with the South African rand (ZAR) and the Zambian kwacha (ZMW), as well as the US dollar (USD) relative to the euro (EUR) in the financial year.

Traffic Technology Services Inc., USA, contributed EUR -0.4 million (previous year: EUR -1.2 million) to the result.

Taxes were positive at EUR 27.8 million due to the negative result (previous year: EUR +7.7 million). This amount consists of current taxes as well as deferred tax claims (from permanent tax differences and tax loss carry-forwards) and tax allocations. Solely the parent company, Kapsch TrafficCom AG, reported a positive tax allocation to the Austrian (tax) Group parent (KAPSCH-Group Beteiligungs GmbH) in the amount of EUR 12.7 million and in the Group taxes from tax losses were capitalized amounting to EUR 11.8 million.

The result for the period was very negative at EUR -105.3 million (previous year: EUR -55.7 million). A result of EUR -102.9 million was attributable to the shareholders of the company. This corresponds to earnings per share of EUR -7.91 (previous year: EUR -3.70).

This item mainly includes currency translation differences and remeasurements of liabilities from post-employment benefits. Other comprehensive income amounted to EUR 9.0 million (previous year: EUR 0.2 million).

The total comprehensive result as a sum of the result for the period and other comprehensive income was EUR -96.2 million (previous year: EUR -55.5 million).

Net assets position segment Traffic.

The following figures and analyses relate to the "Traffic sub-group", which reflects the consolidated financial statements of Kapsch TrafficCom AG. At the level of Kapsch Group, valuation effects for projects in the USA in the amount of EUR -10.0 million were already included in the financial year 2019/20, which will show a positive effect in the financial year 2020/21. Furthermore, the additional impairment of goodwill belonging to the segment Traffic at the level of the parent company KAPSCH-Group Beteiligungs GmbH in the amount of EUR 2.8 million (previous year: EUR 15.1 million) is not included.

The balance sheet total of Kapsch TrafficCom was EUR 593.2 million on March 31, 2021 (March 31, 2020: EUR 727.2 million).

Assets.
Property, plant, and equipment fell by EUR 27.2 million in comparison to March 31, 2020. This is primarily due to the scheduled depreciation as well as due to adjustment and impairment of right-of-use assets from leases (related mainly to Sweden and the USA). Intangible assets fell by EUR 23.7 million as of March 31, 2021. The primary reasons for this decline were impairments of EUR 21.3 million to the goodwill of the cash-generating unit Tolling-EMEA (formerly: ETC-EMEA) and impairments of other intangible assets (not including goodwill) for the cash-generating unit TM-EMEA (formerly: IMS-EMEA) in the amount of EUR 1.6 million. Furthermore, additional goodwill of EUR 2.8 million (previous year: EUR 15.1 million), which is also allocated to the segment Traffic, was impaired at the level of the parent company KAPSCH-Group Beteiligungs GmbH.

Interests in associates and joint ventures fell by EUR 2.9 million. The reasons for this were the negative proportional results of the joint ventures autoTicket GmbH, Germany, Copiloto Colombia S.A.S., Colombia, and Traffic Technology Services Inc, USA, for a total of EUR -4.5 million. The financing for Traffic Technology Services Inc, USA, of EUR 1.5 million reduced the decline. Other non-current financial assets and investments rose by EUR 1.4 million. The reason was the financing of the joint venture autoTicket GmbH, Germany, in the amount of EUR +7.3 million, which more than compensated for the decline in the investment in Q-Free ASA, Norway (EUR -5.7 million). Deferred tax assets rose from EUR 26.3 million to EUR 42.9 million. This was mainly due to deferred tax assets on tax loss carry-forwards in the USA.

Inventories fell from EUR 55.7 million to EUR 41.7 million. This was due in particular to developments in Austria (EUR -8.9 million) and in the USA (EUR -8.1 million), with the majority in the USA being due to higher impairments for inventories.

The item "Trade receivables and other current assets" decreased by a total of EUR 46.9 million in comparison to March 31, 2020. The drop largely resulted from a payment in connection with the implementation of the nation-wide passenger car and truck toll system in Bulgaria (EUR 27.6 million), lower trade receivables in Belarus (EUR 5.5 million), and the reclassification of EUR 3.3 million to non-current trade receivables. Non-current and current contract assets also fell by EUR 40.8 million, which was largely due to projects in the United States (including margin adjustments for these projects).

Cash and cash equivalents—despite a slightly positive free cash flow in financial year 2020/21—fell by EUR 20.6 million in comparison to March 31, 2020. The reasons for this were repayments of financial liabilities and payments for leasing.

Liabilities and equity.
Non-current financial liabilities fell in financial year 2020/21 by around EUR 64.3 million to EUR 120.9 million, while current financial liabilities increased by EUR 51.7 million to EUR 102.4 million. The main reason for this change was the reclassification of the promissory note bond due for repayment in mid-June 2021 (EUR 42.9 million), which was reclassified from non-current to current. As of March 31, 2021, non-current lease liabilities amounted to EUR 35.7 million (previous year: EUR 50.1 million) and current lease liabilities amounted to EUR 13.6 million (previous year: EUR 13.6 million). Besides the repayment of lease liabilities in the amount of EUR 14.0 million, there was also an adjustment of right-of-use assets from leases and of lease liabilities in Sweden. This adjustment was necessary since the original assumptions changed over the termination of a major lease agreement.

Short-term provisions rose to EUR 42.5 million (previous year: EUR 23.4 million), mainly due to higher provisions for losses from onerous contracts and provisions for restructuring costs as well as provisions for legal disputes in the USA.

Equity as of March 31, 2021 was EUR 84.8 million, and therefore EUR 97.7 million lower than at the end of the previous year. Mainly, the "Total comprehensive income for the period" of EUR -96.2 million had a negative impact. The equity ratio as of March 31, 2021 was 14.3% (March 31, 2020: 25.1%).

Financial position segment Traffic.

Cash flow.
The cash flow from operating activities in financial year 2020/21 was positive at EUR 11.1 million (previous year: EUR +33.4 million).

Although the substantial increase in amortization, depreciation and impairments did not have an impact on payments, the cash flow from earnings was EUR -71.8 million (previous year: EUR +2.1 million). The position "change in non-current trade payables, non-current contract liabilities and other non-current liabilities and provisions" was positive at EUR 6.7 million in comparison to the amount of EUR -4.7 million in the previous year. The main reason for this was the increase in non-current contract liabilities. Changes in net working capital amounted to EUR +82.9 million (previous year: EUR +31.3 million). In particular, total trade receivables, current contract assets and other current assets fell by EUR 79.1 million (previous year: decline of EUR 16.9 million). Inventories fell by EUR 13.9 million (previous year: decline of EUR 8.4 million). The decline in trade payables, current contract liabilities, and other liabilities had a negative impact of EUR -29.2 million on the cash flow (previous year: negative impact of EUR 2.7 million). The increase in current provisions of EUR 19.1 million again compensated for this in part (previous year: increase of EUR 8.6 million).

The cash flow from investing activities amounted to EUR -6.8 million in financial year 2020/21 (previous year: EUR -31.0 million). Net CAPEX fell from EUR 11.4 million in the previous year to EUR 5.4 million in the reporting period due to cost savings. Payments made for the acquisition of securities, investments, and other non-current financial assets included financing for the joint venture autoTicket GmbH, Germany, in the amount of EUR -17.9 million in the previous year, which was converted to equity as of March 31, 2020. In financial year 2020/21, EUR 7.3 million in financing was provided for this joint venture. Payments for the acquisition of shares in at-equity-consolidated entities related to payments to and a share increase in the associated company Traffic Technology Services Inc., USA, in financial year 2020/21. Contributions of EUR 1.3 million were generated from the sale of the subsidiaries FLUIDTIME Data Services GmbH, Vienna, and Kapsch TrafficCom Construction & Realization spol. s.r.o., Czech Republic. The sale of the shares in Q-Free ASA, Norway, led to contributions of EUR 6.1 million, which are included under "Proceeds from the disposal of securities and other financial assets" in the financial year.

The free cash flow (cash flow from operating activities plus cash flow from investment activities) was EUR 4.3 million in financial year 2020/21 (previous year: EUR 2.4 million). This development reflects the decline in net working capital.

The cash flow from financing activities in financial year 2020/21 was negative at EUR -26.8 million (previous year: EUR +31.4 million). In the previous year, this was primarily due to the increase in non-current financial liabilities in the amount of EUR 62.6 million. In the financial year, financial liabilities of EUR 11.4 million were paid. Payments made in connection with lease agreements totaled EUR -14.0 million and were similar to the previous year (previous year: EUR -13.6 million). Payments for the acquisition of non-controlling interests amounted to EUR 1.4 million in the financial year and were due to the acquisition of the remaining shares in tolltickets GmbH, Germany. In the previous year, this related to earn-out payments from previous acquisitions in the amount of EUR 2.0 million. In the financial year, no dividends were paid (previous year: EUR 19.5 million).

Cash and cash equivalents as of March 31, 2021 totaled EUR 102.0 million (March 31, 2020: EUR 122.6 million).

Other key figures.
The following figures and analyses relate to the “Traffic sub-group”, which reflects the consolidated financial statements of Kapsch TrafficCom AG. At the level of Kapsch Group, valuation effects for projects in the US in the amount of EUR -10.0 million were already included in the fiscal year 2019/20, which will show a positive effect in the fiscal year 2020/21. Furthermore, the additional impairment of goodwill belonging to the segment Traffic at the level of the parent company KAPSCH-Group Beteiligungs GmbH in the amount of EUR 2.8 million (previous year: EUR 15.1 million) is not taken into account.

in EUR million	2019/20	2020/21	Change	
Total assets	727.2	593.2	-134.0	-18%
Equity	182.5	84.8	-97.7	-54%
Equity ratio in %	25.1	14.3		
Cash and cash equivalents	122.6	102.0	-20.6	-17%
Net debt [1]	-162.1	-169.6	-7.5	-5%
Gearing in % [2]	88.8	200.1	111.3	125%
Capital expenditure [3]	44.0	19.8	-24.2	-55%
Research and development [4]	130.7	106.6	-24.1	-18%
Employees, as of March 31	5,104	4,657	-447	-9%

1) Cash and cash equivalents + other current financial assets - financial liabilities - lease liabilities
2) Net debt/equity
3) Investments to purchase property, plant and equipment and intangible assets including IFRS 16 additions
4) Research and development expenses include only non-group costs

Net debt reached EUR 169.6 million (March 31, 2020: EUR 175.7 million), which equates to a gearing of 200.1% (March 31, 2020: 96.3%). Net debt was similar to the previous year, despite the decline in financial liabilities and lease liabilities, due to the drop in cash and cash equivalents. Since equity fell significantly, however, the gearing increased substantially.

The number of employees in the segment Traffic fell by 447 as of the balance sheet date. In the Czech Republic and Zambia, staff were reduced because the projects there had expired or were terminated, and in Austria and South Africa, staff were reduced due to cost-cutting measures.

3.2 Segment Enterprise.

This segment is represented by Kapsch BusinessCom AG as well as all direct and indirect subsidiaries **(sub-group Enterprise)**. KAPSCH-Group Beteiligungs GmbH owns a 94.9% stake in this company.

The Kapsch BusinessCom Group is a company of the Kapsch Group. 1,567 employees generated revenues of EUR 458.3 million in financial year 2020/21. Kapsch BusinessCom successfully continued the strategy launched in the previous financial year in the DACH region. In the past financial year, Kapsch BusinessCom achieved the best result in its history. The strategy adopted by management, together with appropriate acquisitions, has proven to be correct and will be pursued in the following financial years. The effects of the COVID-19-pandemic were well managed in the past financial year. Management started short-time work in March 2020 to cushion the expected decline in sales. From the third quarter of the financial year onwards, there was a significant increase in revenue and, due to lockdowns, lower office expenses, marketing and advertising costs, travel expenses and training costs. Managing the pandemic is the biggest challenge for management, but time has shown that the Kapsch BusinessCom Group is well positioned for its customers with its portfolio and digitalisation strategy.

In the segment Enterprise, Kapsch provides its customers with the following portfolio:

System Integration:
- Connected Platforms & Applications
- Unified Collaboration
- Intelligent Network
- Security Solutions
- Converged Infrastructure
- Industry-specific Solutions

Digital Solutions:
- Software development
- Consulting/Workshops
- New Ventures
- Artificial Intelligence
- Digitalization of Business Processes

Managed Services:+
- ICT-Services and Outsourcing

Product & Services Hub:
- Cyber Defence Center
- Smart Identity and Signature Service

Business fields and strategy.
As a leading digitization partner with 1,567 employees, the Kapsch BusinessCom Group helps companies increase their business performance and develop new business models. Kapsch acts as a consultant, system supplier and service provider. Kapsch's comprehensive know-how in handling large data volumes and security as well as a large number of successful use cases in numerous industries makes it the ideal companion for the digital transformation. The extensive portfolio includes technology solutions for intelligent and, above all, secure ICT infrastructure, smart building, media and security technology as well as outsourcing services. The portfolio is rounded out by numerous services such as consulting, project management, installation, training, service and operating as well as financing solutions.

Kapsch relies on manufacturer independence and partnerships with leading global providers as well as a digital ecosystem of partners with research and industry-specific solutions – from start-ups to large corporations.

Partner for digital transformation. “We transform ideas into business value”. Kapsch BusinessCom is the ideal companion for the process of digital transformation in accordance with this service commitment and combined with a deep understanding of customer processes, extensive know-how in the handling of Big Data and security issues, as well as a range of successfully implemented use cases in the widely varying industries.

Customers benefit from the many years of experience with IT and communication solutions as well as an established and proven business ecosystem of partners. Kapsch BusinessCom puts together individual solution packages for customers, together with IT manufacturers and providers of specialized solutions.

Digital transformation in all industries. Digitalization affects all industries: service providers, retail, industry, healthcare, and finance. Not only are new technologies used to improve existing processes, but also to develop new business opportunities. Given that the fundamental principles of digitalization are always the same, very different industries are able to learn from each other. As such, innovations from the healthcare sector can be applied to the retail or automotive sector, for example in the form of digital “health files” for cars. Start-ups are also part of the Kapsch BusinessCom ecosystem. In this context, Kapsch often acts as an incubator to supplement new innovative ideas with its Big Data or security know-how, and to provide the necessary personnel resources so as to be able to implement large-scale projects.

Here, Kapsch draws on its many years of experience in the areas of ICT and digitalization, providing the infrastructure required to be able to implement new business models and ideas.

Reliable ICT partner in a digital ecosystem. Alongside the new business segments arising out of the digital transformation, Kapsch BusinessCom continues to act as an ICT service partner to its customers. In addition to solution development, system integration, and performing optimization measures, Kapsch BusinessCom also operates classic ICT solutions.

Independently from manufacturers but jointly with acknowledged technology partners like Cisco, Hewlett Packard Enterprise or Microsoft and a digital ecosystem consisting of institutions in research and development and start-ups, Kapsch acts as consulting partner, system supplier and service provider.

With a total of five sites in Austria and subsidiaries in Czech Republic, Romania, Switzerland and Germany, Kapsch BusinessCom is regionally well positioned and guides various customers through expansion steps.

Earnings situation segment Enterprise.

Segment revenues rose by EUR 49.7 million to EUR 458.3 million (previous year: EUR 408.6 million). This is primarily due to the fact that in Austria once again record revenues of EUR 366.4 million were achieved with an increase of EUR 42.1 million or 13%. A significant increase in revenues was also achieved in the Western Europe region where they rose by EUR 3.6 million or 6% to EUR 62.1 million, which is attributable to the intensified business activities in Germany and Switzerland. There was also an increase in the Central and Eastern Europe region with EUR 24.6 million (EUR 4.4 million or +22%), especially in Romania. The region Other contributed EUR 5.1 million (EUR -0.4 million or -7%).

A detailed analysis based on type of business shows that revenues in the project business and in service, maintenance and operations rose to a new record level.

Segment revenue is split into the System Integration, Digital Services, Managed Services and Other portfolios. The large-scale projects making a significant contribution to this pleasing performance in revenues during the past financial year were, among others, in the division System Integration, projects for the Federal Ministry of Defence, Vienna City Council, EVN AG and the Allianz Group, and, in the division Digital Services, projects for T-Mobile Austria, OEBB Holding AG and Vorarlberger Illwerke AG. In the division of Managed Services, projects for ORF, Allianz Group and Gas Connect Austria were responsible for the increase in revenues.

In financial year 2020/21 other operating income increased to EUR 8.8 million (previous year: EUR 3.1 million). In financial year 2020/21, this included income of EUR 2.3 million (previous year: EUR 0 million) from subsidies related to the COVID-19 pandemic and operating foreign currency gains of EUR 3.2 million (previous year: EUR 1.4 million), mainly from exchange rate fluctuations of the US dollar in respect to euro.

Cost of materials and other production services increased by EUR 39.2 million to EUR 296.1 million (previous year: EUR 256.9 million). The ratio for material and other production services to revenues deteriorated from 62.9% to 64.6%.

Staff costs rose by 11% to EUR 123.9 million (previous year: EUR 112.0 million) and reflect the increase in employees by 106 people to 1,567 employees. The staff ratio (ratio of personnel expenses to revenues) remained unchanged by 27% compared to the previous year.

Expenses for amortization and depreciation increased to EUR 12.2 million (previous year: EUR 9.8 million). This includes depreciation on right-of-use assets from leasing of EUR 4.9 million (previous year: EUR 4.2 million). In the previous year, an impairment of goodwill of EUR 0.9 million was also considered.

Other operating expenses fell to EUR 20.9 million in 2020/21 (previous year: EUR 23.6 million). The main items within other operating expenses in financial year 2020/21 were communication and IT expenses at EUR 3.2 million (previous year: EUR 3.1 million), automobile expenses at EUR 2.4 million (previous year: EUR 3.3 million), license and patent expenses at EUR 2.4 million (previous year: EUR 2.1 million) and rental and other building expenses at EUR 2.1 million (previous year: EUR 1.8 million). Due to the effects of the COVID-19 pandemic and a savings programme, marketing and advertising expenses fell by EUR 2.0 million to EUR 1.4 million and travel expenses by EUR 1.2 million to EUR 0.4 million in the financial year 2020/21. The operating foreign currency losses of EUR 0.8 million in the financial year 2020/21 were higher than in the previous year (EUR 0.5 million) and are primarily due to the exchange rate fluctuations of the US dollar currency in respect to euro.

The operating result in the segment Enterprise (EBIT) increased from EUR 8.9 million in the previous year to EUR 13.7 million. This confirms that Kapsch was able to achieve a very satisfactory result in the segment Enterprise in addition to the significant revenue growth. At EUR 25.9 million, EBITDA was even EUR 6.3 million or 32% higher than in the previous year.

The financial result amounted to EUR -1.2 million and was thus at about the same level as in the previous year (EUR -1.7 million). The proportional result from associates increased from EUR 0.5 million to EUR 0.6 million, mainly due to the improvement in the proportionate result of Kapsch Financial Services GmbH and CALPANA business services GmbH.

Result before income taxes of EUR 13.2 million (previous year: EUR 7.7 million) and net profit for the period of EUR 9.8 million (previous year: EUR 5.3 million) were again significantly higher than the previous year.

Net assets position segment Enterprise.

The balance sheet total in the segment Enterprise increased to EUR 279.5 million in the past financial year and was thus EUR 41.5 million or 17% above the previous year's level.

Non-current assets increased by EUR 15.0 million or +16% to EUR 107.8 million, current assets rose to EUR 171.7 million (EUR +26.5 million or +18%). Inventories rose by EUR 0.6 million to EUR 5.6 million and cash and cash equivalents decreased by EUR -6.1 million or -25% to EUR 17.8 million compared to the previous year.

Non-current liabilities increased to EUR 103.1 million (EUR +21.5 million or +26%). While non-current financial liabilities were reduced by EUR -1.9 million to EUR 3.2 million, non-current lease liabilities increased by EUR 22.0 million and employee benefit obligations for pensions and severance payments by EUR 1.2 million, non-current provisions as well as other non-current liabilities remained roughly at the previous year's level. Current liabilities increased by EUR 10.2 million or +8% to EUR 142.1 million. Current financial liabilities remained at the previous year's level of EUR 1.9 million (previous year: EUR 1.9 million).

Equity increased by EUR 9.8 million or 40% to EUR 34.2 million. The equity ratio rose from 10.3% to 12.2%.

Financial position segment Enterprise.

Cash flow.

At EUR 10.6 million, cash flow from operating activities was below the previous year's positive figure of EUR 28.9 million. This decline was mainly due to the change in net working capital of EUR -11.0 million (previous year: EUR +13.1 million).

At EUR -9.6 million, cash flow from investing activities was significantly more negative than in the previous year (EUR -4.6 million). In particular, purchases of intangible assets that were capitalised as assets contributed to this. The acquisition of entities had a positive effect of EUR 1.7 million (previous year: EUR 0.03 million), as more cash and cash equivalents were acquired than the purchase price paid.

Free cash flow (cash flow from operating activities plus cash flow from investing activities) amounted to EUR 0.9 million in the financial year 2020/21 (previous year: EUR 24.3 million).

Cash flow from financing activities was also negative in the past financial year at EUR -7.0 million (previous year: EUR -6.3 million). This value includes lease payments and the further reduction of financial liabilities.

The total cash flow of EUR -6.0 million (previous year: EUR 18 million) was consequently significantly below the previous year's value.

Other key figures.

in EUR million	2019/20	2020/21	Change	
Total assets	237.9	279.5	41.5	17%
Equity	24.4	34.2	9.8	40%
Equity ratio in %	10.3	12.2		
Cash and cash equivalents	24.0	17.8	-6.1	-25%
Net debt [1]	-49.2	-63.9	-14.7	-30%
Gearing in % [2]	201.8	186.8	-15.0	-7%
Capital expenditure [3]	12.8	15.5	2.7	21%
Research and development [4]	4.2	3.0	-1.2	-28%
Employees, as of March 31	1,461	1,567	106	7%

[1] Cash and cash equivalents + other current financial assets - financial liabilities - lease liabilities
[2] Net debt/equity
[3] Investments to purchase property, plant and equipment and intangible assets including IFRS 16 additions
[4] Research and development expenses include only non-Group costs

Net debt increased significantly to EUR -63.9 million (EUR +14.7 million or +30%) compared to the previous year, mainly due to the project-related increase in lease liabilities and the decrease in cash and cash equivalents.

In addition to the assets in the sub-group Enterprise, there is also goodwill allocated to the segment Enterprise at the level of KAPSCH-Group Beteiligungs GmbH amounting to EUR 12.1 million, which was shown to be recoverable in the course of the impairment test carried out.

Research and development expenses amounted to EUR 3.0 million (previous year: EUR 4.2 million). This corresponds to a decrease of EUR 1.2 million or 28%. In the segment Enterprise, investments are made in the development of own solutions, especially in the area of software applications and customer-specific digitalisation solutions. The share of expenses on research and development as a percentage of revenues is 1% (previous year: 2%).

The number of employees in the segment Enterprise increased by 106 due to a further increase in resources in Austria and amounted to 1,567 employees on the balance sheet date (previous year 1,461 employees).

3.3 Discontinued operations.

The segment Carrier as well as the operating part of the segment Public Transport (only the parent company of this sub-group Kapsch Public Transport GmbH remains within the Kapsch Group and is now included in the segment Others) were sold to S&T AG, Austria, effective May 31, 2019. These operations have been reported as discontinued operations in accordance with IFRS 5.

In the two months from April 1 to May 31, 2019, these units therefore contributed the last revenues, earnings and cash flow within the Kapsch Group, as reported in Note 12 of the consolidated financial statements. These figures also include the deconsolidation effects of the corresponding units.

3.4 Segment Others.

This segment mainly includes the companies KAPSCH-Group Beteiligungs GmbH, Kapsch Aktiengesellschaft and Kapsch Partner Solutions GmbH, which are relevant for the management of the Group. GmbH, Kapsch Aktiengesellschaft and Kapsch Partner Solutions GmbH as well as all activities of Kapsch ConnexPlus GmbH are allocated to this segment.

On the one hand, the central companies are responsible for the strategic and operational management of the Group companies, Group marketing, the central legal department, Group accounting and controlling, central financial planning and financing activities, insurance management and internal auditing. On the other hand, all personnel-related services such as personnel administration, recruitment, personnel development and travel management services for the entire Group are also provided there. Personnel training is also provided for external clients.

Kapsch ConnexPlus GmbH has been operating a multi-storey car park since July 2014, where parking spaces are made available to interested long-term parkers.

4 Miscellaneous company information.

4.1 Research and development.

Research and development activities are a high priority for the Group in terms of pursuing its strategic goals in all corporate divisions. Successful research is a key prerequisite for the ongoing improvement of existing products and systems as well as the continuous reduction of production, installation, operating and maintenance costs, and for the early identification of new trends. Knowledge and the availability of entirely new technologies, based on national and international standards, form the basis for successful business development and also enable the Group to enter new markets.

To ensure the continued innovative strength of the company, all of the strategic business areas of Kapsch Group have development departments that focus specifically on solutions reflecting the needs of customers. These research and development activities are complemented in some areas by joint projects and close collaboration with universities, public and private institutes, as well as technology and research companies.

The established structure with Solution Centers and a Corporate Technology function ensures a tight alignment along the solution portfolio, technological capabilities and innovation activities with the corporate strategy. Solution Centers oversee a specific market/solution segment. Their task is to define, develop and – in close cooperation with the sales regions – market products and solutions in their area of responsibility. Furthermore, the Solution Centers shall support the sales regions to ensure a seamless delivery of customer-specific solutions. Corporate Technology is a cross functional organization supporting the Solution Centers. Major objectives are to identify and evaluate emerging new technologies as a key lever to stay competitive. Furthermore, Corporate Technology develops and integrates solutions built from products and solutions of different Solution Centers. Also, this organization provides tools, processes, common services and modules used by the Solution Centers and supports with IPR (intellectual property rights) issues.

In financial year 2020/21, Kapsch Group downsized the patent portfolio so that it is strictly focused on the core business of the company. Unused patents or patents with obsolete technologies were abandoned. As of March 31, 2021, the patent portfolio comprised 140 patent families (compared to the previous year, 23 were abandoned and three expired) with more than 1,054 individual patents and 81 pending patent applications.

Amtech Systems, LLC filed lawsuits against Kapsch TrafficCom in November 2020 in US Federal District Court in Texas and the International Trade Commission. Both lawsuits allege Kapsch TrafficCom infringement of Amtech-held US patents related to RFID technology for multi-protocol readers and tolling transponders. Kapsch TrafficCom denies infringement of the patents and is vigorously defending the lawsuits. 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.

In the **segment Traffic** Kapsch has major development sites in Austria, Sweden, Argentina, the USA, Canada and Spain. These sites all around the globe support the research and development initiatives in the areas of programming, systems engineering and various other related technology activities. On March 31, 2021, Kapsch TrafficCom employed 762 engineers (previous year: 942 engineers) for its research and development activities.

The development expenses of Kapsch TrafficCom amounted to EUR 106.6 million in financial year 2020/21 (previous year: EUR 130.7 million). The breakdown of development expenses was as follows: Expenses for customer-specific developments amounted to EUR 60.8 million (previous year: EUR 69.7 million), the expenses for product management, development support and generic development totaled EUR 45.9 million (previous year: EUR 61.0 million). The share of these costs in the subgroup's revenue thus rose to around 21% (previous year: 18%).

In the **segment Enterprise** Kapsch Group has a total of 50 employees in Austria and the Czech Republic working on software development. The Company invested EUR 3.0 million in development during the past financial year (previous year: EUR 4.1 million), which corresponds to a decrease of EUR 1.2 million or +28%. As part of the Professional Services corporate function, Kapsch BusinessCom AG provides not only development services, but also 2nd and 3rd level support for its customers and operates a training center. Overall, several research projects were submitted to and approved by the Austrian Research Promotion Agency (Forschungsförderungsgesellschaft, FFG) in the past financial year, in some cases together with partners. Multiple research projects were launched, particularly in the area of invitations to bid for City of the Future and Production of the Future.

In financial year 2020/21, research and development expenses in Kapsch Group decreased to EUR 109.6 million (previous year: EUR 134.8 million). However, at 11.4%, research and development expenses as a percentage of consolidated revenues remained at the previous year's level (11.8%).

Research costs are always reported as an expense. Development costs are generally capitalized in accordance with IAS 38 and only recognized as an expense if the IFRS criteria for recognition as an intangible asset are not met. The application of the total cost type of expenditure method means that the research and development costs recognized as expenses are reported in various items of the statement of comprehensive income, in particular under cost of materials and other purchased services, personnel expenses and other operating expenses.

4.2 Non-financial performance indicators.

Sustainable management.
Kapsch Group sees itself as particularly committed to the central aspects of sustainability, not least due to the business model of the company. Securing the long-term stability of the company in consideration of all economic, environmental, and social perspectives is an overarching goal in this area, and Kapsch is committed to a consistent focus on sustainability. The focus here is on the conservative and sparing use of all types of resources, safeguarding profitability and innovative thinking, as well as ensuring equal opportunities and fairness towards all the relevant stakeholders.

Kapsch makes an important contribution to society and to improving environmental and climate protection by means of innovative products and services. In addition, Kapsch also works consistently in its own sphere of activity to minimize the consumption of resources and any environmental impact. Correspondingly high is the value placed on research and development activities that are intended to ensure future company successes and which serve to drive development in the current business segments.

Another major issue for Kapsch Group is ensuring a continuous and effective focus on sustainability. Work has begun over the past few years to systematize related agendas here. For the subgroup Kapsch TrafficCom Group, a consolidated non-financial report is prepared due to legal provisions.

At Kapsch TrafficCom, Georg Kapsch assumed responsibility for the Environment/Social/Governance (ESG) topic complex on the Managing Board and two ESG coordinators were appointed to coordinate the various (non-financial) sustainability initiatives in the Group. ESG reporting is to be gradually expanded over the next few years and brought into line with international standards. The first steps will be a new stakeholder and materiality analysis. Kapsch TrafficCom is also dealing with the provisions of the EU Taxonomy Regulation. It requires companies to disclose “how and to what extent the company’s activities are linked to economic activities that are to be classified as environmentally sustainable economic activities” according to the regulation. Depending on the environmental objective according to the Taxonomy Regulation, this obligation will apply from 1 January 2022 or 1 January 2023.

Environmental issues.
The various subsidiaries of Kapsch Group have certified environmental management systems according to ISO 14001, the aim of which, among others, is to minimize environmental impacts and resource use on a continual basis. In addition, these companies comply with legal obligations relating to waste disposal alongside memberships of Altstoff Recycling Austria AG and Umweltforum Haushalt.

The commercial activities of Kapsch Group are associated with the consumption of raw materials and the release of climate-relevant emissions. Kapsch works hard to minimize such factors and their effects by implementing targeted measures to improve both environmental and climate protection. The majority of the climate-relevant effects result from the operations of the subsidiary Kapsch Components GmbH & Co KG, which is responsible for manufacturing, as well as from the vehicle fleet of the entire Group.

Kapsch TrafficCom addresses challenges in the area of traffic that are associated with megatrends. The company's products and solutions help to maintain and further expand the existing road infrastructure, to use existing traffic routes efficiently, to reduce the environmental impact (especially emissions in the form of greenhouse gases, particulate matter and noise) caused by traffic, to control the behaviour of road users and to increase road safety. The EU Taxonomy Regulation (Regulation (EU) 2019/2088) explicitly mentions better traffic management as one of the areas to be invested in for the purpose of financing sustainable growth.

Kapsch TrafficCom's business activities already support environmental goals through both Tolling solutions and Traffic management. The company'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.

Personnel – Kapsch as an attractive and responsible employer.
The success of a company depends on the loyalty, motivation, and performance of its employees as well as on the possibility of being able to recruit sufficiently qualified employees if necessary. Companies are differentiated by the demands placed on their employees and the way they treat them. Kapsch regards employees not simply as human resources, but as a team that – motivated by different personal interests and needs – drives the company forward. Remuneration in line with global market standards is a matter of course at Kapsch.

Kapsch Group combines an international orientation with the roots of a modern family business. Entrepreneurship, market-oriented and quick decisions as well as an above-average level of commitment and dedication characterize the corporate culture. The company works with a clear understanding that is characterized in particular by mutual respect and a strong sense of “us”. A focus on performance and mutual appreciation leads to a close connection between the company and its employees. It is particularly important to Kapsch Group that it is an attractive and responsible employer for its employees.

It is highly important for the Kapsch Group to act as an attractive and responsible employer. On the reporting date of March 31, 2021, **Kapsch Group had 6,325 employees** (previous year: 6,673 employees). This is an decrease of 348 employees or 5%.

Employee relationships.
At Kapsch Group, on the balance sheet date 87.5% of the workforce were salaried employees (previous year: 87%). Workers employed in the production facilities made up 12.5% (previous year: 13%).

Employees by segment.
In the segment Traffic, the number of employees fell to 4,657 (-447 employees or -9%). The decline mainly affected the Czech Republic, Zambia, Austria and South Africa. In the segment Enterprise there was a further increase of 106 employees or +7% to 1,567 employees. This increase came mainly from Austria, but also a small part from Germany. In the segment Others, the number of employees fell to 101 (previous year: 108 employees).

Education and training.
Kapsch Group believes that the qualifications, above-average dedication, and the ability of its employees to develop solutions are key factors for success. This means that the company places particularly high value on the measures in place to ensure continuous professional development for employees as well as organizational development. A job rotation program has been implemented to encourage multinational employee exchanges, and a trainee management program prepares selected employees for their future duties. Furthermore, a two-year internal trainee program is also offered, during which the trainees can familiarize themselves with various companies and departments within Kapsch Group. When filling vacant positions, both the professional as well as the social skills of the applicants are naturally taken into consideration. Lifelong learning is expected of employees and promoted by the company, with the goal of continuous development being the preservation and expansion of professional and social skills. Managers playing a leading role at Kapsch Group, which is why the personality of applicants is considered when preparing and selecting managers. In the course of leadership training, modular training courses must be taken every year.

In the context of the structured training program at Kapsch University, employees are offered a series of equivalent training packages aimed at various career paths (managers, experts, and project managers). These packages consist of specialist and personality-based training which are both clearly structured and yet also allow individuals to tailor these to their specific needs. The aim is to promote learning and to continually and consistently raise skill levels. The main focus areas here are agile working methods and leadership styles as well as the promotion of innovation. Kapsch also teaches responsible and appreciative employee leadership.

In order to underscore its reputation as an attractive and responsible employer, Kapsch Group has for many years enabled its employees to participate in the success of the company. In addition to this, contributions are paid into an external pension fund according to a defined contribution scheme for employees of Group companies in Austria. Employee satisfaction is a particularly important issue for the company. That is why considerable efforts are made to ensure this. Mutual respect, a sense of community, and loyalty are high priorities at Kapsch. The company firmly believes that this will make it possible to work more effectively and with more quality of life and success. Surveys are regularly conducted on an anonymous basis in order to evaluate the opinions of employees about the company. It is important for Management to find out what employees think about their company, their activities, their executives and their colleagues, what their expectations are for the future, how they assess the working environment, and how satisfied they are with their work. In order to underline the importance of employee satisfaction for the Executive Board, a financial performance incentive was created for all members of the Executive Board based on the results of the employee survey. Annual staff appraisals are a central instrument of personnel and organizational development throughout the Group. They promote cooperation through the structured exchange between managers and employees about the performance achieved over the past twelve months. Staff appraisals also provide a framework for discussing career development perspectives and defining further training.

Furthermore, the personnel management of Kapsch Group also concentrates on encouraging a focus on performance by means of performance-based remuneration systems, making ongoing improvements to occupational health and safety, and by ensuring equal opportunities. In order to optimally accommodate the various needs of the workforce in the different regions, Kapsch takes local action to protect employees and to promote their health. This includes providing occupational healthcare and regularly offering health-related advice, COVID-19 testing, vaccinations, health and eye tests.

Ensuring equal opportunities and promoting women is an active goal within Kapsch Group.
Kapsch attaches particular importance to promoting women, who are supported at Kapsch in particular by means of flexible working hours so they can combine professional and family life. The still relatively low number of female executives at Kapsch is due to the fact that the share of women working in technical fields remains comparatively modest. From the point of view of a technology company, a broader base of female technicians needs to be available. Talented female colleagues are valued and are able to advance to leadership positions within the organization. Achieving this to an even greater extent than today requires long-term initiatives. A group of dedicated employees launched the initiative “women@kapsch”, offering support in terms of individual further development by means of events and networking opportunities. An initiative in the context of women@kapsch with the specific aim of increasing the share of women in management. The company would also like to promote the cooperation of men and women with the aim of harnessing the talents of both. The focus here is not on the classic separation of roles, but rather on reinforcing strengths. The company is also involved in special programs to promote women in the workplace, such as “Frauen in die Technik (FIT)” or “FemTech”. Kapsch also cooperates with schools, universities of applied sciences, and universities to increase the proportion of women employed in all areas of the company. Other measures include the “Women in sales” trainee program and a separate body for equal treatment issues.

Quality management.
Ensuring high standards of quality, safety and robust processes is a top priority in every business unit of Kapsch Group. Kapsch defines its processes in an integrated HSSEQ management system (Health, Safety, Security, Environment, Quality). The basis for this is certifications according to ISO 9001 (quality management, since 2002), to OHSAS 18001 (occupational safety management) and to ISO 14001 (environmental management, since 2005).

Kapsch has established and constantly monitors the necessary measures to safeguard the associated standards in its internal processes. The ISO 27001 certificate defines the necessary information security management. With ISO 20000 for IT service management, a high quality of service is ensured in the area of technical operation. The established HSSEQ Circle meets once a quarter to discuss the status of health and safety, quality, environment and information security goals and measures and to implement measures for further improvement.

Responsibility to society.
Alongside statutory requirements and internal guidelines, the code of conduct of Kapsch Group defines binding principles for ethically, morally, and legally correct behavior that apply to all business units – and therefore to all Kapsch employees. Fighting human rights abuses and corruption of all kinds is a major concern for Kapsch. The code of conduct can be found on the website www.kapsch.net.

Kapsch Group is a member of several organizations to safeguard its own interests and to actively contribute to discussions on current industry issues. In addition to regulatory and legal issues and because of the company's business purpose, the focus is on aspects of intelligent transport systems.

Additionally, within the scope of internal risk management, all business units over which Kapsch has primary control are audited with regard to their risk of corruption and the employees of the first and second management levels are trained in anti-corruption policy and anti-corruption processes. A system of internal guidelines provides a framework for action designed to mitigate the risk of corruption.

Security policy.
Kapsch has drafted the following guiding principles for the targeted use of security measures:

> Information security should promote and support business processes. The issue of information security is also deeply rooted in the organization. This is necessary because the software solutions from Kapsch are also used to process customer and user data. The Company is aware of its responsibility in handling this information and is careful to protect its own data against unauthorized access. Risks and current threats are continuously assessed so that targeted measures can be taken. These typically aim at the three dimensions of humans, process and technology.

> Security measures should be based on the recognized state of the art. The global orientation in this context defines ISO 27001 as the standard reference for the implementation and operation of information security management systems.

> Risk management. As the core process of ISO/IEC 27001, Kapsch has a uniform risk management process for information security that is integrated in corporate risk management. The structured approach to the consideration of risks in connection with information security is derived from the business processes of Kapsch and represents a holistic approach. The risk management process is implemented at all integrated companies, regardless of whether they are formally ISO/IEC 27001 certified or not.

Vulnerability management.
The Kapsch Group uses various channels to monitor whether any security-related vulnerabilities appear in the systems. In addition, active measures are taken, such as regular and automated vulnerability testing of external and in-house systems as well as penetration tests.

Management of security incidents. Kapsch has a centrally organized process with communication chains and escalation structures for security incidents. This ensures that such incidents can be responded to professionally and promptly.

Business continuity management. During the course of the COVID-19 crisis, Kapsch demonstrated, in cooperation within the Kapsch Group, that the established mechanisms for crisis and emergency management work. Productivity within the company was seamlessly maintained thanks to the good combination of technology and processes.

Awareness. One of the most important pillars in the active management of information security is raising awareness among employees. A training program exists for this reason, which is supplemented by periodic mailings and intranet messages on current issues. Occasional emails simulating phishing are used to practice what has been learned.

Protection of personal data.
All Kapsch Group locations in the European Union and all locations providing deliveries or services to/in the EU where personal data is processed are subject to the provisions of the EU General Data Protection Regulation (GDPR). Kapsch has structured itself as follows:

Conception. The company relies on a two-pillar model: Data protection management for the planning of measures and the execution of tasks as well as data protection monitoring to monitor compliance with regulations. As far as possible, structures of existing information security management systems (ISO 27001) and quality management systems (ISO 9001) are used.

Training. Corporate management has received comprehensive training and the specialist departments have been specifically trained for their areas of responsibility in order to ensure that data protection tasks are broadly anchored in the Group. A program for basic training has been set up for the entire workforce.

Processes. In accordance with the “Privacy by Design” requirement, Kapsch has integrated data protection risk activities into the processes for designing and developing products and solutions. The company also revised its processes for exercising the rights of data subjects and the processes to be used in the case of data corruption.

Transparency. When collecting personal data, the company complies with the extended information requirements of the GDPR. This means that data subjects will now be informed more fully about the processing of their data.

Erasure periods. All erasure periods for personal data were checked and adjusted if necessary.

Cultural and social responsibility.
Kapsch Group actively acknowledges its social responsibility, supporting selected local, regional, and global cultural and social projects and institutions. In doing so, Kapsch is well aware of the sustainable and longterm role of its support. For instance, a general partnership with the Vienna Concert House has existed since 1992, appealing to new audiences on an ongoing basis with unconventional programs, albeit without losing support from long-standing friends of the establishment. The “Wien Modern” festival – one of the world’s most renowned festivals of contemporary music – has been a recipient of support since 1989. In 2016, another initiative was launched to promote young artists, enabling up-and-coming talent to present work for the first time to an international audience, with the awarding of the Kapsch Contemporary Art Prize in cooperation with mumok Vienna.

However, Kapsch Group also has an acute awareness of its social responsibility, which is reflected in its support for numerous organizations and institutions. These include ‘Doctors without Borders’, Caritas Socialis, the St. Anna Children’s Cancer Research Institute, and CONCORDIA social projects.

4.3 Risk management.

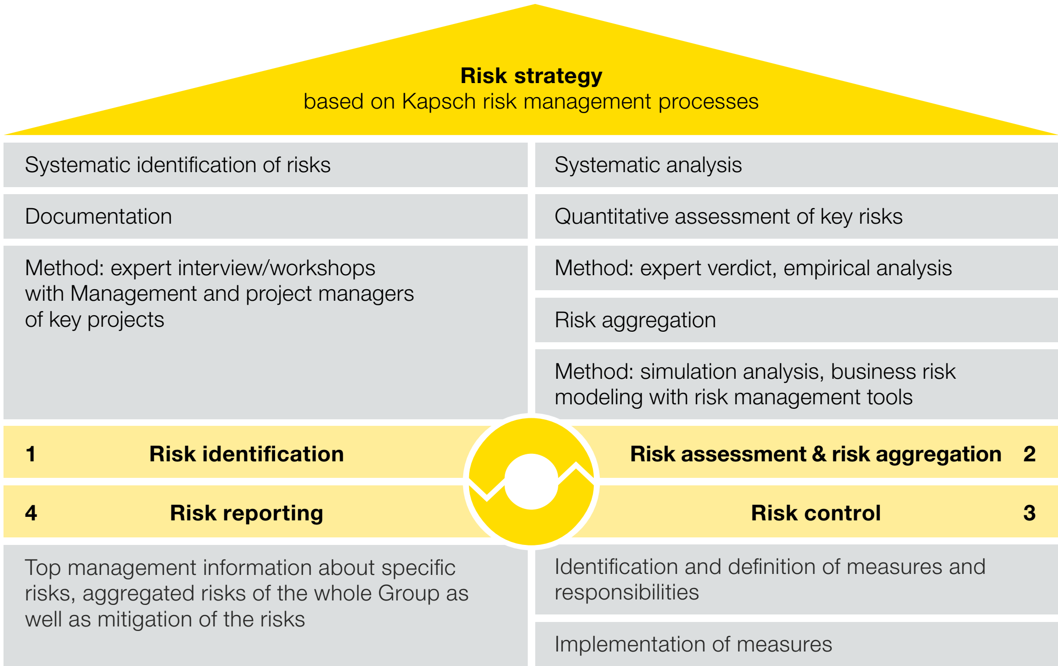
As a technology corporation, Kapsch Group operates in a very dynamic environment. Risks are therefore an integral part of everyday business. Under risk, the company understands the possibility of a deviation from corporate objectives. The risk concept thus encompasses both positive (opportunities) and negative (risks) deviations from planned objectives. Risk management entails the identification and analysis of risks and opportunities.

Risk management system.
Kapsch Group has initiated numerous processes to make its risk management more effective and to establish best practice standards. The position of risk manager has been established in the finance divisions of the main companies and the defined processes are based on the COSO ERM (Enterprise Risk Management Framework of the Committee of Sponsoring Organizations of the Treadway Commission) and ONR 49000/ISO 31000 Risk Management Systems, the set of rules laid down by the Austrian Standards International.

The main focus of risk management is on project risk management and enterprise risk management (ERM):

Project risk management covers both external customer projects as well as internal development projects, beginning in the bid or initiation phase. Using institutionalized processes allows an analysis of all relevant opportunities and risks pertaining to the Group’s projects, thereby providing the basis for the timely planning and implementation of risk-mitigating activities.

Enterprise risk management (ERM) analyzes not only Kapsch Group's significant project-related risks but also strategic, technological, organizational, financial, legal, and IT risks. Reports are sent to the Executive Board, the Audit Committee of the Supervisory Board and the first reporting level on a quarterly basis. The ERM approach is aimed at the early identification, assessment, and management of the risks that may materially influence the achievement of the strategic and operational goals of the company. The primary objective in this context is not to avoid risks but to deal with risks in a controlled and deliberate manner and to recognize and realize opportunities as they arise over time in order to make a valuable contribution to the management of the company.



An overview of the major risks faced by the Group, together with the respective risk management measures, can be found below:

Industry-specific risks.

Volatility of new orders. A major portion of the revenues of Kapsch Group is generated from project business and is therefore subject to high levels of volatility. In connection with large projects in the segment Traffic in particular, Kapsch Group regularly participates in tenders for the installation of nationwide, regional or route-dependent toll collection systems as well as the technical and commercial operation of toll collection systems. The ultimate awarding of the contract to Kapsch is thus subject to a series of uncertainties within and beyond its own sphere of influence. Tenders in which Kapsch Group participates or plans to participate could be delayed or withdrawn, for instance as a result of political changes, appeals or legal actions by unsuccessful bidders. On the other hand, there is a risk that Kapsch Group may not win with its bids for new projects due to technological, financial, formal, or other reasons. Continuing revenues from maintenance agreements and from technical operations also depend on the successful participation in tenders for systems. Thus, the successful acquisition of one single nationwide installation project can have an significant impact on revenue development in the current as in future periods.

The strategy of Kapsch Group aims at adequately counteracting volatility in terms of incoming orders and therefore also in sales performance, respectively, in the cash flow from operating activities. This is achieved, on the one hand, through activities in three different business segments and, on the other, by increasing geographical diversification, broadening the customer base and product portfolio, developing of new business areas which are fit to the existing core business, and by constantly increasing the share of revenue from technical operation, including the maintenance of systems as well as the general increase of the share of service revenues. In past financial years, it has been possible to increase revenues on an ongoing basis with smaller- scale construction projects, which also counteracts volatility risk. Furthermore, the commercial operation of toll collection systems and the components business in the segment Traffic have also contributed to increasing the share of calculable, regular, and recurring revenues and cash flows.

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 SARS-CoV-2 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. Electronic toll systems and 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 expenses for third-party systems, expenses for interfaces and other factors accelerating or delaying the handling of projects. Necessary 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.

In connection with the installation of systems, Kapsch Group 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 Group 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 Group 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. The project execution is carried out by project managers certified according to IPMA standards. In the segment Enterprise, the creditworthiness of the customer must be checked as part of the contract acquisition process. In cases in which there is a credit rating risk, the customer is asked to provide additional collateral.

The result of an internal review of the customer projects through the business continuity organization showed that there are only a few impacts to be expected due to the COVID-19-pandamic.

Long-term contracts with public authorities. In many cases, projects are awarded by public agencies or quasi-government companies. Framework agreements and service contracts, especially in connection with toll projects, may include terms and conditions that are not negotiable in a tender process and that may be disadvantageous for Kapsch Group. Some multi-year contracts contain demanding requirements regarding the target performance of the implemented systems, components, and processes. If these requirements are not met, this may result in substantial penalties, liability for damages, or termination of the contract. On the other hand, under some contracts, substantial bonus payments may be earned in the case of over-performance. Moreover, in the case of long-term contracts, the margins earned can also differ from the original calculations due to changes in costs.

Liabilities arising from contracts may include those relating to customers' loss of earnings, product liabilities and other liabilities. While Kapsch Group 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.

Strategic risks.

Innovative power. The strong market position of Kapsch Group is based to a large extent on its ability to develop state-of-the-art, efficient, and reliable systems, components, and products. In this context, Kapsch Group is committed to an ongoing and consistent innovation process. In order to maintain its high technological standards, Kapsch Group invests a considerable portion of its revenues in research and development activities. However, if it is not successful in developing innovative systems, components, and products, this can be detrimental to the competitive position of Kapsch Group.

Since 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 effects on Kapsch Group. In addition, any failures to adequately protect these technologies may have a negative impact on the competitive position of Kapsch Group. Kapsch Group places great emphasis on protecting technologies and the company's internal know-how, such as by means of patents and non-disclosure agreements with contractual parties. On the other hand, it is possible that its systems, components, products, or services may also infringe on the intellectual property rights of third parties.

Acquisition and integration of companies as part of the Group's growth. One of the strategic objectives of Kapsch Group is to expand internationally both through organic growth and via selected acquisitions and joint ventures. International growth opens new opportunities but also entails risks. In implementing this strategy, Kapsch Group has acquired companies around the world and integrated them into the Group. In the course of this inorganic growth, it is necessary to overcome a number of challenges in order to achieve the desired goals and synergies and to leverage the expected opportunities from the acquisition of new technologies and market know-how.

Country risk. Following the strong expansion of business activities in states outside Europe, Kapsch Group is exposed to heightened political risks. 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 and/or withdraw them again. Interference with the property rights of Kapsch Group or problems with business practices and activities may also arise. Kapsch Group includes these risks in the evaluation of such projects.

Financial risks.
Financial risks arise primarily in connection with exchange rate and interest rate fluctuations as well as credit ratings and loans. Sufficient liquidity increases flexibility and the ability to take action rapidly. The main instruments used to monitor and minimize risks are standardized planning and controlling processes, company-wide guidelines, and regular reports.

Foreign exchange risk. As a global company, Kapsch Group 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 in connection with possible exchange rate fluctuations that can be reflected in the consolidated financial statements as exchange rate losses or gains. Kapsch Group strives, as far as is possible, to avoid these transaction risks in the amount of the net currency positions associated with the respective projects or to hedge them, if necessary. However, because the net currency position at the respective payment flow date is often difficult to predict, hedging is only possible to a limited extent. The remaining exchange rate risk is accepted and included in business planning. In addition, risks also arise from the translation of separate financial statements of international companies into the group currency, the euro (translation risk). In addition, long-term disadvantageous exchange rate changes in particular can also cause a change in the position of Kapsch Group relative to competitors, such as when products or services based on a euro cost structure can no longer be offered at competitive prices or rates outside the euro zone. In principle, only operational risks are hedged, speculative transactions are not permitted within the Group.

Interest rate risk. Within the framework of project financing, the Group regularly agrees to variable interest rates that are tied to market interest rates (for example Euribor). This exposes Kapsch Group to interest rate risks. Kapsch Group utilizes appropriate financial instruments to hedge against interest rate risks when these risks are significant.

Liquidity risk. Sufficient financial resources have to be available for Kapsch Group to meet its payment obligations at all times. Medium and long-term financing must be available in order to carry out major projects (such as implementing a national toll collection system under delayed payment terms) and to acquire other companies. Additionally, implementing large-scale projects often requires the provision of significant bank guarantees to back bid obligations (bid bonds) or cover possible warranty claims (performance bonds).

In financing agreements, Kapsch Group is subject to the usual limitations on its business policy, such as, for instance, with regard to taking on additional borrowings, the use of assets as collateral or the provision of guarantees/sureties in favor of third parties. The availability of financing and bank guarantees is subject to market conditions as well as, in particular, the net asset, financial, and earnings positions of Kapsch Group. A lack of liquid assets (even if the Group is otherwise essentially solvent), of financing, or of bank guarantees can have an extremely adverse impact on the net asset, financial, and earnings positions of Kapsch Group.

Furthermore, the liquidity risk is mitigated by ongoing group-wide financial planning and cash flow forecasting. Potential liquidity shortages can be identified in this way and adequate countermeasures taken in good time.

Credit risk. Kapsch Group is exposed to the risk of non-payment by customers. Since the main customers of Kapsch Group are often large public or formerly public network operators, the bad debt risk is considered to be very low. However, Kapsch also acts as a subcontractor to third parties (for example concessionaires, or general contractors) in public sector projects. The extent of a potential default varies depending on the size of the project and may have a noticeable impact on the results of operations in the case of individual largescale projects. The creditworthiness of new and existing customers is continuously reviewed as required and hedged in accordance with the assessment of the existing payment default risk. In addition, Kapsch Group 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 (including financial institutions assumed to have good credit ratings) of both original and derivative financial instruments cannot meet their payment obligations when these fall due. A payment default or the need to impair receivables can have an extremely adverse impact on the net asset, financial, and earnings positions of Kapsch Group.

Personnel risk.
The success of Kapsch Group depends heavily on key personnel with many years of experience in the individual business segments. Moreover, Kapsch Group's ability to recruit qualified staff, integrate them into the company, and retain them over the long term is crucial in the current growth phase. The loss of key personnel and difficulties in recruiting personnel can adversely affect the success of the Group.

Kapsch Group has implemented a number of attractive measures, such as incentive schemes, training and further education opportunities, etc. in order to mitigate this risk. A periodic employee survey helps Management identify current issues, concerns, and wishes, as well as to assess the general mood.

Legal risks.
In connection with participating in the tenders of public authorities, the construction of infrastructure for ITS solutions (such as toll stations), and the operation of toll collection systems, but also the increasingly complex requirements in the other segments, a number of regulations and legal requirements have to be complied with. Recording, monitoring, and implementing legal regulations and requirements can result in considerable administrative, technical, and commercial expense. 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 various markets in which Kapsch Group operates are impacted by numerous legal provisions on an international and national level. In this context, Kapsch Group is exposed to the risk that certain regulations, such as data protection laws or environmental and safety requirements, might have negative impacts on business activities.

The further expansion of business activities into new regions and selected new business areas tends to increase the risk of patent violations or the violation of intellectual property rights (IPR) which could result in financial damages as a result of lawsuits, court actions, and settlement proceedings. Kapsch Group 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.

IT risks.
As a technology company, Kapsch Group is exposed to common IT risks in terms of the security, confidentiality, and availability of data. Kapsch has introduced an IT risk management system based on the Corporate Risk Application Method CRISAM® and is certified in accordance with ISO 27001 (Information Security Management). In the area of toll collection systems, Kapsch is certified under ISO 20000 ("IT Service Management") and is pushing ahead with the roll-out of CRISAM® as an IT risk management tool within the Group.

In this context, Kapsch not only prioritizes greater IT security but also takes a holistic view of the crucial area of security. For example, building and infrastructure security were also increased, and regular training courses are held to raise employee awareness of security issues.

Opportunities.
The enterprise risk management (ERM) approach of Kapsch Group not only deals with risks but also with the regular identification, measurement, and exploitation of opportunities in its markets. The aim 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.

Particularly in the segment Traffic, market opportunities exist in geographic diversification as well as in increasing the expansion of the customer and product portfolio, driven in part by the following factors:

Due to the increasing financing requirements of infrastructure projects and the growing need to relieve federal budgets, there exists an opportunity to develop new markets, especially in emerging and developing countries, as well as to expand 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 also exist to win new customers or to offer new concepts to public authorities as well as to end customers. Of particular note are the opportunities in the areas of tolling as a service and mobility as a service.

Other opportunities. Constant innovation, technical advancements and the acquisition of new technologies through company acquisitions create opportunities for Kapsch Group 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.

Measures and the impacts in conjunction with the COVID-19-pandemic.
The corporate management of Kapsch Group set up an interdisciplinary task force group at the beginning of the pandemic to intensively address the coronavirus and its impact on the company. The team held frequent discussions in the two segments but also about the Group, and is in close contact with regional management and the members of the Executive Board. The task force consists of members of the departments Business Continuity Management, Facility Management, Information Security, International Subsidiaries, Management Systems & IT, Global IT, Human Resources, Management System HSSEQ & Process Management, Marketing & Communication, Travel Management, and the Works Council.

The global economy in 2020 was dominated by the COVID-19 pandemic and the associated economic crisis. Kapsch TrafficCom, too, experienced a drop in sales especially for components, due to the decreased transportation volume. There were more delays, on the one hand, in tenders and contract awards and, on the other, in the supply chain in individual cases. In addition, visibility relating to new business decreased significantly. Kapsch BusinessCom increased sales, partly due to increasing digitalization and thus new orders in the financial year. Overall, there was no significant effect of the COVID-19 pandemic on the risk situation of Kapsch.

Assessment of the risk situation at the Kapsch Group in summary.
From today's point of view, no risks can be identified that could endanger the continuity of the Kapsch Group. Increasing geographical diversification and the continuous expansion of the product and solution portfolio as well as the customer base enabled dependencies and the concentration of risk in individual regions to be reduced without having to abandon the core business segment. The permanent pursuit of technological leadership, high-quality products and innovative solutions in all segments should also continue to reflect our customers' feeling that they have a partner in Kapsch who will continue to sustainably and reliably support them with the best solutions in the future.

4.4 Internal control system (ICS).

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.

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.

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

The central elements of the ICS process include regular checks according to the principle of dual control, the segregation of duties, and defined actions for monitoring the effectiveness and efficiency of operating activities, the reliability of financial reporting, and compliance with relevant legal regulations. The ICS guidelines follow the basic structures of the internationally recognized standards for internal control systems, COSO – Internal Control and Enterprise Risk Managing Frameworks of the Committee of Sponsoring Organizations of the Treadway Commission.

The accounting of all group transactions 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 size of the relevant subsidiaries. The individual companies submit reporting packages to Head Office on a monthly basis containing all relevant accounting data pertaining to the income statement, the balance sheet and the cash flow statement, as well as contribution margin accounting. These data are then entered into the central consolidation system (Hyperion Financial Management) on an ongoing basis. The financial information is verified on a group-wide basis by the subsidiary and participation controlling department and subsequently forms the basis for the group reports issued 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.

5 Outlook.

The coming financial year 2021/22 will be characterized by change and transformation. On the one hand the Group is preparing for the generational change in the entrepreneurial family and on the other hand, the group assumes that after two negative years with extensive restructuring, financial year 2021/22 should be a period of stabilization and solidification until a dynamic course of growth is pursued again.

Kapsch Group can look back on a history of almost 130 years. Since its founding, Kapsch is always a family-run company – currently in its fourth generation. Its success is based primarily on the personal commitment of the entrepreneurial family, the resulting corporate culture and the fact that the Group has continuously developed and reinvented itself over all these years. With an eye on the next generation of the Kapsch family and to be able to ensure later a smooth transition to the next generation in due course, it is planned to restructure the Group. Kapsch Group now focuses on the companies Kapsch Aktiengesellschaft and, above all, the operational activities of Kapsch TrafficCom. Kapsch Group will be assigned to the sphere of influence of Elisabeth Kapsch and Georg Kapsch and will remain under the leadership of Georg Kapsch as CEO as before. The direct shareholdings of KAPSCH-Group Beteiligungs GmbH, Kapsch TrafficCom AG, Kapsch Aktiengesellschaft and the management thereof by Georg Kapsch will not change as a result

Kapsch Group to restructure.

Kapsch BusinessCom will leave Kapsch Group together with Kari Kapsch. Kari Kapsch will remain chairman of the supervisory board of Kapsch BusinessCom and the management board of Kapsch BusinessCom will also remain unchanged.

The reorganization of Kapsch Group is already being implemented and will probably be completed within the next few weeks once all regulatory approvals have been received. The restructuring process will have no impact on the employees and customers of Kapsch TrafficCom, Kapsch Aktiengesellschaft and Kapsch BusinessCom.

Financial year 2021/22 will be a period of stabilization and solidification and the return to positive results, until a dynamic course of growth is pursued again. The first quarter of financial year 2021/22 has already confirmed these expectations. A decent growth in revenues should be assumed despite the ongoing low visibility in regards to new business.

2021/22 a financial year of stabilization and solidification; profits are expected again.

Also in the North America region, the most important growth market of the company, the focus is on the stabilization of the organization after the extensive restructuring measures. New business is being pursued there with special attention paid to the implementation risk and the margins.

In South Africa, the running contract with the South African National Roads Agency (SANRAL) is expected to end in December 2021. The project currently contributes around EUR 3.7 million per month to Group revenues and a positive EBIT.

Follow-up effects and additional expenses in connection with the restructuring must be expected in the current financial year. For the full year, management expects an EBIT margin in the lower single-digit percentage range.

Kapsch TrafficCom, as main holding of Kapsch Group, published the new corporate strategy called “Strategy 2027” in January 2021. The products and solutions of Kapsch TrafficCom help to maintain and further expand existing road infrastructure, to use existing traffic routes efficiently, to reduce environmental pollution (especially emissions in the form of greenhouse gases, fine dust and noise) caused by traffic, and to improve the behavior of road users and increase road safety. The strategy identifies the following strategic goals, which should be achieved by the end of 2027 at the latest:

- Revenues should exceed the one billion euro threshold. This would cause the company to grow faster than the relevant target market. Kapsch TrafficCom plans to grow in a primarily organic manner.
- The operating result (EBIT) should continue to improve until the company achieves a double-digit EBIT margin again.
- The equity ratio should amount to more than 30% again.
- Kapsch TrafficCom’s business activity already supports climate objectives both through toll solutions and transportation management. The Company’s products and solutions help reduce transport emissions (especially greenhouse gases, particulate matter, and noise). Furthermore, the company itself should become CO_2-neutral over the next few years and make an above-average contribution to reducing environmental pollution.

Measures to optimize individual group companies and to increase synergies, among others through internal digitization projects or through the increased use of digital communications, will also continue to be implemented or applied in Kapsch Group. This will also give Kapsch Group more room to maneuver as it expands its market position through targeted acquisitions in both existing and new business segments.

Vienna, September 6, 2021

Georg Kapsch Chief Executive Officer	Kari Kapsch Chief Operating Officer	Franz Semmernegg Chief Financial Officer

Consolidated Financial Statements

as of March 31, 2021.

Consolidated statement of comprehensive income.

In EUR	Note	2019/20 [2]	2020/21
Revenues	(2)	1,137,948,878	958,494,001
Other operating income	(3)	18,601,545	17,470,129
Changes in finished and unfinished goods and work in progress	(4)	-6,067,675	-6,409,086
Cost of materials and other production services	(5)	-599,141,483	-524,181,150
Staff costs	(6)	-392,034,140	-375,949,645
Other operating expenses	(7)	-127,946,691	-96,267,792
Proportional result of associates and joint ventures	(17)	-4,638,828	-4,067,274
Operating result before amortization, depreciation and impairment (EBITDA) [1]		**26,721,608**	**-30,910,819**
Amortization and depreciation	(8)	-38,594,844	-37,232,531
Impairment charge	(9)	-40,851,972	-34,138,327
Operating result		**-52,725,208**	**-102,281,677**
Finance income	(10)	5,738,225	9,260,357
Finance costs	(10)	-32,923,270	-25,320,919
Financial result		**-27,185,045**	**-16,060,561**
Proportional results from associates and joint ventures from financial investments	(17)	-643,530	269,839
Result before income taxes		**-80,553,783**	**-118,072,399**
Income taxes	(11)	9,103,635	23,420,506
Result for the period of continued operations		**-71,450,148**	**-94,651,893**
Result for the period of discontinued operations	(12)	**-22,108,478**	**0**
Result including discontinued operations		**-93,558,627**	**-94,651,893**
thereof attributable to the equity holders of the company		-63,065,770	-57,017,697
thereof attributable to non-controlling interests	(34)	-30,492,857	-37,634,196
Other comprehensive income for the period			
Currency translation differences		1,010,753	10,987,737
Currency translation differences from net investments in foreign operations		1,217,211	-3,248,056
Cash flow hedges		0	0
Income tax relating to items subsequently to be reclassified to the result for the period		-304,303	812,014
Total items subsequently to be reclassified to the result for the period		**1,923,663**	**8,551,696**
Remeasurements of liabilities from post-employment benefits		-8,835,671	908,768
Income tax relating to items subsequently not to be reclassified to the result for the period		1,984,911	-95,739
Total items subsequently not to be reclassified to the result for the period		**-6,850,760**	**813,029**
Other comprehensive income for the period net of tax	(13)	**-4,927,099**	**9,364,724**
Total comprehensive income for the period		**-98,485,725**	**-85,287,168**
thereof attributable to equity holders of the company		-68,521,890	-52,071,069
thereof attributable to non-controlling interests	(34)	-29,963,835	-33,216,099

[1] EBITDA (Operating result before amortization, depreciation and impairment) was included as new key figure to show the operating result without non-cash relevant amortization, depreciation and impairment more clearly.

[2] Financial year 2019/20 is stated without the discontinued operations (segment Carrier and Public Transport) .

Consolidated balance sheet.

In EUR	Note	March 31, 2020	March 31, 2021
ASSETS			
Property, plant and equipment	(14)	134,360,483	107,331,180
Intangible assets	(15)	106,435,590	86,601,961
Investment properties	(16)	3,075,682	2,859,844
Interests in associates and joint ventures	(17)	36,650,634	34,157,110
Other non-current financial assets and investments	(18)	16,783,181	15,845,788
Non-current contract assets	(18, 23)	13,777,929	5,188,155
Non-current lease receivables	(27)	26,571,473	31,322,087
Other non-current assets	(18,19)	1,083,231	4,458,546
Deferred tax assets	(20)	53,055,320	79,488,787
Non-current assets		**391,793,523**	**367,253,460**
Inventories	(21)	60,720,986	47,375,758
Trade receivables and other current assets	(18, 22)	248,771,266	214,121,907
Current contract assets	(18, 23)	169,321,876	153,868,473
Current lease receivables	(27)	10,674,239	14,982,290
Current tax receivables		7,815,773	9,049,009
Other current financial assets	(18)	1,296,408	923,526
Cash and cash equivalents	(18, 24)	169,680,040	132,463,281
Current assets		**668,280,587**	**572,784,243**
TOTAL ASSETS		**1,060,074,110**	**940,037,703**
EQUITY			
Share capital	(25)	726,728	726,728
Capital reserve	(25)	66,222,590	36,222,590
Retained earnings and other reserves	(25)	39,455,515	21,536,271
Capital and reserves attributable to equity holders of the company		**106,404,833**	**58,485,589**
Non-controlling interests	(34)	65,016,649	27,153,111
TOTAL EQUITY		**171,421,482**	**85,638,700**
LIABILITIES			
Non-current financial liabilities	(18, 26)	251,762,192	172,764,918
Non-current lease liabilities	(18, 27)	94,930,371	100,604,590
Liabilities from post-employment benefits to employees	(28)	68,861,116	68,139,061
Non-current provisions	(29)	11,766,993	14,200,951
Non-current contract liabilities	(23)	25,985,300	9,413,374
Other non-current liabilities	(18, 30)	5,172,090	4,967,994
Deferred tax liabilities	(20)	2,586,131	1,454,200
Non-current liabilities		**461,064,193**	**371,545,088**
Current financial liabilities	(18, 26)	85,050,328	131,380,973
Current lease liabilities	(18, 27)	44,497,906	33,147,128
Trade payables	(18)	117,744,836	95,783,474
Current contract liabilities	(23)	33,275,155	57,303,807
Current provisions	(29)	37,007,081	49,850,964
Current tax liabilities		13,551,018	11,869,476
Other liabilities and deferred income	(18, 31)	96,462,112	103,518,093
Current liabilities		**427,588,434**	**482,853,915**
TOTAL LIABILITIES		**888,652,627**	**854,399,003**
TOTAL EQUITY AND LIABILITIES		**1,060,074,110**	**940,037,703**

Consolidated statement of changes in equity.

In EUR	Attributable to equity holders of the company				Non-controlling interests	Total equity
	Share capital	Capital reserve	Other reserves	Consolidated retained earnings		
Carrying amount as of March 31, 2020	**726,728**	**66,222,590**	**-18,420,718**	**57,876,233**	**65,016,649**	**171,421,482**
Effects from increase of shares in subsidiaries			-1,706,496		306,496	-1,400,000
Effects from sale of shares in subsidiaries			5,858,320		-4,953,935	904,385
Reclassification from capital reserve to retained earnings		-30,000,000		30,000,000		0
Dividend					0	0
Result for the period				-57,017,697	-37,634,196	-94,651,893
Other comprehensive income for the period:						
Currency translation differences			4,274,330		4,277,365	8,551,695
Remeasurements of liabilities from post-employment benefits			672,298		140,731	813,029
Carrying amount as of March 31, 2021	**726,728**	**36,222,590**	**-9,322,265**	**30,858,536**	**27,153,111**	**85,638,700**
Carrying amount as of March 31, 2019	**726,728**	**66,222,590**	**-15,370,369**	**120,942,003**	**101,778,014**	**274,298,966**
Adjustments due to new IFRS 16 standard			120,988			120,988
Carrying amount as of April 1, 2019 adjusted	**726,728**	**66,222,590**	**-15,249,381**	**120,942,003**	**101,778,014**	**274,419,954**
Effects from changes in shares and capital in subsidiaries			2,284,783		360,725	2,645,508
Dividend					-7,158,254	-7,158,254
Result for the period				-63,065,770	-30,492,857	-93,558,627
Other comprehensive income for the period:						
Currency translation differences			625,060		1,298,602	1,923,662
Remeasurements of liabilities from post-employment benefits			-6,081,179		-769,581	-6,850,760
Carrying amount as of March 31, 2020	**726,728**	**66,222,590**	**-18,420,718**	**57,876,233**	**65,016,649**	**171,421,482**

Details on equity are presented in note 25.

Consolidated cash flow statement.

In EUR	Note	2019/20 [3]	2020/21
Operating result		**-52,725,208**	**-102,281,677**
Scheduled depreciation and amortization	(8)	38,594,844	37,232,531
Impairment charge	(9)	40,851,972	34,138,327
Change in obligations for post-employment benefits		-1,901,459	-1,972,606
Change in non-current trade receivables, non-current contract assets and other non-current assets		7,610,359	5,081,540
Change in non-current trade payables, non-current contract liabilities and other non-current liabilities and provisions		11,354,611	-14,342,064
Net payments of income taxes		-12,937,137	-10,277,444
Interest received	(10)	2,554,272	3,271,295
Interest payments	(10)	-10,068,616	-10,863,351
Other (net)		-2,268,895	2,636,188
Cash flow from earnings		**21,064,742**	**-57,377,261**
Change in net working capital:			
Change in trade receivables, current contract assets and other current assets		-184,567	47,877,961
Change in inventories		7,189,024	13,345,228
Change in trade payables, current contract liabilities and other current payables		7,530,940	11,207,108
Change in current provisions		19,093,099	12,755,131
Change in net working capital		**33,628,496**	**85,185,428**
Cash flow from operating activities		**54,693,238**	**27,808,168**
Purchase of property, plant and equipment	(14)	-14,099,780	-4,872,270
Purchase of intangible assets	(15)	-6,098,759	-13,177,168
Purchase of securities, investments and other non-current financial assets		-19,933,070	-8,342,299
Payments for the acquisition of entities (less cash and cash equivalents of these entities)	(33)	-146,985	1,669,341
Payments for the acquisition of shares in at-equity-consolidated entities	(17)	-1,052,861	-1,632,156
Proceeds from the disposal of shares and liquidation of subsidiaries		10,445,282	1,290,870
Proceeds from the disposal of property, plant and equipment and intangible assets		2,880,887	1,337,194
Proceeds from the disposal of securities and other financial assets		441,916	9,698,189
Dividends received from associates and joint ventures		498,878	507,664
Cash flow from investing activities		**-37,502,117**	**-13,520,635**
Free cash flow [1]		**17,191,121**	**14,287,533**
Dividends paid to non-controlling interests		-7,158,253	0
Payments for the acquisition of non-controlling interests		-2,000,000	-1,400,000
Increase in non-current financial liabilities	(26)	62,630,984	121,077
Increase in current financial liabilities	(26)	10,482,425	18,789,560
Decrease in current financial liabilities	(26)	-16,819,863	-50,287,490
Lease payments	(27)	-18,578,144	-20,544,261
Cash flow from financing activities		**28,557,150**	**-53,321,114**
Cash flow from discontinued operations	(12)	**-9,109,420**	**0**
Cash and cash equivalents at beginning of year		138,999,728	169,680,040
Changes in cash and cash equivalents [2]		36,638,850	-39,033,581
Exchange gains/losses		-5,958,538	1,816,821
Cash and cash equivalents at end of year	(24)	**169,680,040**	**132,463,280**

1) Cash flow from operating activities + cash flow from investing activities
2) Free cash flow + cash flow from financing activities
3) Financial year 2019/20 is stated without the discontinued operations (segment Carrier and Public Transport)

Notes to the Consolidated Financial Statements.

Overview.

1 General information.

Kapsch Group operates mainly in the areas of telecommunications and traffic-control systems and related areas. It holds shares in domestic and foreign companies. The Group's main markets include Austria and the rest of Europe. In the segment Traffic, Kapsch operates worldwide and serves customers on all other continents, especially in North and South America. The parent company is headquartered in Vienna.

The business activities of Kapsch Group are subdivided into the following segments:
> Traffic (Intelligent Transportation Systems – ITS solutions)
> Enterprise (speech, data and IT solutions for business customers including public authorities)
> Others

The segments *Carrier* (communication solutions for railway operators) and *Public Transport* (intelligent infrastructure solutions for public transport operators) were sold on May 31, 2019 and are shown as discontinued operations for financial year 2019/20.

The segment *Traffic* relates to the worldwide development, installation and operation of Intelligent Transportation Systems solutions. Furthermore, services for maintenance and operation and components in the area of ITS solutions are provided.

The segment *Enterprise* relates to the system-integration business of corporate IT and communication solutions in Central and Eastern Europe.

The segment *Others* essentially relates to all tasks associated with managing the Group.

1.1 Basis of preparation.

Pursuant to Section 245a Austrian Commercial Code (UGB), the consolidated financial statements as of March 31, 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) as well as the International Financial Reporting Standards Interpretations Committee (IFRS IC) as adopted by the European Union (EU).

For ease of presentation, amounts have been rounded and, unless indicated otherwise, are presented in thousands of euros (EUR k). However, calculations are done using exact amounts, including the digits not shown, which may lead to rounding differences.

1.2 Group structure and consolidated group.

The parent company (reporting entity) of this Group is KAPSCH-Group Beteiligungs GmbH, Vienna, a private limited company incorporated and domiciled in Vienna, Austria. The address of its registered office is 1120 Vienna, Am Europlatz 2.

Immediate parent company of the reporting entity is DATAX HandelsgmbH, Vienna, which is the sole shareholder of KAPSCH Group Beteiligungs GmbH, Vienna. DATAX HandelsgmbH, Vienna, is the controlling entity of the reporting entity and the ultimate parent of Kapsch Group.

As of March 31, 2021 the Group holds a share of 63.3% in Kapsch TrafficCom AG, Vienna (March 31, 2010: 63.3%). Since June 26, 2007, the free float shares of Kapsch TrafficCom AG, Vienna, have been listed in the Prime Market segment of the Vienna Stock Exchange.

With the sale of all companies in the segment Carrier and all operational companies in the segment Public Transport (only the parent company of this subgroup Kapsch Public Transport GmbH remains in the Kapsch Group) to S&T AG on May 31, 2019, these areas were presented as discontinued operations in accordance with IFRS 5.

Interests in subsidiaries as well as change in consolidated entities can be found in note 33.

1.3 Accounting and valuation principles.

The consolidated financial statements as of March 31, 2021 are prepared under the historical cost concept, with the exception of financial instruments measured at fair value according to IFRS 9 as well as plan assets measured at fair value according to IAS 19, which were measured accordingly at the balance sheet date. Pertinent explanations can be found within the scope of the corresponding accounting policies. The accounting and valuation principles, which form the basis for these consolidated financial statements, were applied unchanged to the previous period and supplemented by new mandatory guidelines applicable from the financial year.

Note 38 provides a detailed description of all accounting and valuation principles, including new accounting and valuation principles to be applied.

1.4 Material accounting estimates and assumptions.

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

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

1.4.1 Revenue recognition for contract work.

The Group applies the rules of IFRS 15. Revenue for implementation projects, that fulfill the criteria of IFRS 15.35 for revenue recognition over time, is recognized in accordance with the corresponding stage of completion, with an expected profit margin already being assumed. The stage of completion is determined by an input orientated method using the ratio between the costs already incurred and the expected total costs of the corresponding contract. This requires to continuously estimate and update the planned costs arising from the contract as well as the risks arising from project management. This may result from technical difficulties, delays in the schedule or difficulties with sub-suppliers or other external general conditions, and which influence the profit margin of the project. Furthermore, these projects may also lead to damages or penalties that are to be considered during the project evaluation and which require an assessment of risks. For most contracts, contract revenue is defined and includes fixed elements and partly variable elements that are assessed by probability as to their amounts and timing. The total contract amount is also estimated for service concession arrangements that are remunerated based on the use of a service. Large-scale orders of the Group are usually technically complex individual orders based on specific terms and conditions which therefore are to be critically assessed with regard to revenue recognition and project risks on an individual basis. Details to the revenue recognition are included in note 38.3 and sensitivity analysis is included in note 23.

1.4.2 Estimated impairment of goodwill.

In accordance with the accounting policy stated in note 15 and 38, the Group tests annually whether goodwill has suffered any impairment. The recoverable amount of cash generating units is determined on the basis of the calculation of the value in use. These calculations require the use of estimates. Sensitivities for the acquired goodwill are detailed in note 15.

1.4.3 Other estimates and assumptions.

Further areas where assumptions and estimates are significant to the consolidated financial statements include impairment of inventories, recoverability of deferred tax assets/liabilities, assumption of useful lives for intangible assets and property, plant and equipment, assumptions and interest rates related to investment properties, assumptions and interest rates related to liabilities from post-employment benefits to employees, assumptions and interest rates related to leasing contracts, as well as provisions for warranties and losses for onerous contracts. Sensitivity analyses of the assumptions made by the Group are included in the respective notes.

1.4.4 Accounting estimates and assumptions relating to the group companies in North America.

Estimates and assumptions relating to assets and liabilities of the group companies in North America, especially in Kapsch TrafficCom USA Inc., Mc Lean, include risks of possible corrections of carrying amounts of the assets and liabilities in the following financial year, taking into consideration the causes leading to losses in the financial year 2020/21. This not only refers to the estimates for revenue recognition and impairment of goodwill but all further parts where material estimates and assumptions were made.

Management identified, decided and implemented measures together with external consultants as a response to the losses and identified problems. Already in the financial year 2021/22 a positive development of results should be reached in North America. The recoverability of assets and valuation of liabilities is mainly dependent on the effectivity of the already started and further implemented measures in the restructuring concept of Kapsch TrafficCom and that a profitable business is again achieved.

2 Segment information.

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

> Traffic
> Enterprise
> Others

The segment information follows the same principles and same accounting policies as applied in these consolidated financial statements.

The segment results for financial year 2020/21 are as follows:

	Traffic	Enterprise	Others	Group
Revenues	505,175	458,258	23,512	986,944
Implementation	165,439	283,717	0	449,156
Operations and other services (including intercompany charges)	263,868	174,541	23,512	461,921
Components	75,868	0	0	75,868
Inter-segment revenues	-3,432	-6,272	-18,746	-28,450
Revenues from external customers	501,742	451,986	4,766	958,494
Operating result (EBIT)	-116,028	13,731	14	-102,282
EBIT margin in %	-23.1	3.0	0.3	-10.7

The segment results for financial year 2019/20 are as follows:

	Traffic	Enterprise	Others	Group
Revenues	731,184	408,563	29,023	1,168,769
Implementation	292,873	261,908	0	554,781
Operations and other services (including intercompany charges)	319,302	146,655	29,023	494,980
Components	119,009	0	0	119,009
Inter-segment revenues	-2,250	-7,040	-21,531	-30,821
Revenues from external customers	728,934	401,523	7,491	1,137,949
Operating result (EBIT)	-64,268	8,922	2,621	-52,725
EBIT margin in %	-8.8	2.2	35.0	-4.6

Transfers and transactions between segments are recorded at the same conditions offered to third parties.

The segment assets and liabilities as of March 31, 2021 as well as capital expenditure, depreciation, amortization and impairment and other non-cash-effective positions for the period then ended, are as follows:

	Traffic	Enterprise	Others	Eliminations	Group
Segment assets	382,547	242,906	28,298	-39,316	614,435
Interests in associates and joint ventures	29,751	4,406	0	0	34,157
Segment liabilities	284,122	239,444	75,704	-50,471	548,799
Capital expenditure	19,820	15,481	507	0	35,807
Depreciation, amortization and impairment	58,878	11,401	1,092	0	71,371
Other non-cash-effective positions	-536	241	0	-187	-482

The segment assets and liabilities as of March 31, 2020 as well as capital expenditure, depreciation, amortization and impairment and other non-cash-effective positions for the period then ended, are as follows:

	Traffic	Enterprise	Others	Eliminations	Group
Segment assets	490,436	196,105	36,017	-27,073	695,485
Interests in associates and joint ventures	32,635	4,016	0	0	36,651
Segment liabilities	317,061	205,438	56,874	-30,120	549,254
Capital expenditure	43,982	12,766	4,761	-54	61,455
Depreciation, amortization and impairment	67,902	10,048	1,498	-0	79,447
Other non-cash-effective positions	10,599	329	1	-39	10,889

The eliminations result from consolidation effects (mainly from capital consolidation and the consolidation of receivables and payables between the segments).

The segment assets include property, plant and equipment, intangible assets (excluding goodwill), other non-current assets, non-current and current contract assets, non-current and current lease receivables, inventories, trade receivables and other current assets, as well as current tax receivables.

The segment liabilities include liabilities from post-employment benefits to employees, non-current provisions, other non-current liabilities, non-current and current contract liabilities, non-current and current lease liabilities, trade payables, other liabilities and deferred income, current tax payables as well as current provisions.

In financial year 2020/21 as well as in financial year 2019/20 no customer contributed more than 10% to group revenues.

Information by region.
In addition to the reportable segments, the revenues and non-current non-financial assets (property, plant and equipment and intangible assets) are presented by geographical segment. Revenues are segmented by the location of the customer and balance sheet figures by the location of the company.

The figures for the financial years ended March 31, 2021 and March 31, 2020 are as follows:

	2019/20		2020/21	
	Revenues	Non-current non-financial assets	Revenues	Non-current non-financial assets
Austria	342,373	175,991	377,460	165,933
Central and Eastern Europe (excluding Austria)	213,035	5,129	131,516	3,981
Western Europe	180,880	52,901	165,356	26,447
Rest of the World	401,661	43,425	284,162	31,729
Total	**1,137,949**	**277,447**	**958,494**	**228,090**

3 Other operating income.

	2019/20	2020/21
Exchange rate gains from operating activities	9,771	6,054
Income from subsidies related to COVID-19-pandemic	0	3,909
Income from recharged costs	1,489	2,934
Income from research tax credits	904	1,142
Income from deconsolidation of entities	4	1,549
Income from sale of non-current assets	403	15
Income from insurance refunds	237	403
Income from recharges to joint ventures	2,784	0
Sundry operating income	3,010	1,465
Total	**18,602**	**17,470**

Operating exchange rate gains mainly related to exchange rate fluctuations of the currencies Argentine peso in respect to US dollar and to euro as well as Swedish krona and US dollar in respect to euro.

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

Income from sale of subsidiaries refers to the sale of Kapsch TrafficCom Construction & Realization spol. s.r.o., Czech Republic, in financial year 2020/21.

Sundry operating income in financial year 2019/20 included income of recharged costs to autoTicket GmbH, Germany, that did not relate to costs or services to fulfill the customer contract.

Sundry operating income include several recharges and deferrals.

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

	2019/20	2020/21
Change in unfinished goods and work in progress	-901	-1,676
Change in finished goods	-5,166	-4,733
Total	**-6,068**	**-6,409**

Details on inventories and the decrease in inventories can be found in note 21.

5 Cost of materials and other production services.

	2019/20	2020/21
Cost of materials	324,819	320,466
Cost of purchased services	274,323	203,716
Total	**599,141**	**524,181**

The decrease in cost of materials and other production services can be explained by the decrease in revenues on the one hand, however additional costs for projects in the segment Traffic led to higher cost of materials and other production services.

6 Staff costs.

	2019/20	2020/21
Wages, salaries, and other remunerations	316,853	297,812
Expenses for social security and payroll-related taxes and contributions	57,196	57,081
Expenses for termination benefits	1,154	941
Expenses for pensions	551	703
Contributions to pension funds and other external funds	5,472	5,829
Restructuring costs related to personnel	0	4,478
Fringe benefits	10,808	9,106
Total	**392,034**	**375,950**

As of March 31, 2021, the number of staff amounted to 6,325 employees (March 31, 2020: 6,673 employees) and averaged 6,471 employees in financial year 2020/21 (2019/20: 6,676 persons).

Restructuring costs relate to the segment Traffic and in this segment mainly to the USA, Sweden and Austria. Staff costs decreased due to cost reduction measures and headcount reductions mainly in the Czech Republic and Zambia as projects expired or were terminated and in Austria and South Africa due to cost reduction measures. Fringe benefits mainly refers to voluntary social benefits in the USA.

7 Other operating expenses.

	2019/20	2020/21
Legal and consulting fees	15,605	21,149
Communication and IT expenses	22,523	19,765
Exchange rate losses from operating activities	8,982	11,963
Maintenance	7,071	5,624
Rental expenses	7,903	5,494
Automobile expenses	8,185	5,438
Taxes and charges	4,834	4,400
Marketing and advertising expenses	8,173	3,927
Insurance costs	3,812	3,637
Office expenses	5,032	2,497
Travel expenses	14,771	2,474
License and patent expenses	1,854	1,717
Transport costs	1,640	1,334
Bank charges	1,799	1,151
Restructuring costs	0	827
Training costs	1,864	773
Allowance and write-off of receivables and contract assets	7,609	-564
Damages	1,808	-718
Warranty costs and project financing	-2,293	-304
Operating losses from changes in the fair value of derivative financial instruments	280	654
Other	6,495	5,032
Total	**127,947**	**96,268**

Legal and consulting fees increased by EUR 5,544 k compared to the previous year. Costs in the amount of EUR 8,065 k were taken into account and accrued for the litigation filed in the USA in November 2020. Exchange rate losses from operating activities of EUR 11,963 k were higher than in the previous year (EUR 8,982 k) and resulted primarily from exchange rate fluctuations of the currencies US dollar and Swedish krona in respect to euro and Zambian kwacha in respect to South African rand. Travel expenses decreased by EUR 12,297 k due to the impact of the COVID-19 pandemic and a savings program. Write-off and allowances of trade receivables and contract assets decreased by EUR 8,173 k compared to the previous year. This value also includes reversals of allowances and is therefore negative in financial year 2020/21. In financial year 2019/20, allowances of EUR 5,939 k were made in Zambia and EUR 1,138 k in the USA.

8 Expenses for amortization and depreciation.

	2019/20	2020/21
Depreciation of property, plant and equipment	28,689	29,507
Amortization of intangible assets	9,789	7,510
Depreciation of investment properties	216	216
Amortization of costs to obtain a contract	-99	0
Total	**38,595**	**37,233**

Depreciation of property, plant and equipment also includes depreciation of right-of-use assets from leases (EUR 20,661 k). Details can be found in note 14. Amortization of intangible assets decreased in financial year 2020/21 because some of the intangible assets were impaired in the first half of the year and were only written up again at the end of the year (see note 9).

9 Impairment charge.

	2019/20	2020/21
Impairment on intangible assets	36,670	27,659
Write-up of impairment on intangible assets	0	-1,845
Impairment on tangible assets	17	904
Impairment on right-of-use assets from leases	65	7,420
Impairment on costs to obtain or fulfil a contract	4,100	0
Total	**40,852**	**34,138**

In financial year 2020/21, the impairment on intangible assets related to the impairment of the entire goodwill of the cash-generating unit Tolling-EMEA (formerly: ETC-EMEA) in the amount of EUR 24,184 k and to other intangible assets of the cash-generating unit TM-EMEA (formerly: IMS-EMEA) in the amount of EUR 3,475 k. These impairments occurred in the first half of 2020/21. Based on updated estimates of the future course of business in the segment Traffic a new plan was prepared, which was the basis for the impairment test of goodwill and non-current assets in the first half of the year and led to the impairments. At the end of financial year 2020/21, a new impairment test was carried out for goodwill and non-current assets based on a new plan that included the effects of restructuring measures. Goodwill was not written up, but intangible assets (excluding goodwill) in the amount of EUR 1,845 k were.

Due to shorter rental agreements and the reduction in rental space, property, plant and equipment and right-of-use assets from leases had to be impaired to the remaining use, based on a fair valuation (level 3) in financial year 2020/21. That relates with EUR 8,324 k to the segment Traffic.

In financial year 2019/20 the impairment on intangible assets related to the service concession agreement and other intangible assets in Zambia with EUR 13,759 k as well as the impairment of goodwill with EUR 22,911 k (for the cash-generating units IMS-EMEA (now: TM-EMEA), ETC-EMEA (now: Tolling-EMEA) and Enterprise).

The impairment on property, plant and equipment as well as the impairment of right-of-use assets from leases related to the company in Zambia too. As a result of the early termination of the passenger vehicle toll projects in Germany, there was an impairment of costs to obtain a contract amounting to EUR 4,100 k in the previous year.

10 Financial result.

	2019/20	2020/21
Interest income	1,771	2,220
Interest income from leases	702	866
Income from securities, recognized at fair value through profit or loss	81	185
Income from interest accretion of non-current receivables	1	0
Gains from the disposal of financial assets, recognized at fair value through profit or loss	1	1,000
Gains from the change of the fair value of derivative financial instruments	322	414
Income from hyperinflation adjustment	285	490
Exchange rate gains from financing activities	2,575	4,084
Finance income	**5,738**	**9,260**
Interest expense	-7,149	-7,916
Interest expenses from leases	-2,358	-2,839
Expense from securities, recognized at fair value through profit or loss	-611	-109
Expense from other investments, recognized at fair value through profit or loss	-5,655	-130
Expense from interest accretion of non-current liabilities	-101	-37
Expense from change in fair value of derivative financial instruments	-1,830	-321
Exchange rate losses from financing activities	-11,565	-6,149
Expense from hyperinflation adjustment	-2,598	-2,664
Interest expense from liabilities from post-employment benefits to employees	-975	-498
Interest expense from liabilities from anniversary bonuses to employees	-82	-35
Expense from the disposal and impairment of financial assets	0	-4,624
Finance cost	**-32,923**	**-25,321**
Financial result	**-27,185**	**-16,061**

The exchange rate gains and losses resulted mainly from foreign currency fluctuations on intercompany financing, in particular of the subsidiaries in Zambia (Zambian kwacha against euro), in South Africa (South African rand against euro) and in the USA (US dollar against euro).

Gains from the disposal of financial assets, recognized at fair value through profit or loss, related to proceeds from the disposal of securities in Kapsch AG as well as the sale of investments in Q-Free ASA, Norway, which was valued at EUR 5,734 as at March 31, 2020 and was sold for EUR 6,123 k. The average selling price per share was NOK 4.28 or EUR 0.45. Expense from other investments, recognized at fair value through profit or loss in the financial year 2019/20 mainly related to the development of the investment in Q-Free ASA (EUR -5,655 k).

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

The expense from the disposal and impairment of financial assets related to subsequent payments or corrections from the disposal of companies that were already sold in previous years, which were shown as discontinued operations in the previous year, and other investments.

11 Income taxes.

	2019/20	2020/21
Current income taxes	-10,487	-4,582
Deferred taxes	19,590	28,002
Total	**9,104**	**23,421**
thereof income/expense from group taxation	13	38

For financial year 2020/21, the applicable income tax rate is at 25% (2019/20: 25%).

In March 2005, the parent company KAPSCH-Group Beteiligungs GmbH, Vienna, formed a tax group according to Sec. 9 of the Austrian Corporate Income Tax Act. KAPSCH-Group Beteiligungs GmbH, Vienna, acts as the group leader and the subsidiaries in Austria act as group members. The group taxation regime applies to the respective entities effective from the tax year 2005 (i.e. financial year 2004/05). Within the tax group, the taxable income of the group members is generally taxed at the level of the tax group leader. Therefore, tax losses incurred by a member of the tax group can be set off by taxable earnings of other group members.

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

	2019/20	2020/21
Result before income taxes	**-80,554**	**-118,072**
Arithmetic tax expense/income	20,138	29,518
Effects of different tax rates in the Group	2,688	-2,362
Unrecognized deferred tax assets on current tax losses and impairment of previously recognized tax losses	-7,971	-2,585
Recognition of deferred tax assets for unrecognized previous-year tax losses	452	13,903
Tax allowances claimed and other permanent tax differences	-3,263	-1,923
Income and expenses not subject to tax and other differences	-3,626	-16,953
Adjustment in respect to previous year	685	3,822
Recognized tax expense/income	**9,104**	**23,421**

Unrecognized deferred tax assets on current tax losses and impairment of previously recognized tax losses relate primarily to unrecognised losses in Zambia, as well as to a part of losses in the USA that based on plans for the next few years cannot be used. Deferred tax assets for previously unrecognized losses mainly related to tax loss carry-forwards in Austria and in Spain in financial year 2020/21. The tax effects from previous periods related to adjustments of the previous year's figures due to tax audits and adjustments in connection with the preparation of tax returns.

For further information on deferred tax assets/liabilities see note 20.

12 Discontinued operations.

On May 23, 2019, a purchase agreement between KAPSCH-Group Beteiligungs GmbH, Vienna, as well as Kapsch PublicTransportCom GmbH, Vienna and the IT service provider and system integrator S&T AG, Linz, was signed. This contract contained the transfer of the entire Kapsch CarrierCom Group and the operational division of Kapsch PublicTransportCom GmbH, Vienna, and affected the Carrier and Public Transport segments. The economic transition took place on May 31, 2019.

For financial year 2019/20 these segments were presented separately as discontinued operations in the consolidated statement of comprehensive income as well as in the consolidated cash flow statement. The information presented on the results and cash flows refers to the period of two months until May 31, 2019.

	2019/20
Revenues	10,046
Other operating income	4,033
Changes in finished and unfinished goods and work in progress	112
Cost of materials and other production services	-5,238
Staff costs	-8,495
Amortization and depreciation	-459
Other operating expenses	-21,989
Operating result	**-21,990**
Finance income	211
Finance costs	-239
Financial result	**-28**
Result before income taxes	**-22,019**
Income taxes	-90
Result for the period of discontinued operations	**-22,108**
thereof attributable to equity holders of the company	-22,108
thereof attributable to non-controlling interests	0
Other comprehensive income for the period	
Currency translation differences	-69
Total items subsequently to be reclassified to the result for the period	**-69**
Remeasurements of liabilities from post-employment benefits	0
Income tax relating to items subsequently not to be reclassified to the result for the period	0
Total items subsequently not to be reclassified to the result for the period	**0**
Other comprehensive income for the period net of tax of discontinued operations	**-69**
Total comprehensive income for the period of discontinued operations	**-22,178**
thereof attributable to equity holders of the company	-22,178
thereof attributable to non-controlling interests	0

Cash flow from discontinued operations	**2019/20**
Cash flow from operating activities of discontinued operations	894
Cash flow from investing activities of discontinued operations	-10,547
Cash flow from financing activities of discontinued operations	544
Net increase/decrease in cash and cash equivalents of discontinued operations	**-9,109**

The gains from sale of discontinued operations resulted as follows:

	2019/20
Consideration received	0
Carrying amount of net assets sold	-4,261
Gains from sale of entities	**4,261**

13 Other comprehensive income.

	2019/20			2020/21		
	Before taxes	Tax expense/ income	After taxes	Before taxes	Tax expense/ income	After taxes
Remeasurements of liabilities from post-employment benefits	-8,836	1,985	-6,851	909	-96	813
Currency translation differences	1,011	0	1,011	10,988	0	10,988
Currency translation differences from net investments in a foreign operation	1,217	-304	913	-3,248	812	-2,436
Fair value changes recognized in equity	**-6,608**	**1,681**	**-4,927**	**8,648**	**716**	**9,365**

USD loans granted by Kapsch TrafficCom AG to a subsidiary in the USA were classified as net investments in a foreign operation in accordance with IAS 21, as the management board of Kapsch TrafficCom AG does not plan to repay these loans in the foreseeable future and repayment is not probable. Exchange differences arising on these loans are recognized in other comprehensive income.

14 Property, plant and equipment.

	Land and buildings	Right-of-use from leases of buildings	Technical equipment and machinery	Construction in progress	Other equipment, factory and office equipment	Right-of-use from other leases	Total
Carrying amount as of March 31, 2020	**9,254**	**91,520**	**7,984**	**1,147**	**14,178**	**10,277**	**134,360**
Currency translation differences	-62	500	201	-41	-74	-73	452
Reclassification	904	0	-59	-1,162	61	0	-255
Additions from business combinations	141	3,160	48	0	63	4	3,416
Additions	46	12,439	445	402	3,979	5,319	22,630
Disposal from sale of subsidiaries	-5	-214	0	0	-17	-4	-240
Disposals	-4	-13,422	-32	-78	-426	-1,239	-15,201
Scheduled depreciation	-1,799	-15,760	-2,545	0	-4,502	-4,900	-29,507
Impairment	-904	-7,420	0	0	0	0	-8,324
Carrying amount as of March 31, 2021	**7,570**	**70,803**	**6,042**	**269**	**13,262**	**9,385**	**107,331**
Acquisition/production costs	23,383	113,735	40,259	269	60,374	17,080	255,100
Accumulated depreciation	-15,813	-42,932	-34,217	0	-47,111	-7,695	-147,769
Carrying amount as of March 31, 2021	**7,570**	**70,803**	**6,042**	**269**	**13,262**	**9,385**	**107,331**

	Land and buildings	Right-of-use from leases of buildings	Technical equipment and machinery	Construction in progress	Other equipment, factory and office equipment	Right-of-use from other leases	Total
Carrying amount as of March 31, 2019	**11,252**	**14,405**	**10,159**	**2,753**	**14,437**	**0**	**53,006**
Adjustment due to initial application of IFRS 16	0	66,576	0	0	0	9,868	76,444
Carrying amount as of April 1, 2019	**11,252**	**80,981**	**10,159**	**2,753**	**14,437**	**9,868**	**129,450**
Currency translation differences	-2	-1,328	-234	29	-69	-142	-1,747
Reclassification	1,359	0	102	-2,682	1,362	0	141
Additions from business combinations	0	0	12	-0	10	0	22
Additions	674	35,512	3,066	3,572	6,892	5,612	55,329
Disposal from sale of subsidiaries	-2,537	0	-1,159	-17	-2,346	0	-6,059
Disposals	-21	-8,567	-919	-2,508	-924	-727	-13,668
Scheduled depreciation	-1,471	-15,078	-3,042	0	-5,166	-4,269	-29,026
Impairment	0	0	0	0	-17	-65	-82
Carrying amount as of March 31, 2020	**9,254**	**91,520**	**7,984**	**1,147**	**14,178**	**10,277**	**134,360**
Acquisition/production costs	22,688	114,253	40,672	1,147	61,078	14,404	254,242
Accumulated depreciation	-13,434	-22,733	-32,688	0	-46,900	-4,127	-119,882
Carrying amount as of March 31, 2020	**9,254**	**91,520**	**7,984**	**1,147**	**14,178**	**10,277**	**134,360**

Right-of-use from other leases mainly concerns leases of cars and other vehicles. Lease liabilities are presented in note 27.

15 Intangible assets.

	Capitalized develop-ment costs	Concessions and rights	Goodwill	Intangible assets on completion	Intangible assets from service concession arrangements	Total
Carrying amount as of March 31, 2020	**1,926**	**20,249**	**84,048**	**212**	**0**	**106,436**
Currency translation differences	-92	22	0	0	0	-70
Reclassification	128	127	0	0	0	255
Additions from business combinations	0	503	-0	0	0	503
Additions	260	12,385	0	532	0	13,177
Disposal from sale of subsidiaries	0	-7	0	0	0	-7
Disposals	-55	-46	0	-270	0	-370
Scheduled amortization	-641	-6,868	0	0	0	-7,510
Impairment	-134	-3,341	-24,184	0	0	-27,658
Write-up from impairments	34	1,811				1,845
Carrying amount as of March 31, 2021	**1,427**	**24,837**	**59,864**	**474**	**0**	**86,602**
Acquisition/production costs	12,612	139,622	59,864	474	0	212,573
Accumulated amortization	-11,186	-114,785	0	0	0	-125,971
Carrying amount as of March 31, 2021	**1,427**	**24,837**	**59,864**	**474**	**0**	**86,602**

	Capitalized develop-ment costs	Concessions and rights	Goodwill	Intangible assets on completion	Intangible assets from service concession arrangements	Total
Carrying amount as of March 31, 2019	**5,550**	**27,325**	**115,473**	**2,507**	**10,617**	**161,472**
Currency translation differences	12	-455	-25	15	-844	-1,297
Reclassification	464	2,860	0	-3,464	0	-141
Additions from business combinations	0	1	872	0	0	872
Additions	325	3,206	0	1,154	1,441	6,126
Disposal from sale of subsidiaries	-3,585	-1,100	-9,360	0	0	-14,045
Disposals	-36	-0	0	0	0	-36
Scheduled amortization	-803	-8,750	0	0	-293	-9,846
Impairment	0	-2,838	-22,911	0	-10,921	-36,670
Carrying amount as of March 31, 2020	**1,926**	**20,249**	**84,048**	**212**	**0**	**106,436**
Acquisition/production costs	12,111	133,431	84,048	212	10,309	240,111
Accumulated amortization	-10,185	-113,182	0	0	-10,309	-133,675
Carrying amount as of March 31, 2020	**1,926**	**20,249**	**84,048**	**212**	**0**	**106,436**

Intangible assets from service concession arrangements related to assets from a service concession arrangement in Zambia, that was included according to the interpretation IFRIC 12. The contract was fully impaired as at March 31, 2020, was terminated in financial year 2020/21 and was therefore derecognised in full.

15.1 Recoverability of intangible assets with finite useful lives.

Intangible assets (excluding intangible assets with indefinite useful lives) are allocated to the individual companies and are tested for impairment at this level if there are any indications of impairment.

A new plan was prepared in the segment Traffic in the first half of 2020/21, based on updated estimates of future business development. This served as the basis for an impairment test of goodwill and non-current assets during the year. This resulted in an impairment of intangible assets (other than goodwill) in the CGU TM-EMEA (formerly IMS-EMEA) in the amount of EUR 3,475 k, in addition to an impairment of goodwill in the CGU Tolling-EMEA (formerly ETC-EMEA).

At the end of financial year 2020/21, a new impairment test was carried out for goodwill and non-current assets based on a new plan that includes the effects of restructuring measures for the segment Traffic. The results showed a value of use above the carrying amount for both CGUs. Goodwill was not written up, but a write-up of EUR 1,845 k was made for intangible assets. There were no further impairments as of March 31, 2021.

As of March 31, 2020, the service concession arrangement was impaired by EUR 10,921 k, software by EUR 2,838 k and property, plant and equipment by EUR 82 k in the Zambian operating company. They were allocated to the segment Traffic. The discount rate was 13.63%.

15.2 Recoverability of goodwill.

Goodwill is allocated to the following groups of cash-generating units (CGUs) and is tested for impairment at this level. The cash-generating units were also renamed due to the renaming in Kapsch TrafficCom:

	March 31, 2020	March 31, 2021
CGU **Tolling-Americas**: formerly: Electronic Toll Collection, Americas	21,386	21,386
CGU **Tolling-EMEA**: formerly: Electronic Toll Collection, Europe, Middle East and Africa	24,184	0
CGU **Tolling-APAC**: formerly: Electronic Toll Collection, Asia and Pacific	13,436	13,436
Tolling (formerly: Electronic Toll Collection, ETC)	**59,006**	**34,822**
CGU **TM-Americas**: formerly: Intelligent Mobility Solutions, Americas	6,340	6,340
CGU **TM-EMEA**: formerly: Intelligent Mobility Solutions, Europe, Middle East and Africa	0	-0
CGU **TM-APAC**: formerly: Intelligent Mobility Solutions, Asia and Pacific	434	434
Traffic Management (formerly: Intelligent Mobility Solution, IMS)	**6,774**	**6,774**
Traffic	**65,780**	**41,596**
Enterprise (CGU EN)	18,268	18,268
Total	**84,048**	**59,864**

In the first half of 2020/21 a new plan was prepared in the segment Traffic, based on updated estimates of future business development. This served as the basis for an impairment test of goodwill within the financial year. This resulted in the full impairment of goodwill in the CGU Tolling-EMEA (formerly: ETC-EMEA) in the amount of EUR 24,184 k. At the end of financial year 2020/21, a new impairment test for each group of CGUs was carried out for goodwill based on a new plan that includes the effects of restructuring measures in the segment Traffic. The results from this impairment test are described below.

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

	2019/20	2020/21
Determination of recoverable amount	Value in use	Value in use
Detailed planning period	4 years	4 years
Terminal value growth rate	2.0%	2.0%
Market risk premium	8.49%	8.05%
Risk-free rate	0.01%	-0.05%

Peer Group.

The peer group assumed for the impairment test in the segment Traffic comprises another eleven peer companies in addition to Kapsch TrafficCom AG, of which only nine companies were relevant for determining the parameters in financial year 2020/21, as in the previous year. The composition of the companies in the peer group has not changed since the previous year. The peer group of the segment Enterprise comprises six companies, as of the reporting date, with two companies not contributing any data for determining the parameters. This peer group has not changed since to the previous year either.

In financial year 2020/21 the debt/equity ratio for the peer group was 20.1% (2019/20: 18.3%) in the segment Traffic and 15.2% (2019/20: 15.2%) in the segment Enterprise. The unlevered beta factor was 0.6 (2019/20: 0.6) for the segment Traffic and 0.8 (2019/20: 0.9) for the segment Enterprise.

Key assumptions for segment Traffic.

In the case of all cash-generating units of the subgroup, the market side is generally based on a project business in which the Group is commissioned to set up an tolling or traffic management system. In connection with this, long-term operation business can often be generated. In addition, system extensions (e.g. through additional routes or additional applications) and/or further ongoing component deliveries for these customers can also be provided within the framework of such long-term contracts. This characteristic of the project business is also reflected in the market planning process of the individual cash-generating units.

The subgroup plans each customer project as carefully as possible for each performance obligation in its project planning tool. Projects can be planned very reliable, in which systems have already been set up and where there are still medium- and long-term service transactions and several years of experience with customers associated with. In these cases, the further development and the potential for additional business can usually be planned very reliably over the entire remaining term. For new implementation projects, the uncertainties regarding technical implementation, timing and quantities are higher. In general, the closer the award dates of such implementation projects are, the more reliable planning is in this respect. Implementation projects for which the Group has already been selected as a supplier or which are even already in the implementation phase can also be planned with particular accuracy. Projects, which are unlikely to be won or executed at the time of budgeting are not included in the budget or medium-term planning. Uncertainties, delays and deviations can never be completely ruled out in the project business, however such risks are minimized in the best possible way by professional project management and controlling. Furthermore, planning includes the sale of components that are not related to construction projects. This, too, can generally be estimated very well on the basis of many years of experience.

In the **CGU Tolling-Americas** (formerly: ETC-Americas), there are a large number of projects and demand for tolling systems, primarily in the USA but also in Latin American countries, which are assessed according to their probability and are included in the planning accordingly. The supply of components represents a significant contribution to revenue in this CGU in particular. Strong demand for traffic management projects (especially road safety and traffic monitoring systems) is also expected in the **CGU TM-Americas** (formerly: IMS-Americas) and has been included in the planning accordingly.

The focus in the region EMEA is on Europe, although selected projects in Africa and the Middle East continue to be included in these CGUs. In the **CGU Tolling-EMEA** (formerly: ETC-EMEA), demand for tolling systems remains strong, not least due to budget constraints in many public budgets. Already won, prepared or potential implementation and operation projects, as well as their expansion, are included in the planning according to their probability. Supplies of components are also an essential part of this CGU. In the **CGU TM-EMEA** (formerly: IMS-EMEA), management expects an increasing demand for traffic management systems, especially for road telematics solutions in urban areas. This is also included accordingly in the planning of this CGU.

The planning for the **CGU Tolling-APAC** (formerly: ETC-APAC) is based on finalized implementation projects and current operation projects and their expansions, as well as the fact that tenders are in preparation or already in progress in this region. Supplies of components are also part of the planning. Road telematics solutions are an essential part of the planning in the **CGU TM-APAC** (formerly: IMS-APAC) as they are in other regions. Different projects in the field of road safety and traffic monitoring systems are expected.

Effects due to the COVID-19 pandemic were taken into account in the impairment test, with postponements to the next few years planned for some of the customer contracts. Defaults on customer contracts are only planned to a minor extent.

Key assumptions for segment Enterprise.

This cash-generating unit is expected to broaden the scope of business with existing customers. In Austria, the strong position in the field of ICT infrastructure was further expanded. The strategy adopted by the management in conjunction with corresponding acquisitions is proving to be correct and will continue to be pursued in the following financial years. Managing the COVID-19 pandemic is the biggest challenge for management and Kapsch BusinessCom Group is well positioned for its customers with its portfolio and digitization strategy. Based on a sharpened IT strategy, Kapsch is positioning itself as an attractive service partner for ICT solutions. The management assumes that the revenue potential in the IT area will continue to grow,

As an outsourcing partner, Kapsch BusinessCom has already been able to position itself as an innovative and flexible partner in the past. In addition, the company offers industry solutions for customers from various sectors such as industry, finance, healthcare or the public sector.

The extensive portfolio of this CGU includes technology solutions for intelligent and above all secure ICT infrastructure, smart building, media and security technology as well as outsourcing services. The portfolio is rounded off by numerous services such as consulting, project management, installation, training, service and operating as well as security solutions. The solutions cover all areas of voice and data transmission as well as parts of the infrastructure in companies. This starts with “simple” telephony, continues with wireless and mobile business solutions and Voice over IP, and includes IT solutions, network security, network management, internet integration, call center solutions, communications consulting, IPTV, video solutions, managed services and much more. New technologies are used not only to improve existing processes, but also to open up new business opportunities.

Digitization affects all sectors, whether service companies, trade, industry or the health and financial sectors. New technologies are not only used to improve existing processes, but also to open up new business opportunities. Since the basic principles of digitization are always the same, very different industries can learn from each other. For example, innovations in the health sector can be converted to trade or the automotive sector, for example in the form of a digital “health record” for cars.

In this context, Kapsch BusinessCom often acts as an incubator to supplement new, innovative ideas with know-how in the area of Big Data or security, as well as providing the necessary human resources to implement large projects. On the one hand, ongoing cost optimization and internal digitization projects will lead to efficiency gains, while on the other hand these optimizations will result in a disproportionately low increase in costs (especially personnel expenses) in relation to the increase in revenues.

Results of the impairment test.

		Tolling-			TM-		EN
2020/21	**Americas**	**EMEA**	**APAC**	**Americas**	**EMEA**	**APAC**	
Carrying amount of goodwill allocated to the CGU	21,386	0	13,436	6,340	0	434	18,268
Carrying amount of intangible assets with indefinite useful life allocated to the CGU (excl. goodwill)	0	361	0	0	114	0	0
Value in use of the CGU	222,560	141,932	155,238	83,971	49,457	33,905	189,122
Carrying amount of the CGU	89,525	63,262	15,808	21,051	34,267	864	142,287
Discount rate	6.1%	7.8%	5.4%	6.6%	6.6%	5.5%	7.2%
Discount rate before tax	8.2%	10.5%	6.8%	9.3%	8.7%	7.2%	9.5%
Break-even discount rate before tax	19.3%	20.8%	66.4%	29.9%	14.2%	333.0%	12.4%

		Tolling-			TM-		EN
2019/20	**Americas**	**EMEA**	**APAC**	**Americas**	**EMEA**	**APAC**	
Carrying amount of goodwill allocated to the CGU	21,386	24,184	13,436	6,340	0	434	18,268
Carrying amount of intangible assets with indefinite useful life allocated to the CGU (excl. goodwill)	0	212	0	0	0	0	0
Value in use of the CGU	472,310	110,303	203,842	66,506	19,830	24,093	115,196
Carrying amount of the CGU	149,313	110,303	19,308	40,203	19,830	2,513	78,276
Discount rate	6.1%	9.1%	5.4%	7.3%	8.2%	5.4%	7.2%
Discount rate before tax	8.1%	11.8%	7.0%	9.9%	10.6%	7.2%	9.6%
Break-even discount rate before tax	29.9%	11.8%	79.7%	19.5%	10.6%	174.0%	12.7%

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

2020/21		Tolling-			TM-		EN
	Americas	**EMEA**	**APAC**	**Americas**	**EMEA**	**APAC**	
Discount rate, + 10%	-22,678	-13,947	-14,151	-8,335	-2,970	-3,262	-20,476
Revenue growth, + 10%	722	634	803	690	153	616	1,029
EBITDA margin, + 10%	4,583	5,535	2,598	1,956	1,456	516	5,405
Terminal value growth rate, + 0,5%p	-292	-311	-30	-76	-156	-4	15,027
Discount rate, - 10%	24,110	17,252	17,297	10,103	3,873	3,776	27,030
Revenue growth, - 10%	-714	-629	-798	-676	-153	-571	-1,016
EBITDA margin, - 10%	-4,583	-5,535	-2,598	-1,956	-1,456	-516	-5,405
Terminal value growth rate, - 0,5%p	292	311	30	76	156	4	-12,381

2019/20		Tolling-			TM-		EN
	Americas	EMEA	APAC	Americas	EMEA	APAC	
Discount rate, + 10%	-49,590	-10,855	-26,164	-5,101	-4,004	-2,885	-15,589
Revenue growth, + 10%	3,643	613	1,386	337	326	367	1,049
EBITDA margin, + 10%	9,246	4,316	3,254	1,238	1,099	325	4,538
Terminal value growth rate, + 0,5%p	45,465	5,481	29,318	3,348	2,443	3,244	11,509
Discount rate, - 10%	66,561	13,944	36,014	6,603	5,223	3,974	20,629
Revenue growth, - 10%	-3,545	-607	-1,351	-331	-323	-337	-1,036
EBITDA margin, - 10%	-9,246	-4,316	-3,254	-1,238	-1,099	-325	-4,538
Terminal value growth rate, - 0,5%p	-35,524	-4,764	-21,770	-2,774	-2,078	-2,407	-9,495

15.3 Capitalized development costs.

Development costs relate to expenses which, in accordance with IAS 38, are capitalized and amortized over 3 to 15 years once the assets are available for commercial use. In financial year 2020/21, as in the previous year, they mainly relate to development projects for software solutions of Kapsch TrafficCom Group.

Additional research and development costs of the Group in financial year 2020/21 amounted to EUR 109,640 k (2019/20: EUR 134,842 k). Thereof, in financial year 2020/21 project-specific development costs charged to the customer amounted to EUR 60,965 k (2019/20: EUR 69,860 k). The remaining amount of EUR 48,675 k (2019/20: EUR 64,982 k) was recognized as an expense.

16 Investment properties.

	2019/20	2020/21
Carrying amount as of March 31 of previous year	**3,292**	**3,076**
Additions	0	0
Scheduled depreciation	-216	-216
Carrying amount as of March 31 of financial year	**3,076**	**2,860**
Acquisition/production costs	4,316	4,316
Accumulated depreciation	-1,241	-1,456
Carrying amount as of March 31 of financial year	**3,076**	**2,860**

For accounting of investment properties, the Group uses the amortized cost model according to IAS 40.56.

The fair value of investment property is calculated internally using the capitalized earnings method and is classified to level 3 of the fair value-hierarchy under IFRS 13. The fair value of the investment property as of March 31, 2021 amounts to EUR 6,222 k (March 31, 2020: EUR 6,629 k).

Parameters of the capitalized earnings method.

	March 31, 2020	March 31, 2021
Interest rate for property	6.00%	6.00%
Remaining useful life in years	35	34
Multiplying factor	14.50	14.37

The gross income from the rental of investment property in financial year 2020/21 amounted to EUR 584 k (2019/20: EUR 594 k).

The operating expenses from investment properties are as follows:

	2019/20	2020/21
Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period	-275	-265
Direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income during the period	0	0

Contractual commitments.

The Group has entered into contractual commitments for managing and maintaining the rented commercial properties leased to third parties. Annual expenses arising under these contracts amount to around EUR 110 k (2019/20: EUR 107 k).

17 Interests in associates and joint ventures.

Interests in associates and joint ventures developed as follows:

	2019/20	2020/21
Carrying amount as of March 31 of previous year	**23,462**	**36,651**
Disposals relating to discontinued operations	-60	0
Additions	19,366	1,882
Disposal	-1	0
Proportional result of the period from core business	-4,639	-4,100
Adjustments for elimination of intercompany transactions	-199	-67
Proportional result of the period from financial investments	-644	270
Dividend payments	-499	-508
Currency translation differences	-135	29
Carrying amount as of March 31 of financial year	**36,651**	**34,158**
thereof interests in associates	11,929	13,474
thereof interests in joint ventures	24,722	20,684

The conversion of debt into equity and the increase in interests in Traffic Technology Services Inc., USA, resulted in an addition of EUR 1,515 k in 2020/21. In the previous year, the addition of EUR 17,857 k related to the conversion of debt into equity at autoTicket GmbH, Germany, and EUR 947 k to the addition of Copiloto Colombia S.A.S., Colombia, half of which was made as a contribution in kind. The interests in Tablet Solutions GmbH, Vienna (now: Workheld GmbH, Vienna) were increased by EUR 271 k, of which EUR 250 k was made as a contribution in kind. Furthermore, the interests in CALPANA business consulting GmbH, Linz were increased by 3% (EUR 95 k).

17.1 Interests in associates.

The associated companies include Traffic Technology Services Inc., USA, Kapsch Financial Services GmbH, Vienna, CALPANA business consulting GmbH, Linz, Sensor Network Services GmbH, Vienna, and Tablet Solutions GmbH, Vienna (now: Workheld Gmbh, Vienna). KAPSCH-Group Beteiligungs GmbH accounts for these companies using the equity method. Proportional results are reported in result before income taxes after financial result.

Kapsch Financial Services GmbH, Vienna.
As of March 31, 2021 the Group held an interest of 49% in the entity (March 31, 2020: 49%). The carrying amount of the investment as at March 31, 2021 was EUR 2,686 k (March 31, 2020: EUR 2,563 k). The proportional dividends in financial year 2020/21 amounted to EUR 208 k. The financial data of the entity as of the latest balance sheet date is as follows:

	September 30, 2019	September 30, 2020
Non-current assets	46,399	49,246
Current assets	3,991	3,106
Non-current liabilities	-24,466	-30,347
Current liabilities	-23,657	-19,764
Net assets	**2,267**	**2,242**
Revenues	41,893	49,619
Result for the period	592	405
Other comprehensive income	-7	18
Total comprehensive income	**585**	**424**

The financial information stated above relates to the last audited financial report of Kapsch Financial Services GmbH, Vienna. Since the balance sheet date of the entity differs from the balance sheet date of the Group, the net assets are evaluated and recognized based on an interim report.

Sensor Network Services GmbH, Vienna.
As of March 31, 2021 the Group held an interest of 37.5% in the entity (March 31, 2020: 37.5%). The carrying amount of the investment as at March 31, 2021 was EUR 1,106 k (March 31, 2020 EUR 1,106 k). The addition to the carrying amount of EUR 563 k in financial year 2019/20 was due to a capital increase. The financial data of the entity as of the latest balance sheet date is as follows:

	December 31, 2019	December 31, 2020
Non-current assets	927	447
Current assets	843	409
Non-current liabilities	0	-292
Current liabilities	-261	-100
Net assets	**1,509**	**464**
Revenues	197	500
Result for the period	-1,090	-1,048
Other comprehensive income	0	0
Total comprehensive income	**-1,090**	**-1,048**

CALPANA business consulting GmbH, Linz.
As of March 31, 2021 the Group held an interest of 40% in the entity (March 31, 2020: 40%). The carrying amount of the investment as at March 31, 2021 was EUR 442 k (March 31, 2020: EUR 347 k). The proportional dividends in financial year 2020/21 amounted to EUR 300 k. The financial data of the entity as of the latest balance sheet date is as follows:

	March 31, 2019	March 31, 2020
Non-current assets	221	239
Current assets	1,825	2,061
Non-current liabilities	0	-590
Current liabilities	-1,473	-1,088
Net assets	**573**	**621**
Revenues	3,477	3,697
Result for the period	526	441
Other comprehensive income	0	0
Total comprehensive income	**526**	**441**

Tablet Solutions GmbH, Vienna (now: Workheld Gmbh, Vienna).
As of March 31, 2021 the Group held an interest of 39.9% in the entity (March 31, 2020: 9.6%). In financial year 2020/21, the interests were increased by EUR 271 k, of which EUR 250 k was made as a contribution in kind. The carrying amount of the investment as at March 31, 2021 was EUR 172 k (March 31, 2020: EUR 0 k). The financial data of the entity as of the latest balance sheet date is as follows:

	December 31, 2018	December 31, 2019
Non-current assets	n.a.	18
Current assets	n.a.	487
Non-current liabilities	n.a.	-474
Current liabilities	n.a.	-31
Net assets	**n.a.**	**-1**
Revenues	n.a.	133
Result for the period	n.a.	-301
Other comprehensive income	n.a.	0
Total comprehensive income	**n.a.**	**-301**

Traffic Technology Services Inc., USA.
As of March 31, 2021, Kapsch TrafficCom held 42.19% in the entity (March 31, 2020: 41.56%). The carrying amount of the investment as at March 31, 2021 was EUR 9,067 k (March 31, 2020: EUR 7,913 k). In financial year 2021/20, the proportional result of this associate amounted to EUR -361 k (2019/20: EUR -1,167 k). The financial data of the entity as of the latest balance sheet date is as follows:

	March 31, 2020	March 31, 2021
Non-current assets	10,118	10,291
Current assets	353	1,568
Non-current liabilities	-1,637	-633
Current liabilities	-469	-1,426
Net assets	**8,365**	**9,800**
	2019/20	**2020/21**
Revenues	1,290	2,154
Result for the period	-2,809	-1,671
Other comprehensive income	0	0
Total comprehensive income	**-2,809**	**-1,671**

17.2 Interests in joint ventures.

The joint ventures comprise autoTicket GmbH, Germany, Copiloto Colombia S.A.S., Colombia, and the Consortium MyConsorzio, Italy. These companies are also accounted for using the equity method. As the activities and strategies of autoTicket GmbH, Germany, and Copiloto Colombia S.A.S., Colombia, are part of the core business of Kapsch TrafficCom, the proportional results are reported under result from operations.

autoTicket GmbH, Germany.
As of August 13, 2018, the company autoTicket GmbH, Germany, (autoTicket) was acquired together with CTS EVENTIM AG & Co. KGaA as a shell company. Kapsch TrafficCom holds 50% of the shares. As the activities and strategy of autoTicket are part of Kapsch TrafficCom's core business, the proportional results (2020/21: EUR -3,832 k and 2019/20: EUR -4,578 k) are disclosed separately in the result from operating activities ("Result from associates and joint ventures"). The carrying amount as at March 31, 2021 was EUR 20,213 k (March 31, 2020: EUR 24,045 k).

For further information, see note 32.

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

	March 31, 2020	March 31, 2021
Non-current assets	51,757	55,195
Current assets	1,560	746
Non-current liabilities	0	-14,546
Current liabilities	-5,231	-973
Net assets	**48,086**	**40,422**
Cash and cash equivalents	1,480	725
Financial liabilities (non-current and current)	-2,161	-14,400
	2019/20	**2020/21**
Revenues	31,789	32
Result for the period	-9,157	-7,665
Other comprehensive income	0	0
Total comprehensive income	**-9,157**	**-7,665**

Reconciliation	**March 31, 2020**	**March 31, 2021**
Net assets at beginning of financial year	21,530	48,087
Increase of nominal capital and capital reserve	35,714	0
Total comprehensive income	-9,157	-7,665
Net assets as of March 31 of financial year	**48,087**	**40,423**
Share of Kapsch TrafficCom (50%)	24,045	20,213
Carrying amount as of March 31 of financial year	**24,045**	**20,213**

Copiloto Colombia S.A.S., Colombia.
In financial year 2019/20, the company Copiloto Colombia S.A.S., Colombia, was established with a partner in equal shares (50%). The proportional result in financial year 2020/21 amounted to EUR -235 k (2019/20: EUR -60 k). As the activities and strategy of Copiloto are part of Kapsch TrafficCom's core business, the proportional results are disclosed separately in the result from operating activities. The carrying amount as of March 31, 2021 amounted to EUR 345 k (March 31, 2020: EUR 551 k). The financial data of the entity as of the latest balance sheet date is as follows:

	March 31, 2020	March 31, 2021
Non-current assets	540	530
Current assets	952	609
Non-current liabilities	-20	-71
Current liabilities	-2	-46
Net assets	**1,470**	**1,023**
Cash and cash equivalents	883	557
Financial liabilities (non-current and current)	0	0
	2019/20	**2020/21**
Revenues	0	35
Result for the period	-121	-536
Other comprehensive income	0	0
Total comprehensive income	**-121**	**-536**

Reconciliation	March 31, 2020	March 31, 2021
Net assets at beginning of financial year	0	1,501
Increase of nominal capital and capital reserve	1,603	0
Total comprehensive income	-121	-536
Currency translation differences	18	58
Net assets as of March 31 of financial year	**1,501**	**1,022**
Share (50%)	750	511
Adjustments for elimination of intercompany transactions	-199	-166
Carrying amount as of March 31 of financial year	**551**	**345**

Consortia.
tolltickets GmbH, Germany, holds 50% of the shares in the MyConsorzio consortium, which is managed jointly with a partner. The consortium members are generally excluded from liability. It is accounted for using the equity method. Proportional results from the joint venture (2020/21: EUR 0 k and 2019/20: EUR 0 k) are reported in earnings before taxes after the financial result. The carrying amount of the shares as at March 31, 2021 in MyConsorzio was EUR 1 k (March 31, 2020: EUR 1 k).

The financial information of the company as at the last balance sheet date December 31, 2020 is not material. Net assets as at December 31, 2020 amounted to EUR 2 k (December 31, 2019: EUR 0 k). Revenues for the financial year 2020/21 were EUR 4,146 k (2019/20: EUR 3,666 k) and profit after tax was EUR 2 k (2019/20: EUR 1 k).

17.3 Joint operations.

Kapsch TrafficCom had several joint arrangements in financial year 2020/21, mainly for implementation and maintenance projects. These joint arrangements are classified as joint operations. The company MoKA SAS, France, is also included in the Group as a joint operation. None of the joint operations is material individually to the Group in financial year 2020/21. Proportional revenues in the amount of EUR 10,171 k (2019/20: EUR 10,493 k) and proportional results in the amount of EUR 1,474 k (2019/20: EUR -645 k) were included in the respective items in the consolidated financial statements.

18 Financial instruments.

Financial instruments by category at carrying amount	March 31, 2020	March 31, 2021
Trade receivables and other current and non-current assets	**249,854**	**218,580**
At amortized cost	**197,990**	**167,206**
Trade receivables	196,907	162,747
Non-current trade and other receivables	1,083	4,459
At fair value through profit or loss	**0**	**0**
Derivative financial instruments (Fair value level 2)	0	0
Other non-financial assets [1]	**51,864**	**51,375**
Contract assets (non-current and current) at amortized cost	**183,100**	**159,057**
Other financial assets and investments (non-current and current)	**18,080**	**16,769**
At fair value through profit or loss	**15,473**	**7,334**
Securities (Fair value level 1)	9,062	6,554
Current securities (Fair value level 1)	96	55
Derivative financial instruments (Fair value level 2)	59	0
Investments (Fair value level 1)	5,734	0
Investments (Fair value level 3)	521	725
At amortized cost	**2,607**	**9,435**
Other financial assets and loans (non-current)	1,406	8,566
Other financial assets and loans (current)	1,200	869
Cash and cash equivalents at amortized cost	**169,680**	**132,463**
Financial liabilities (non-current and current) at amortized cost	**336,813**	**304,146**
Promissory note bond (Fair value level 2)	75,160	74,347
Project financing non-current (Fair value level 2)	37,500	25,000
Operating loans non-current (Fair value level 2)	96,718	90,326
Other financial liabilities (Fair value level 2)	127,435	114,473
Lease liabilities (non-current and current) at amortized cost [2]	**139,428**	**133,752**
Trade payables at amortized cost	**117,745**	**95,783**
Other liabilities and deferred income (non-current and current)	**101,634**	**108,486**
At amortized cost	**4,089**	**3,793**
Variable purchase price components (earn-out, fair value level 3)	3,573	3,573
Other financial liabilities	515	219
At fair value through profit or loss	**1,110**	**1,503**
Derivative financial instruments (Fair value level 2)	1,110	1,503
Other non-financial liabilities [1]	**96,435**	**103,191**

[1] Non-financial receivables and liabilities are only included for reconciliation with the respective balance sheet item.
[2] Lease liabilities belong to financial liabilities, but do not underly the disclosure requirements of IFRS 7.

Changes and fair value.
No reclassifications between the hierarchy levels were made in financial year 2020/21.

As in the previous year, the securities as of March 31, 2021 relate to government and bank bonds as well as shares in investment funds. Kapsch used the option according to IFRS 9 to recognize one debt instrument at fair value through profit and loss instead of amortized costs.

As of March 31, 2020 the 15.4% investment in the listed Q-Free ASA, Norway, recognized at fair value through profit and loss amounted to EUR 5,734 k. This investment was sold completely in financial year 2020/21.

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

The fair value of non-current and current financial liabilities amounted to EUR 75,174 k for the promissory note bond (March 31, 2020: EUR 76,437 k), EUR 25,490 k for the project financing (March 31, 2020: EUR 37,344 k), EUR 91,190 k for the non-current and current operating loans (March 31, 2020: EUR 96,685 k) and EUR 115,280 k for other financial liabilities (March 31, 2020: EUR 128,338 k). The fair value of other non-current financial assets and loans amounted to EUR 8,089 k (March 31, 2020: EUR 1,594 k), of non-current trade receivables and other current assets to EUR 4,417 k (March 31, 2020: EUR 1,072 k), and of non-current financial liabilities to EUR 213 k (March 31, 2020: EUR 498 k). Details on the level 3 earn-out liabilities can be found in note 30. The fair values of investment properties can be found in note 16.

Fair value-hierarchies and determination of fair value:
Financial assets and liabilities must be classified to one of the three following fair value-hierarchies:

Level 1: There are quoted prices in active markets for identical assets and liabilities. In the Group, listed equity instruments are attributed to level 1, as well as, in the previous year, the investment in Q-Free ASA, Norway.

Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on direct or indirect observable market data. This category comprises securities that are not regularly traded on a stock market, derivative financial instruments and financial liabilities.

Specific valuation techniques used to value financial instruments include:
- Quoted market prices are used for securities.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted to present value.
- The fair value of financial liabilities classified as level 2 was derived through discounting the gross cash flows over the contracted term at a risk-adjusted interest rate.

Level 3: Financial instruments whose valuation information is not based on observable market data are classified to this category. Variable purchase price components (earn-out) fall into this category, for example. They are based on agreed conditions and the expectation of the future sales/earnings development of the respective subsidiaries. Long-term purchase price components are discounted using a risk-adjusted interest rate.

Statement of comprehensive income.
Financial instruments are recognized in the statement of comprehensive income with the following net results:

	2019/20	2020/21
Financial assets recognized at (amortized) cost	-8,829	-5,776
Financial liabilities recognized at (amortized) cost	-9,607	-10,792
At fair value through profit or loss	-7,773	1,005
Total	**-26,209**	**-15,563**

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

The table in this note shows the balance sheet values. The operating gains/losses from the change in the fair value of derivative financial instruments amounted to EUR 0 k and EUR -713 k respectively (2019/20: EUR 176 k and EUR -280 k). The gains and losses included in the financial result are shown in note 11.

As of March 31, 2021 the position "Other liabilities and deferred income (non-current and current)" includes derivative financial instruments in the amount of EUR 1,503 k (March 31, 2020: EUR 1,110 k), that will be cash-effective in the amount of EUR 353 k in the next year and EUR 1,149 k in the next 5 years.

To hedge the foreign currency risk, certain derivative financial instruments are designated as cash flow hedges to an insignificant extent. These are forward exchange contracts with different maturities and currencies. Changes to cash flow hedges are shown in other comprehensive income. As in the previous year, there were no hedges designated as cash flow hedges as of March 31, 2021.

19 Other non-current assets.

	March 31, 2020	March 31, 2021
Non-current trade receivables	0	3,289
Other non-current receivables	1,083	1,170
Total	**1,083**	**4,459**

The non-current trade receivables concern receivables related to the project "Automatic control of the toll" in Germany, which are not settled in the short term (see note 32).

Other non-current receivables include rental guarantees for buildings.

As in the previous year, the remaining term is more than 1 year but less than 5 years from the balance sheet date. Gross cash flows of other non-current assets up to 2 years amount to EUR 179 k (March 31, 2020: EUR 50 k), between 2 and 3 years EUR 3,643 k (March 31, 2020: EUR 289 k) and more than 3 years EUR 913 k (March 31, 2020: EUR 864 k).

20 Deferred tax assets/liabilities.

	March 31, 2020	March 31, 2021
Deferred tax assets to be recovered after more than 12 months	44,733	72,532
Deferred tax assets to be recovered within 12 months	8,322	6,957
Deferred tax assets	**53,055**	**79,489**
Deferred tax liabilities to be recovered after more than 12 months	1,296	539
Deferred tax liabilities to be recovered within 12 months	1,290	915
Deferred tax liabilities	**2,586**	**1,454**
Deferred tax assets net (+)/deferred tax liabilities net (-)	**50,469**	**78,035**

Deferred taxes due to tax loss carry-forwards and other temporary differences deductible in the future are recognized only to the extent of their potential realization. In these consolidated financial statements, tax loss carry-forwards amounting to EUR 214,813 k (March 31, 2020: EUR 245,359 k) are not recognized due to the unsecure potential for future taxable income. The not recognized tax loss carry-forwards relate to foreign subsidiaries, primarily in Spain, the USA, and Zambia and are, for the predominant part, not expiring or not before 2030. All other deferred tax assets have been recognized in the respective Group companies as future deductible items.

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

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

	March 31, 2020	Additions (+)/ Disposals (-) relating to purchase or sale of subsidiaries	Through profit or loss of the period	Through other comprehensive income	Currency translation differences	Reclassification and off-set	March 31, 2021
Tax loss carry-forwards	21,275	-385	24,764	0	-561	0	45,094
Provisions disallowed for tax purposes	9,806	86	0	-96	-38	0	9,757
Depreciation disallowed for tax purposes	12,474	0	196	0	0	0	12,670
Other (active deferred income)	9,502	-0	1,877	812	-130	-93	11,968
Deferred tax assets	**53,056**	**-299**	**26,838**	**716**	**-729**	**-93**	**79,489**
Special depreciation/amortization of non-current assets	135	0	-189	0	0	124	70
Gains from recognition at fair value	1,470	126	-936	0	0	0	659
Other (passive deferred income)	982	-1	-39	0	0	-217	726
Deferred tax liabilities	**2,587**	**125**	**-1,165**	**0**	**0**	**-93**	**1,454**
Total change	**50,469**	**-424**	**28,002**	**716**	**-729**	**0**	**78,034**

	March 31, 2019	Disposal from discontinued operations	Through profit of loss of the period	Through other comprehensive income	Currency translation differences	Reclassification and off-set	March 31, 2020
Deferred tax assets							
Tax loss carry-forwards	9,397	-541	13,069	0	-650	0	21,275
Provisions disallowed for tax purposes	12,088	-2,621	-1,470	1,985	-167	-10	9,806
Depreciation disallowed for tax purposes	15,205	-1,137	-2,366	0	0	771	12,474
Other (active deferred income)	10,317	-1,921	4,341	-304	-701	-2,230	9,502
Deferred tax assets	**47,007**	**-6,220**	**13,573**	**1,681**	**-1,518**	**-1,468**	**53,055**
Special depreciation/amortization of non-current assets	67	0	208	0	0	-139	135
Gains from recognition at fair value	4,829	0	-2,663	0	0	-696	1,470
Other (passive deferred income)	5,658	-372	-3,562	0	-110	-632	982
Deferred tax liabilities	**10,553**	**-372**	**-6,017**	**0**	**-110**	**-1,468**	**2,586**
Total change	**36,454**	**-5,848**	**19,590**	**1,681**	**-1,408**	**0**	**50,469**

21 Inventories.

	March 31, 2020	March 31, 2021
Purchased parts and merchandise, at acquisition cost	28,018	19,488
Unfinished goods and work in progress, at production cost	4,356	2,680
Finished goods, at production cost	27,385	22,652
Prepayments on inventories	962	2,555
Total	**60,721**	**47,376**

Inventories for projects decreased especially in the USA and Austria. Individual inventory items were written down, to their net realizable values. In the reporting period EUR -5,463 k were recognized in the statement of comprehensive income (2019/20: EUR -2,484 k). The write-downs of inventories amount to EUR 28,848 k as at March 31, 2021 (March 31, 2020: EUR 23,385 k). In case the assumptions made for the impairment of inventories would change by 10%, the effect would be only slightly different with an amount of approximately EUR -4,482 k or EUR +4,276 k (March 31, 2020: EUR -5,975 k or EUR +5,528 k).

22 Trade receivables and other current assets.

	March 31, 2020	March 31, 2021
Trade receivables	205,319	169,764
Allowance for bad debt	-8,412	-7,017
Trade receivables – net	**196,907**	**162,747**
Receivables from tax authorities (other than income tax)	17,353	13,591
Other receivables and prepaid expenses	34,511	37,784
Total trade receivables and other current assets	**248,771**	**214,122**

Allowance for bad debt developed as follows:

	2019/20	2020/21
Balance as of March 31 of previous year	**-6,738**	**-8,412**
Disposals relating to discontinued operations	771	19
Additions relating to specific bad debt reserve	-4,650	-3,620
Utilization relating to specific bad debt reserve	380	193
Disposals relating to specific bad debt reserve	488	4,395
Expected credit losses according to IFRS 9	592	577
Currency translation differences	746	-167
Balance as of March 31 of financial year	**-8,412**	**-7,017**
thereof expected credit losses according to IFRS 9	-2,603	-2,025

Maturity structure of trade receivables:

	2019/20	2020/21
Not yet due	115,052	113,413
Overdue		
1-30 days	60,083	33,221
31-60 days	5,728	3,128
61-90 days	1,629	1,730
91-180 days	8,649	5,638
181-270 days	1,624	3,094
More than 271 days	12,554	9,540
Total	**205,319**	**169,764**

Total trade receivables are with 86.4% not due or overdue for 1-30 days (previous year: 85.3%). There is no concentration of credit risk with respect to trade receivables, as the Group generally has a large number of customers worldwide. Trade receivables relating to the tolling project in Bulgaria in the amount of EUR 27,610 k were fully paid in financial year 2020/21. Trade receivables in Kapsch TrafficCom Inc., USA, remained at the previous year's level, amounting to EUR 45,202 k (March 31, 2020: EUR 44,636 k).

23 Contract assets and contract liabilities.

Contract assets and liabilities are composed as follows:

	March 31, 2020	March 31, 2021
Current contract assets	171,037	155,511
Allowance on current contract assets	-1,715	-1,643
Total current contract assets	**169,322**	**153,868**
Non-current contract assets	14,990	5,214
Allowance on non-current contract assets	-1,212	-26
Total non-current contract assets	**13,778**	**5,188**
Total contract assets	**183,100**	**159,057**
Current contract liabilities	33,275	57,304
Non-current contract liabilities	25,985	9,413
Total contract liabilities	**59,260**	**66,717**

In financial year 2020/21 there were extensive negative margin adjustments in the segment Traffic amounting to EUR 78,906 k, which also led to a decline in contract assets and mainly related to the USA.

Impairment on contract assets amounted to EUR 1,669 k as of March 31, 2021 (March 31, 2020: EUR 2,927 k). Beside the expected credit loss on contract assets due to IFRS 9, there were allowances on contract assets related to a project in the USA. The positive amount from expected credit loss due to IFRS 9 as well as reversals of allowances in South Africa (as the contract assets were settled and the receivables were revalued) amounting to EUR +1,106 k (2019/20: EUR -2,301 k) was included in the statement of comprehensive income in financial year 2020/21.

An amount of EUR 41,734 k of the contract liabilities in total amounting to EUR 59,260 k as of March 31, 2020 was recognized in revenues in financial year 2020/21 (2019/20: EUR 29,907 k).

In case the margins would change by 10% compared to the assumptions made, the sensitivity analysis indicates that operating result would change with an increase of margins and a decrease of margins by approximately EUR +7,198 k and EUR -6,409 k respectively (March 31, 2020: EUR +9,666 k and EUR -10,775 k).

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

	2019/20	2020/21
Future revenues	**1,936,171**	**1,693,756**
Total up to 1 year	678,297	623,327
Between 1 and 2 years	344,960	273,192
Between 2 and 3 years	212,370	181,275
Between 3 and 4 years	162,988	137,346
Between 4 and 5 years	124,667	80,405
More than 5 years	412,890	398,210

24 Cash and cash equivalents.

	March 31, 2020	March 31, 2021
Cash on hand	142	115
Deposits held with banks	169,538	132,348
Total	**169,680**	**132,463**

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

25 Equity.

Share capital. The registered share capital of the parent company amounts to EUR 726,728. The share capital is fully paid. The Company currently has neither authorised capital nor conditional capital or conversion rights.

Capital reserve. Capital reserve includes those reserves that have not been established from results of prior periods. In financial year 2020/21 EUR 30,000 k of capital reserves were released and reclassified to consolidated retained earnings.

Other reserves. Other reserves contain effects of changes in shares held in subsidiaries as well as reserves from other comprehensive income, for example reserves for currency translation differences, remeasurements of liabilities from post-employment benefits after deduction of deferred taxes as well as in the previous year changes of the cash flow hedge reserve after deduction of deferred taxes.

Consolidated retained earnings. Retained earnings include the net result for the financial year as well as past earnings of the entities included in consolidation, to the extent that these results have not been distributed as dividends. In financial year 2020/21 EUR 30,000 k of capital reserves were released and reclassified to consolidated retained earnings.

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

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

Sale of shares in subsidiaries. The effects from the sale of shares in subsidiaries in financial year 2020/21 resulted from the sale of FLUIDTIME Data Services GmbH, Vienna, and Kapsch TrafficCom Construction & Realization spol. s.r.o., Czech Republic.

Changes of shares and capital in subsidiaries. The effects from changes of shares and capital in subsidiaries in financial year 2019/20 mainly resulted from the adjustment of non-controlling interests in Streetline Inc., USA, as well as remeasurements of liabilities from post-employment benefits which are not reclassified to the result for the period.

26 Current and non-current financial liabilities.

	March 31, 2020	March 31, 2021
Non-current financial liabilities	251,762	172,765
Current financial liabilities	85,050	131,381
Total	**336,813**	**304,146**

Movements are as follows:

	March 31, 2020	Reclassi-fication	Additions	Repay-ment	Currency translation differences and interest accrued	March 31, 2021
Promissory note bond	75,160	-42,879	0	0	-813	31,468
Loans for acquisitions	15,327	-6,649	0	0	0	8,678
Loans for project financing	37,500	-12,500	0	0	0	25,000
Operating loans	96,718	-6,348	121	0	-166	90,326
Other non-current loans	27,057	-9,764	0	0	0	17,293
Non-current financial liabilities	**251,762**	**-78,140**	**121**	**0**	**-978**	**172,765**
Promissory note bond	0	42,879	0	0	0	42,879
Loans for acquisitions	6,649	6,649	0	-6,649	0	6,649
Loans for project financing	13,336	12,500	7,500	-12,922	302	20,715
Operating loans	41,911	6,348	807	-7,815	-1,702	39,549
Other current loans	23,155	9,764	10,482	-22,901	1,088	21,588
Current financial liabilities	**85,050**	**78,140**	**18,790**	**-50,287**	**-311**	**131,381**
Total	**336,813**	**0**	**18,911**	**-50,287**	**-1,290**	**304,146**

	March 31, 2019	Disposals relating to discontinued operations	Reclassi-fication	Additions	Repay-ment	Currency translation differences and interest accrued	March 31, 2020
Promissory note bond	74,794	0	0	0	0	366	75,160
Loans for acquisitions	21,976	0	-6,649	0	0	0	15,327
Loans for project financing	50,000	0	-12,500	0	0	0	37,500
Operating loans	46,492	0	-11,941	62,631	0	-464	96,718
Other non-current loans	47,430	-383	-19,990	0	0	0	27,057
Non-current financial liabilities	**240,693**	**-383**	**-51,080**	**62,631**	**0**	**-98**	**251,762**
Loans for acquisitions	8,316	0	6,649	0	-8,316	0	6,649
Loans for project financing	7,078	-6,660	12,500	606	-294	105	13,335
Operating loans	35,622	-15,197	17,187	6,828	-2,516	-13	41,911
Other current loans	10,376	0	14,744	3,048	-5,150	137	23,155
Current financial liabilities	**61,391**	**-21,857**	**51,080**	**10,482**	**-16,276**	**230**	**85,050**
Total	**302,084**	**-22,240**	**0**	**73,113**	**-16,276**	**132**	**336,813**

Additions and repayments are cash-effective.

Since the three tranches of the promissory note bond ("Schuldscheindarlehen") with a five-year term are due in June 2021, this part has been reclassified from non-current to current liabilities. Details to tranches, maturity periods and interest rates of the promissory note bond, placed in June 2016, are as follows:

Tranche	Interest rate	Interest fixing and interest payment	Repayment
EUR 26 million	1.22%	yearly	June 16, 2021
EUR 4.5 million	6M EURIBOR + 120 Bp	semi-annual	June 16, 2021
USD 14.5 million	3M LIBOR + 170 Bp	quarterly	June 16, 2021
EUR 23 million	6M EURIBOR + 150 Bp	semi-annual	June 16, 2023
EUR 8.5 million	2.26%	yearly	June 16, 2026

The gross cash flows (including interest) of current and non-current financial liabilities are as follows:

2020/21	Promissory note bond	Loans for acquisitions	Loans for project financing	Operating loans	Other loans	Total
In the next 6 months	44,623	3,421	6,812	14,632	16,206	85,693
In the next 7 to 12 months	268	3,398	14,625	27,397	5,616	51,305
Gross cash flows up to one year	**44,892**	**6,819**	**21,437**	**42,029**	**21,822**	**136,998**
Between 1 and 2 years	537	5,198	12,875	14,756	9,959	43,325
Between 2 and 3 years	23,364	3,594	12,625	41,856	6,752	88,191
Between 3 and 4 years	192	0	0	10,925	351	11,468
Between 4 and 5 years	192	0	0	10,869	334	11,395
Gross cash flows more than 5 years	8,596	0	0	15,323	394	24,313
Total	**77,772**	**15,611**	**46,937**	**135,759**	**39,611**	**315,690**

2019/20	Promissory note bond	Loans for acquisitions	Loans for project financing	Operating loans	Other loans	Total
In the next 6 months	1,153	3,401	6,838	7,601	9,864	28,858
In the next 7 to 12 months	615	3,387	6,955	36,606	13,547	61,111
Gross cash flows up to one year	**1,768**	**6,788**	**13,793**	**44,208**	**23,412**	**89,968**
Between 1 and 2 years	44,618	6,734	12,750	8,421	9,991	82,514
Between 2 and 3 years	536	5,148	12,650	12,894	9,835	41,063
Between 3 and 4 years	23,364	3,578	12,550	41,873	6,699	88,064
Between 4 and 5 years	192	0	0	10,949	342	11,483
Gross cash flows more than 5 years	8,596	0	0	25,649	851	35,097
Total	**79,074**	**22,248**	**51,743**	**143,994**	**51,130**	**348,188**

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

	2019/20	2020/21
Carrying fixed interest rates	249,454	193,691
Carrying variable interest rates	87,358	110,455
Total financial liabilities	**336,813**	**304,146**
Average interest rates:		
Loans for project financing	0.80 - 6.70%	1.50 - 6.00%
Promissory note bond	1.20 - 2.44%	1.20 - 2.26%
Loans for acquisitions	0.54 - 1.20%	1.20 - 1.47%
Operating loans	0.70 - 12.95%	1.00 - 11.35%
Other loans	0.50 - 10.75%	0.50 - 9.00%

Liabilities to banks in the amount of EUR 7,363 k (March 31, 2020: EUR 6,894 k) are pledged with shares in Kapsch Financial Services GmbH, Vienna.

Bills of exchange amounting to EUR 42,137 k (March 31, 2020: EUR 45,709 k) were issued for an export promotion loan and loans for acquisitions as well as for an operating loan.

27 Lease liabilities.

Lease liabilities are composed as follows:

	March 31, 2020	March 31, 2021
Non-current lease liabilities	94,930	100,605
Current lease liabilities	44,498	33,147
Total	**139,428**	**133,752**

Movements of right-of-use assets from leases and classifications are included in note 14 property, plant and equipment. From the business as a lessor, especially in segment Enterprise, the following lease receivables are generated:

	March 31, 2020	March 31, 2021
Non-current lease receivables	26,571	31,322
Current lease receivables	10,674	14,982
Total	**37,246**	**46,304**

The cash flows of lease liabilities are as follows:

	2019/20	2020/21
In the next 6 months	16,332	18,054
In the next 7 to 12 months	28,166	15,093
Gross cash flows up to one year	**44,498**	**33,147**
Between 1 and 2 years	25,137	28,356
Between 2 and 3 years	19,972	34,365
Between 3 and 4 years	14,903	14,445
Between 4 and 5 years	9,586	7,751
More than 5 years	25,332	15,688
Total	**139,428**	**133,752**

The weighted average incremental borrowing rate applied for the valuation of lease liabilities as of March 31, 2021 amounted to 1.87% (March 31, 2020: 1.97%). In case the incremental borrowing rate would change by 0.5 bp compared to the current one, the lease liabilities would change by approximately EUR -1,773 k and EUR +1,848 k respectively (March 31, 2020 adjusted: EUR -2,139 k and EUR +2,246 k).

In financial year 2020/21 lease expenses (without interest) amounted to EUR 20,544 k (2019/20: EUR 18,578 k). Interest expenses for lease liabilities (net) amounted to EUR 1,972 k (2019/20: EUR 1,655 k) (see note 10).

The Group applies the exemptions regarding “short-term leases with a term of not more than twelve months” and leases of “low-value assets”. Those leases are not recognized in the balance sheet, instead, payments made for such leases continue to be recognized as expenses. Details of these expenses are as follows:

	2019/20			2020/21		
	Rental expenses	IT expenditures	Automobile expenses	Rental expenses	IT expenditures	Automobile expenses
Expenses relating to leases of low value assets	211	11,787	14	275	10,670	227
Expenses relating to short term leases	2,429	0	594	1,068	46	320
Expenses relating to variable lease payments and services	5,264	5,577	7,577	4,151	4,918	4,891
Total	**7,903**	**17,364**	**8,185**	**5,494**	**15,634**	**5,438**

28 Liabilities from post-employment benefits to employees.

	March 31, 2020	March 31, 2021
Termination benefits	41,922	40,748
Pension benefits	26,940	27,391
Total	**68,861**	**68,139**

Parameters.
Termination benefits obligations were valued based on an interest rate of 0.00% – 0.85% (2019/20: 0.30% – 0.80%) and in Mexico on an interest of 5.80%. Retirement benefit obligations were valued based on an interest rate of 0.40% – 1.10% (2019/20: 0.45 – 1.05%) for the euro zone and based on an interest rate of 2.90% (2019/20: 2.70%) for Canada as well as an interest rate of 2.80% (2019/20: 2.60%) for pensioners, and compensation increases based on a rate of 2.00% – 4.50% (2019/20: 1.75% – 3.00%). In addition, the calculation was based on the earliest possible statutory retirement age including transition provisions and, as in the previous year, using the mortality tables AVO 2018-P ANG by Pagler & Pagler for Austria and the 2014 Canadian Pension Mortality Private Tables for Canada. Pension increases were estimated at 1.75% – 3.00% on average (2019/20: 1.53%).

Termination benefits.
This item essentially comprises legal and contractual claims of employees in Austria or their dependents on one-time severance payments. These may arise, in particular, on the basis of an employer's notice, amicable solution to the employment relationship, retirement or death of the employee. In the case of severance payments, the Group bears the risk of inflation resulting from salary adjustments, which simultaneously lead to higher severance payments. For employees who have joined Kapsch Group in Austria after December 31, 2002, payments into an external employee benefit fund are made on a monthly basis so that the Group does not normally incur any severance payments.

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

	2019/20	2020/21
Carrying amount as of March 31 of previous year	**45,653**	**41,922**
Addition from business combinations	0	1,529
Disposals relating to discontinued operations	-5,755	0
Remeasurements (actuarial gains/losses)	4,172	-1,465
Current service cost	1,154	941
Past service costs	0	0
Interest expense	504	211
Payments	-3,720	-2,353
Currency translation differences	-86	-36
Carrying amount as of March 31 of financial year	**41,922**	**40,748**
Total, included in the staff costs	1,154	941
Total, included in the financial result	504	211

Remeasurements are attributable to the following positions:

	2019/20	2020/21
Remeasurements from changes in demographic assumptions	102	-713
Remeasurements from changes in financial assumptions	3,309	157
Remeasurements from other changes (experience adjustments)	761	-910
Total	**4,172**	**-1,465**

The expected allocation for termination benefits for the next financial year 2021/22 amounts to EUR 853 k. The weighted average duration amounts to 9.8 years.

In the following sensitivity analysis for termination benefit obligations, the impacts resulting from changes in significant actuarial assumptions were stated, whereas the other impact parameters were kept constant. However, in reality it will be rather likely that several of these parameters will change.

Sensitivities	Changes in assumption	Decrease in assumption	Increase in assumption
Impact of changes in the discount rate			
Defined benefit obligation (DBO)	± 50 Bp	1,941	-1,800
Expected annual interest expenses (IC)	± 50 Bp	-186	168
Expected annual service costs (CSC)	± 50 Bp	42	-38
Impact of changes in salary increases			
Defined benefit obligation (DBO)	± 50 Bp	-1,691	1,802
Expected annual interest expenses (IC)	± 50 Bp	-9	9
Expected annual service costs (CSC)	± 50 Bp	-40	43
Impact of changes in fluctuation			
Defined benefit obligation (DBO)	± 5%	44	-44
Expected annual interest expenses (IC)	± 5%	0	-0
Expected annual service costs (CSC)	± 5%	2	-2

Pension benefits.
Liabilities for retirement benefits recognized at the balance sheet date relate to retirees and active employees. All pension agreements are based on the final salary, are granted as fixed monthly pension payments and are partly covered by external plan assets (funds). In addition, contributions are paid to an external pension fund for employees of the Group (see note 6). For retirement benefits the Group bears the risk of longevity and inflation due to pension increases.

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

	March 31, 2020	March 31, 2021
Present value of funded obligations	10,183	11,393
Fair value of plan assets	-3,981	-4,251
Deficit of funded plans	**6,202**	**7,142**
Present value of unfunded obligations	20,737	20,249
Liability on the balance sheet	**26,940**	**27,391**

The defined benefit obligation developed as follows:

	2019/20	2020/21
Carrying amount as of March 31 of previous year	**32,615**	**30,920**
Disposals relating to discontinued operations	-6,338	0
Remeasurements (actuarial gains/losses)	4,663	557
Current service cost	551	703
Interest expense	481	287
Payments	-951	-959
Currency translation differences	-102	134
Carrying amount as of March 31 of financial year	**30,920**	**31,642**
Total, included in the staff costs	551	703
Total, included in the financial result	481	287

Remeasurements are attributable to the following positions:

	2019/20	2020/21
Remeasurements from changes in demographic assumptions	271	0
Remeasurements from changes in financial assumptions	4,390	-53
Remeasurements from other changes	2	609
Total	**4,663**	**557**

The fair value of plan assets developed as follows:

	2019/20	2020/21
Carrying amount as of March 31 of previous year	**3,139**	**3,981**
Expected return on plan assets	419	-153
Employer contribution	424	423
Benefits paid	0	0
Carrying amount as of March 31 of financial year	**3,981**	**4,251**

Plan assets are comprised as follows:

	2019/20	2020/21
Equity instruments	36%	36%
Debt instruments	46%	46%
Property	14%	15%
Other	4%	3%
	100%	**100%**

The expected allocation for pension benefits for the next financial year 2021/22 amounts to EUR 1,021 k. The weighted average duration amounts to 17.6 years.

In the following sensitivity analysis for pension benefit obligations, the impacts resulting from changes in significant actuarial assumptions were changed, whereas the other impact quantities were kept constant. However, in reality it will be rather likely that several of these impact quantities will change.

Sensitivities	**Changes in assumption**	**Decrease in assumption**	**Increase in assumption**
Impact of changes in the discount rate			
Defined benefit obligation (DBO)	± 50 Bp	3,486	-2,143
Expected annual interest expenses (IC)	± 50 Bp	-136	128
Expected annual service costs (CSC)	± 50 Bp	90	-78
Impact of changes in salary increases			
Defined benefit obligation (DBO)	± 50 Bp	-1,599	2,861
Expected annual interest expenses (IC)	± 50 Bp	-11	29
Expected annual service costs (CSC)	± 50 Bp	-62	70

Analysis of expected maturity of undiscounted benefits.

	2021/22	2022/23	2023/24	2024/25	2025/26	over 5 years	Total
Termination benefits	4,837	1,874	1,554	2,272	2,117	31,816	44,470
Pension benefits	957	955	972	1,060	1,056	39,323	44,324
Jubilee payments	321	658	533	592	547	11,394	14,046

29 Provisions.

	March 31, 2020	March 31, 2021
Non-current provisions	11,767	14,201
Current provisions	37,007	49,851
Total	**48,774**	**64,052**

The provisions changed as follows:

	March 31, 2020	Additions (+)/Disposals (-) relating to purchase or sale of subsidiaries	Addition from accumulation	Addition	Utilization	Disposal	Reclassification	Currency translation differences	March 31, 2021
Obligations from anniversary bonuses	7,527	0	35	541	0	-617	0	12	7,498
Warranties	573	0	0	0	0	0	754	0	1,327
Provision for losses from onerous contracts	685	0	0	0	0	0	-685	0	0
Projects (excl. impending losses)	126	0	0	0	0	0	68	0	194
Legal fees, costs of litigation and contract risks	11	0	0	0	0	0	0	0	10
Restructuring costs	0	0	0	0	0	0	556	0	556
Other non-current provisions	2,846	0	26	728	-26	-445	1,641	-154	4,616
Non-current provisions, total	**11,767**	**0**	**61**	**1,270**	**-26**	**-1,062**	**2,334**	**-143**	**14,201**
Warranties	2,704	0	0	1,701	-1,111	-349	-754	163	2,353
Provision for losses from onerous contracts	19,210	-0	0	12,465	-10,038	-1,327	685	-624	20,371
Projects (excl. impending losses)	8,238	-5	0	2,330	-30	-2,388	-68	22	8,099
Legal fees, costs of litigation and contract risks	1,926	-19	0	8,645	-434	-262	0	-134	9,723
Restructuring costs	0	0	0	3,917	0	0	-556	0	3,361
Other current provisions	4,929	107	0	6,514	-959	-2,900	-1,641	-106	5,944
Current provisions, total	**37,007**	**83**	**0**	**35,572**	**-12,573**	**-7,226**	**-2,334**	**-678**	**49,851**
Total	**48,774**	**83**	**61**	**36,842**	**-12,599**	**-8,288**	**0**	**-821**	**64,052**

	March 31, 2019	Disposals relating to discontinued operations	Addition from accumulation	Addition	Utilization	Disposal	Reclassification	Currency translation differences	March 31, 2020
Obligations from anniversary bonuses	7,477	-828	20	1,323	-122	-320	0	-23	7,527
Warranties	3,078	0	0	0	0	0	-2,506	0	573
Losses from onerous contracts	1,000	0	0	0	0	0	-315	0	685
Projects (excl. impending losses)	2,364	0	0	0	0	0	-2,238	0	126
Legal fees, costs of litigation and contract risks	3,248	0	0	0	0	0	-3,237	0	11
Other non-current provisions	3,157	0	35	805	-145	-146	-592	-268	2,846
Non-current provisions, total	**20,323**	**-828**	**55**	**2,128**	**-267**	**-467**	**-8,888**	**-290**	**11,767**
Warranties	1,803	-1,269	0	1,551	-1,725	-43	2,506	-118	2,704
Losses from onerous contracts	8,852	-5,795	0	17,591	-0	-1,925	315	172	19,210
Projects (excl. impending losses)	8,296	-4,603	0	2,723	-109	-85	2,238	-222	8,238
Legal fees, costs of litigation and contract risks	10,263	-12,187	0	3,281	-905	-1,735	3,237	-28	1,926
Other current provisions	5,352	-14,903	0	21,448	-5,197	-2,176	592	-186	4,929
Current provisions, total	**34,566**	**-38,757**	**0**	**46,593**	**-7,936**	**-5,964**	**8,888**	**-383**	**37,007**
Total	**54,889**	**-39,585**	**55**	**48,721**	**-8,203**	**-6,430**	**0**	**-674**	**48,774**

The provision for “anniversary bonuses” relates to non-current entitlements of employees based on Collective Agreements. The valuation was based on an interest rate of 0.05% – 0.70% (2019/20: 0.20% – 0.70%), as well as of 5.80% in Mexico, the earliest possible statutory retirement age including transition provisions and using the mortality tables AVO 2018-P ANG by Pagler & Pagler as in the previous year. Increases in salary were considered at 2.50% – 4.50% (2019/20: 2.00 – 2.50%). It is expected that an amount of EUR 321 k will be used in financial year 2021/22 and the remaining amount in the following financial years. A change in discount rates, salaries and fluctuation of 50 bp each would only have an insignificant impact on the balance sheet and the statement of comprehensive income. The expected maturity of the undiscounted claims is included in note 28.

As manufacturer, dealer and service provider, the Group issues “product warranties” at the time of sale to its customers. Usually, under the terms of the warranty contract, the Group has the obligation to repair or replace manufacturing or software defects that become apparent within the period under guarantee. If the Group expects warranty claims on products sold or services rendered during the period under guarantee, a corresponding provision is set up in the financial statements. Based on the expectation that the majority of the expenditure will be incurred in the short or medium term, the best estimate for the cost of warranty is used for the recognition of the provision. Likewise, historical data is taken into account in the calculation of the provision amount. According to past experience, it is probable that there will be claims under the warranties. It is expected that an amount of EUR 783 k will be used in the first half of financial year 2021/22, EUR 1,569 k in the second half of the year and the remaining amount of EUR 1,327 k in the following financial years.

In financial year 2020/21, an amount of EUR 12,465 k was set up as a current provision for “losses from onerous contracts”, at the same time provisions for losses from onerous contracts in the amount of EUR 10,038 k of the previous year were utilized. A major part of this amount was provided by an American subsidiary for various implementation projects, which cannot be completed with a profit. In the first half of financial year 2021/22 utilization in the amount of EUR 374 k and in the second half of the year utilization in the amount of EUR 19,997 k is expected.

The provisions for “projects (excl. impending losses)” mainly relate to current costs and repair services for current toll projects. It is expected that an amount of EUR 7,685 k will be used in the first half of the financial year 2021/22, EUR 414 k in the second half of the year and the remaining amount of EUR 194 k in the following financial years.

Provisions for “legal fees, costs of litigation and contract risks” mainly relate to current legal cases and consulting costs. In November 2020, a competitor in the USA opened a lawsuit accusing Kapsch TrafficCom of patent infringement. The company is reviewing the claims and has accrued costs of EUR 8,065 k for the litigation. It is expected that the full amount of provisions for “legal fees, costs of litigation and contract risks” will be used in financial year 2021/22, of which EUR 657 k will be used in the first half of the year.

In the 2020/21 financial year, the Group recognized provisions for restructuring costs in the Segment Traffic amounting to EUR 3,917 k in total, mainly for measures in the USA and Sweden. In the first half of the following financial year, a utilization of EUR 2,612 k is expected, in the second half of the year a utilization of EUR 749 k and in the following financial years a utilization of EUR 556 k is expected.

“Other provisions” mainly include provisions for taxes and duties, provisions for commissions and bonuses and provisions for dismantling, removing and restoring assets. It is expected that an amount of EUR 2,919 k will be used in the first half of financial year 2020/21, EUR 3,025 k in the second half of the year and the remaining amount of EUR 4,616 k in the following financial years.

30 Other non-current liabilities.

	March 31, 2020	March 31, 2021
Liabilities from acquisition of shares	3,573	3,573
Non-current liabilities from derivative financial instruments	1,084	1,176
Other	515	219
Total	**5,172**	**4,968**

Liabilities from acquisition of shares as of March 31, 2021, as in the previous year, mainly related to the long-term part of the variable purchase price component (sales-based earn-out payment) from the acquisition of the shares in Kapsch BusinessCom AG, Switzerland (acquisition of eCrome Systems AG, Switzerland).

Non-current liabilities from derivative financial instruments amounting to EUR 1,176 k (2019/20: EUR 1,084 k) included EUR 520 k (2019/20: EUR 769 k) for an interest rate swap with a nominal value of EUR 10 million and a term until 2022 in connection with the hedging of the interest rate risk from the variable interest rate from finance leases and with EUR 655 k (2019/20: EUR 315 k) liabilities from the valuation of forward exchange contracts.

The non-current liabilities were discounted on the basis of cash flows using discount rates. The gross cash flows of other non-current liabilities are as follows:

	2019/20	2020/21
Less than 2 years	1,306	748
Between 2 and 3 years	153	3,934
More than 3 years	3,866	387
Total	**5,325**	**5,068**

31 Other liabilities and deferred income.

	March 31, 2020	March 31, 2021
Other prepayments received	3,937	2,357
Refund liabilities	0	452
Other employee liabilities	52,381	48,510
Liabilities to tax authorities (other than income tax)	9,473	11,344
Sundry liabilities and deferred income	30,671	40,855
Total	**96,462**	**103,518**

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

32 Contingent liabilities and other commitments.

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

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

	March 31, 2020	March 31, 2021
Australia (toll collection systems)	5,935	15,378
North America (toll collection systems)	26,399	24,667
Guarantees against third parties for subsidiaries	3,700	0
Total	**36,033**	**40,045**

Further performance and bid bonds from financial institutes or insurance companies, where an outflow of resources is deemed unlikely, amount to EUR 254,045 k (2019/20: EUR 319,709 k) and are not included in the balance sheet or in the contingent liabilities.

For details of securities for abovementioned contingent liabilities and other commitments, see note 26. In addition, assets of Kapsch TrafficCom AB, Sweden, in the amount of EUR 11,721 k (March 31, 2020: EUR 10,849 k) were pledged as collateral for contingent liabilities in favor of a Swedish bank.

German infrastructure charge.
In 2018 the joint venture autoTicket GmbH (autoTicket), Germany, was commissioned to levy the German infrastructure charge ("passenger vehicle toll"). Moreover in a separate contract the Group company MTS Maut & Telematik Services GmbH (MTS), Germany, had been awarded the contract for the "automatic control of the passenger vehicle toll".

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

The operating parties of the terminated contract for the project "Toll collection" are Kapsch TrafficCom, CTS EVENTIM and autoTicket. In December 2019, they jointly asserted claims in the amount of around EUR 560,000 k against the Federal Republic of Germany. The responsible minister is disputing this claim. This matter will therefore need to be resolved before an arbitration tribunal. Such proceedings can last several years. The independent arbitration tribunal began its work in spring 2020. Due to confidentiality obligations more details on the disputes cannot be disclosed.

The financial claims that the operating parties have against the Federal Republic of Germany and the resulting claims that Kapsch TrafficCom has against autoTicket on the basis of both contractual services and the position as shareholder will be clarified in arbitration proceedings and are not capitalized on the balance sheet date as they represent a contingent asset in accordance with IAS 37. An exception to this is the recognition of the share in autoTicket, which is reported in accordance with the equity method (see note 17).

A temporarily existing joint and several liability of autoTicket for claims of the financing banks for EUR 175,000 k in connection with the syndicated loan agreement no longer existed on the balance sheet date as of March 31, 2020. In the operating agreement, the shareholders of autoTicket issued a limited-term joint and several liability declaration for an amount of around EUR 300,000 k to the Federal Republic of Germany, represented by the German Federal Motor Transport Authority ("Kraftfahrtbundesamt"). A claim is not expected on account of the current state of proceedings and a legal appraisal. To finance autoTicket, a capital increase of EUR 35,714 k (EUR 17,857 k per shareholder) was carried out in financial year 2019/20. Furthermore, a financing facility for a total of EUR 15,000 k (EUR 7,500 k per shareholder) was agreed with autoTicket after the balance sheet date, whereas drawing on the facility requires the approval of the shareholders. As of March 31, 2021, Kapsch TrafficCom AG had receivables from financing towards autoTicket in the amount of EUR 7,260 k.

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

33 Interests in subsidiaries.

33.1 Consolidated group.

As of March 31, 2021 the consolidated group (including parent company KAPSCH-Group Beteiligungs GmbH, Vienna) consists of 80 entities (March 31, 2020: 76 entities). The consolidated group changed as follows:

	2019/20	2020/21
Amount of entities at the beginning of the financial year	89	76
Initial consolidation	4	6
Deconsolidations	-17	-2
Amount of entities in the consolidated group	**76**	**80**

The regional distribution of subsidiaries was as follows::

	2019/20	2020/21
Austria	19	19
Central and Eastern Europe (excluding Austria)	10	10
Western Europe	13	14
Rest of the World	34	37
Total	**76**	**80**

The following companies are included in the consolidated financial statements:

	March 31, 2020		March 31, 2021	
Entity, headquarter of entity	**Group's share**	**Non-controlling interests**	**Group's share**	**Non-controlling interests**
Segment Traffic				
Kapsch TrafficCom AG, Vienna	63.3%	36.7%	63.3%	36.7%
ArtiBrain Software Entwicklungsgesellschaft mbH, Vienna	63.3%	36.7%	63.3%	36.7%
Consorcio ITS Parques del Rio, Bogotá, Colombia	38.0%	62.0%	38.0%	62.0%
Consorcio Túneles Al Nus (Consortium), Bogotá, Colombia [1]	–	–	32.3%	67.7%
Consorcio Peaje AGR (Consortium), Quito, Ecuador [1]	–	–	32.3%	67.7%
Electronic Toll Collection (PTY) Ltd., Centurion, South Africa	63.3%	36.7%	63.3%	36.7%
FLUIDTIME Data Services GmbH, Vienna [2]	47.8%	52.2%	–	–
Intelligent Mobility Solutions Limited, Lusaka, Zambia	32.3%	67.7%	32.3%	67.7%
Kapsch Components GmbH & Co KG, Vienna	63.3%	36.7%	63.3%	36.7%
Kapsch Components GmbH, Vienna	63.3%	36.7%	63.3%	36.7%
Kapsch Road Services Sp. z o.o., Warsaw, Poland	63.3%	36.7%	63.3%	36.7%
Kapsch Telematic Services GmbH Deutschland, Berlin, Germany	63.3%	36.7%	63.3%	36.7%
Kapsch Telematic Services GmbH, Vienna	63.3%	36.7%	63.3%	36.7%
Kapsch Telematic Services IOOO, Minsk, Belarus	63.3%	36.7%	63.3%	36.7%
Kapsch Telematic Services Sp. z o.o., Warsaw, Poland	63.3%	36.7%	63.3%	36.7%
Kapsch Telematic Services spol. s r.o., Prague, Czech Republic	63.3%	36.7%	63.3%	36.7%
Kapsch Telematik Technologies Bulgaria EAD, Sofia, Bulgaria	63.3%	36.7%	63.3%	36.7%
Kapsch Traffic Solutions (Consortium), Sofia, Bulgaria	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom - Rowing - UTE (Consortium), Buenos Aires, Argentina [3]	31.6%	68.4%	31.6%	68.4%
Kapsch TrafficCom AB, Jonkoping, Sweden	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom Arce Sistemas S.A.U., Bilbao, Spain	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom Argentina S.A., Buenos Aires, Argentina	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom Australia Pty Ltd, Melbourne, Australia	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom B.V., Amsterdam, Netherlands	63.3%	36.7%	63.3%	36.7%

Entity, headquarter of entity	March 31, 2020 Group's share	March 31, 2020 Non-controlling interests	March 31, 2021 Group's share	March 31, 2021 Non-controlling interests
Kapsch TrafficCom Canada Inc., Mississauga, Canada	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom Chile S.A., Santiago de Chile, Chile	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom Construction & Realization spol. s r.o., Prague, Czech Republic [2]	63.3%	36.7%	–	–
Kapsch TrafficCom Dominican Republic S.R.L., Santo Domingo, Dominican Republic	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom France SAS, Paris, France	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom Holding Corp., McLean, USA	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom Holding II US Corp., McLean, USA	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom Inc., McLean, USA	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom Ireland Limited, Dublin, Ireland [1]	–	–	63.3%	36.7%
Kapsch TrafficCom IVHS, S.A. de C.V., Mexico City, Mexico	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom Kazakhstan LLC, Almaty, Kazakhstan	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom Lietuva UAB, Vilnius, Lithuania	32.3%	67.7%	32.3%	67.7%
Kapsch TrafficCom Ltd., Middlesex, United Kingdom	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom New Zealand Ltd., Auckland, New Zealand	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom Norway AS, Oslo, Norway	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom Peru S.A.C., Lima, Peru	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom PTE. LTD.,The Heeren, Singapore	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom Russia, OOO, Moscow, Russia	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom S.A.S., Bogotá, Colombia	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom S.r.l. a socio unico, Milan, Italy	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom Saudi Arabia Co. Lt., Jeddah, Saudi Arabia	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom Services Ukraine LLC, Kyiv, Ukraine [1]	–	–	63.3%	36.7%
Kapsch TrafficCom Services USA, Inc., McLean, USA	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom South Africa (Pty) Ltd., Sunninghill, South Africa	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom South Africa Holding (Pty) Ltd., Cape Town, South Africa	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom Transportation Argentina S.A., Buenos Aires, Argentina	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom Transportation Brasil Ltda., São Paulo, Brazil	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom Transportation Colombia S.A.S., Bogotá, Colombia [1]	–	–	63.3%	36.7%
Kapsch TrafficCom Transportation S.A.U., Madrid, Spain	63.3%	36.7%	63.3%	36.7%
Kapsch TrafficCom USA, Inc., McLean, USA	63.3%	36.7%	63.3%	36.7%
KTS Beteiligungs GmbH, Vienna	63.3%	36.7%	63.3%	36.7%
Mobiserve (Pty) Ltd., Cape Town, South Africa [5]	63.3%	36.7%	63.3%	36.7%
MTS Maut & Telematik Services GmbH, Berlin, Germany	63.3%	36.7%	63.3%	36.7%
SIMEX, Integración de Sistemas, S.A.P.I. de C.V., Mexico City, Mexico	63.3%	36.7%	63.3%	36.7%
Streetline Inc., Foster City, USA	61.4%	38.6%	61.4%	38.6%
Telvent Thailand Ltd., Bangkok, Thailand	63.3%	36.7%	63.3%	36.7%
TMT Services and Supplies (Pty) Ltd., Cape Town, South Africa [5]	63.3%	36.7%	63.3%	36.7%
tolltickets GmbH, Rosenheim, Germany [1]	41.1%	58.9%	63.3%	36.7%
Transport Telematic Systems - LLC, Abu Dhabi, United Arab Emirates [4]	31.0%	69.0%	31.0%	69.0%
Trust South Africa, Cape Town, South Africa [5]	63.3%	36.7%	63.3%	36.7%
Segment Enterprise				
Kapsch BusinessCom AG, Vienna	94.9%	5.1%	94.9%	5.1%
Kapsch S.R.L., Bucharest, Romania	94.9%	5.1%	94.9%	5.1%
Kapsch IT Services for finance and industries GmbH, Vienna	89.2%	10.8%	92.0%	8.0%
Kapsch Cashpooling and Hedging GmbH, Vienna	94.9%	5.1%	94.9%	5.1%
evolaris next level GmbH, Graz, Austria	94.9%	5.1%	94.9%	5.1%
Kapsch Liegenschaft Management GmbH, Vienna	94.9%	5.1%	94.9%	5.1%
ITM Informationstransport und -management Gesellschaft m.b.H., Vienna	94.9%	5.1%	94.9%	5.1%
Kapsch BusinessCom AG, St. Gallen, Switzerland	94.9%	5.1%	94.9%	5.1%

Entity, headquarter of entity	March 31, 2020 Group's share	March 31, 2020 Non-controlling interests	March 31, 2021 Group's share	March 31, 2021 Non-controlling interests
Kapsch BusinessCom USA Inc., Delaware, USA	94.9%	5.1%	94.9%	5.1%
Kapsch BusinessCom IoT Solutions s.r.o., Prague, Czech Republic	94.9%	5.1%	94.9%	5.1%
Kapsch BusinessCom GmbH, Neuss, Germany	94.9%	5.1%	94.9%	5.1%
Kapsch Converged Services, Vienna [1]	–	–	94.9%	5.1%
Segment Others				
Kapsch Aktiengesellschaft AG, Vienna	100.0%	–	100.0%	–
Kapsch Partner Solutions GmbH, Vienna	100.0%	–	100.0%	–
Kapsch ConnexPlus GmbH, Vienna	100.0%	–	100.0%	–
Austria Telecommunication International GmbH, Vienna	100.0%	–	100.0%	–
Kapsch PublicTransportCom GmbH, Vienna	100.0%	–	100.0%	–

1) Foundation/acquisition/acquisition of additional shares in financial year 2020/21
2) Deconsolidation in financial year 2020/21
3) Consolidation due to voting-right-agreements
4) Power over the relevant activities of the entity based on substantive rights
5) IFRS 10 control of Trust South Africa and thus full consolidation with 100%

The consortia Consorcio Túneles Al Nus, Colombia, as well as Consorcio Peaje AGR, Ecuador were formed in financial year 2020/21. Kapsch TrafficCom holds 51% in each of the consortia and controls the relevant activities, hence both consortia are fully consolidated.

Kapsch TrafficCom Ireland Limited, Ireland, was founded on August 12, 2020, Kapsch TrafficCom Transportation Colombia S.A.S., Colombia, was founded on October 14, 2020 and Kapsch TrafficCom Services Ukraine LLC, Ukraine, was founded on March 23, 2021. The entities are wholly-owned subsidiaries of Kapsch TrafficCom.

On May 28, 2020, Kapsch Converged Services GmbH, Vienna was fully acquired for a purchase price of EUR 276 k in segment Enterprise (see note 33.2 Business combinations).

Kapsch TrafficCom acquired the remaining shares (35%) in tolltickets GmbH, Germany, on October 1, 2020.

Furthermore Kapsch TrafficCom sold its 75.5% of shares in FLUIDTIME Data Services GmbH, Vienna, on November 1, 2020 and generated a loss from this sale in the amount of EUR 1,620 k. On December 4, 2020 the shares in Kapsch TrafficCom Construction & Realization spol. s.r.o., Czech Republic, were sold in full. This transaction resulted in a profit of EUR 1,549 k, which is reported under other operating income.

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

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

- Kapsch TrafficCom Russia OOO, Moscow, Russia (December 31)
- Kapsch Telematik Technologies Bulgaria EAD, Sofia, Bulgaria (December 31)
- Kapsch TrafficCom Kazakhstan LLC, Almaty, Kazakhstan (December 31)
- Kapsch Telematic Services IOOO, Minsk, Republic of Belarus (December 31)
- KTS Beteiligungs GmbH, Vienna (December 31)
- Kapsch TrafficCom Lietuva UAB, Vilnius, Lithuania (December 31)
- evolaris next level GmbH, Graz, Vienna (December 31)

33.2 Business combinations.

Kapsch Converged Services GmbH, Vienna.
On May 28, 2020 100% of Liberty Global Services GmbH Austria, Vienna, were acquired and renamed to Kapsch Converged Services GmbH.

The company is a cable telecommunications provider as well as IT and technology service partner of the most important telecommunications providers in Austria, the region of Germany, Austria and Switzerland (DACH-region) and CEE.

The fair values of the acquired assets as well as liabilities of Kapsch Converged Services GmbH at the time of acquisition were as follows:

	Fair value final
Property, plant and equipment	3,416
Intangible assets	503
Receivables and other current assets	302
Cash and cash equivalents	1,945
Non-current lease liabilities	-2,984
Post-employment benefits	-1,529
Deferred tax liabilities	-40
Non-current lease liabilities	-179
Current provisions	-107
Current tax liabilities	-186
Other current liabilities and deferred income	-864
Net assets acquired	**276**

The difference between the purchase price and the fair value of the net assets acquired is calculated as follows:

	Difference final
Purchase price	276
Consideration paid	276
Less fair value of proportionate net assets acquired	-276
Goodwill	**0**

The net cash inflow in financial year 2020/21 from the acquisition amounted to EUR 1,669 k, due to the cash and cash equivalents at acquisition date. Transaction costs directly attributable to the acquisition were included as expenses in the statement of comprehensive income. For the period from June 1, 2020 to March 31, 2021, the acquired company contributed an amount of EUR 7,464 k to revenues and of EUR 222 k to the result for the period. In case the company would have already been included as of April 1, 2020, the contribution would have been EUR 8,219 k to revenues and EUR 202 k to the Group's result for the period.

34 Non-controlling interests.

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

Information on the balance sheet.

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

	Amounts before intercompany eliminations					
	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Net assets	Carrying amount of non-controlling interests
Kapsch TrafficCom Holding Corp., USA	106,162	78	40,215	33,041	32,983	-25,432
Kapsch TrafficCom AG, Austria	337,124	157,185	136,822	144,861	212,627	25,292
Kapsch TrafficCom USA, Inc., USA	24,483	157,082	44,686	164,294	-27,416	-23,732
Kapsch Telematic Services spol. s r.o., Czech Republic	196	1,212	0	800	608	15,469
Kapsch TrafficCom Canada Inc., Canada	20,261	31,451	2,722	4,579	44,411	14,143
Kapsch Telematic Services Sp. z o.o., Poland	1,584	15,977	517	12,187	4,857	11,758
Kapsch TrafficCom B.V., Netherlands	142,800	507	0	262	143,045	-11,738
Intelligent Mobility Solutions Limited, Zambia	0	138	6,565	6,675	-13,103	-10,835
Kapsch TrafficCom AB, Sweden	8,896	27,615	2,714	6,984	26,813	8,820
Kapsch Components GmbH & Co KG, Austria	14,969	16,845	20,894	3,702	7,218	6,712
Kapsch TrafficCom Chile S.A., Chile	1,616	7,940	431	2,013	7,112	3,283
Kapsch TrafficCom South Africa (Pty) Ltd., South Africa	8,569	6,634	5,766	4,609	4,827	3,196
Kapsch TrafficCom Transportation S.A.U., Spain	9,025	40,987	1,079	29,391	19,542	3,448
Kapsch Telematic Services IOOO, Belarus	2,762	6,234	1,599	5,465	1,932	2,896
Kapsch TrafficCom Australia Pty Ltd, Australia	2,672	8,603	673	6,332	4,270	2,498
SIMEX, Integración de Sistemas, S.A.P.I. de C.V., Mexico	2,585	9,507	2,758	5,377	3,956	2,296
Electronic Toll Collection (PTY) Ltd., South Africa	-1	18,496	187	12,519	5,789	2,195
Kapsch Telematic Services GmbH, Austria	186	5,528	0	1	5,713	-2,169
Kapsch TrafficCom Transportation Brasil Ltda., Brazil	5,183	3,583	1,652	1,828	5,286	-2,060
Kapsch TrafficCom South Africa Holding (Pty) Ltd., South Africa	57	1,108	5,596	942	-5,373	-1,938
Kapsch BusinessCom AG, Austria	112,210	145,016	93,477	125,867	37,883	1,835
Remaining	116,894	125,186	26,559	96,315	119,205	1,216
Carrying amount as of March 31, 2021						**27,153**

	Amounts before intercompany eliminations					
	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Net assets	Carrying amount of non-controlling interests
Kapsch TrafficCom AG, Austria	374,845	168,433	206,777	71,985	264,517	30,588
Kapsch TrafficCom Holding Corp., USA	106,400	947	43,095	23,064	41,187	-22,619
Kapsch Telematic Services spol. s r.o., Czech Republic	717	14,550	190	12,165	2,913	16,315
Kapsch TrafficCom AB, Sweden	27,476	41,810	13,642	13,294	42,350	15,050
Kapsch TrafficCom Canada Inc., Canada	20,207	31,274	2,933	7,079	41,470	13,354
Kapsch Telematic Services Sp. z o.o., Poland	2,828	17,565	579	17,112	2,701	10,966
Intelligent Mobility Solutions Limited, Zambia	0	2,290	5,989	5,838	-9,537	-9,300
Kapsch TrafficCom B.V., Netherlands	140,076	515	0	288	140,302	-9,152
Electronic Toll Collection (PTY) Ltd., South Africa	67	15,920	22,224	16,834	-23,071	-8,400
Kapsch Components GmbH & Co KG, Austria	16,402	23,215	22,805	7,972	8,840	7,308
Kapsch TrafficCom Construction & Realization spol. s r.o., Czech Republic	0	920	0	523	397	5,666
Kapsch Telematic Services IOOO, Belarus	2,634	14,487	1,399	9,983	5,739	4,294
Kapsch TrafficCom Transportation S.A.U., Spain	6,121	41,118	1,504	28,919	16,816	3,898
Kapsch TrafficCom Holding II US Corp., USA	95,496	0	0	0	95,496	-3,859
Kapsch TrafficCom Chile S.A., Chile	2,249	8,509	618	3,221	6,920	3,073
Kapsch TrafficCom Australia Pty Ltd, Australia	2,180	13,661	895	11,371	3,575	2,243
Kapsch TrafficCom South Africa (Pty) Ltd., South Africa	59	1,847	7,360	687	-6,141	-2,220
Kapsch Telematic Services GmbH, Austria	3,090	4,328	0	15	7,403	-1,987
Kapsch TrafficCom Transportation Brasil Ltda., Brazil	6,381	4,721	2,206	1,904	6,992	-1,622
Kapsch TrafficCom USA, Inc., USA	25,588	188,809	29,686	158,388	26,323	1,607
SIMEX, Integración de Sistemas, S.A.P.I. de C.V., Mexico	2,493	6,477	2,180	5,137	1,653	1,571
Kapsch TrafficCom South Africa Holding (Pty) Ltd., South Africa	12,062	6,111	4,812	6,054	7,306	1,412
MTS Maut & Telematik Services GmbH, Germany	20	3,758	7	267	3,504	1,286
Kapsch BusinessCom AG, Austria	99,019	125,863	75,950	121,719	27,214	1,218
Kapsch TrafficCom Arce Sistemas S.A.U., Spain	1,286	6,390	750	3,993	2,932	1,019
Remaining	16,718	124,885	26,206	89,936	25,461	3,307
Carrying amount as of March 31, 2020						**65,017**

Information on the statement of comprehensive income.

The statement of comprehensive income of the consolidated subsidiaries with material non-controlling interests are presented below:

	Amounts before intercompany eliminations				Amounts attributable to non-controlling interests		
2020/21	**Revenues**	**Result for the period**	**Other compre-hensive income**	**Total compre-hensive income**	**Result for the period**	**Other compre-hensive income**	**Total compre-hensive income**
Kapsch TrafficCom Holding Corp., USA	0	-11,998	4,335	-7,663	-4,404	1,591	-2,813
Kapsch TrafficCom AG, Austria	111,206	-52,331	441	-51,890	-16,585	-623	-17,207
Kapsch TrafficCom USA, Inc., USA	190,634	-52,298	-1,441	-53,739	-24,810	-529	-25,339
Kapsch Telematic Services spol. s r.o., Czech Republic	2,006	50	92	142	18	34	52
Kapsch TrafficCom Canada Inc., Canada	28,998	759	1,392	2,151	279	511	790
Kapsch Telematic Services Sp. z o.o., Poland	35,552	6,785	-160	6,624	2,285	-59	2,226
Kapsch TrafficCom B.V., Netherlands	968	35	0	35	-2,585	0	-2,585
Intelligent Mobility Solutions Limited, Zambia	171	-4,880	3,257	-1,623	-3,741	2,206	-1,535
Kapsch TrafficCom AB, Sweden	40,187	-3,878	3,315	-564	-2,063	1,217	-846
Kapsch Components GmbH & Co KG, Austria	32,126	1,440	31	1,472	529	-23	506
Kapsch TrafficCom Chile S.A., Chile	10,474	-479	694	215	-45	255	210
Kapsch TrafficCom South Africa (Pty) Ltd., South Africa	1,698	-3,631	325	-3,306	1,114	119	1,233
Kapsch TrafficCom Transportation S.A.U., Spain	54,991	9,161	0	9,161	1,666	0	1,666
Kapsch Telematic Services IOOO, Belarus	41,565	3,869	0	3,869	1,420	0	1,420
Kapsch TrafficCom Australia Pty Ltd, Australia	16,177	403	594	997	148	218	366
SIMEX, Integración de Sistemas, S.A.P.I. de C.V., Mexico	11,555	341	237	578	5	87	92
Electronic Toll Collection (PTY) Ltd., South Africa	43,488	28,965	-219	28,746	10,633	-80	10,552
Kapsch Telematic Services GmbH, Austria	0	4,811	0	4,811	-365	0	-365
Kapsch TrafficCom Transportation Brasil Ltda., Brazil	2,182	-666	-527	-1,193	-245	-193	-438
Kapsch TrafficCom South Africa Holding (Pty) Ltd., South Africa	2,029	1,431	-663	768	525	-243	282
Kapsch BusinessCom AG, Austria	404,467	10,598	134	10,733	522	7	528
Remaining	161,447	-9,963	-562	-10,525	-1,937	-76	-2,013
Total					**-37,634**	**4,418**	**-33,216**

2019/20	Amounts before intercompany eliminations				Amounts attributable to non-controlling interests		
	Revenues	Result for the period	Other comprehensive income	Total comprehensive income	Result for the period	Other comprehensive income	Total comprehensive income
Kapsch TrafficCom AG, Austria	189,859	5,027	361	5,388	-7,682	-202	-7,883
Kapsch TrafficCom Holding Corp., USA	0	-25,596	-1,137	-26,732	-8,636	-417	-9,053
Kapsch Telematic Services spol. s r.o., Czech Republic	53,201	2,310	-178	2,132	848	-65	783
Kapsch TrafficCom AB, Sweden	53,089	6,415	-2,489	3,925	2,037	-914	1,123
Kapsch TrafficCom Canada Inc., Canada	47,873	5,362	-1,376	3,986	1,968	-505	1,463
Kapsch Telematic Services Sp. z o.o., Poland	38,987	2,504	-85	2,419	919	-31	888
Intelligent Mobility Solutions Limited, Zambia	-1,106	-16,528	2,256	-14,272	-13,740	1,838	-11,902
Kapsch TrafficCom B.V., Netherlands	1,257	74	0	74	-457	0	-457
Electronic Toll Collection (PTY) Ltd., South Africa	48,411	-5,979	4,615	-1,364	-2,195	1,694	-501
Kapsch Components GmbH & Co KG, Austria	53,806	3,855	-959	2,896	1,415	-18	1,397
Kapsch TrafficCom Construction & Realization spol. s r.o., Czech Republic	3,130	59	-24	35	22	-9	13
Kapsch Telematic Services IOOO, Belarus	47,776	3,016	0	3,016	1,107	0	1,107
Kapsch TrafficCom Transportation S.A.U., Spain	60,187	40	0	40	2,089	0	2,089
Kapsch TrafficCom Holding II US Corp., USA	0	0	79	79	2,085	29	2,114
Kapsch TrafficCom Chile S.A., Chile	13,153	629	-1,455	-827	99	-534	-435
Kapsch TrafficCom Australia Pty Ltd, Australia	27,002	809	-512	297	297	-188	109
Kapsch TrafficCom South Africa (Pty) Ltd., South Africa	2,243	-786	1,246	459	-289	457	169
Kapsch Telematic Services GmbH, Austria	0	3,957	0	3,957	-172	0	-172
Kapsch TrafficCom Transportation Brasil Ltda., Brazil	4,517	4,120	-1,120	3,000	3	-411	-408
Kapsch TrafficCom USA, Inc., USA	254,141	-18,787	788	-17,999	-8,151	289	-7,862
SIMEX, Integración de Sistemas, S.A.P.I. de C.V., Mexico	8,794	-114	-343	-457	-162	-126	-288
Kapsch TrafficCom South Africa Holding (Pty) Ltd., South Africa	1,438	-6,150	160	-5,989	-2,258	59	-2,199
MTS Maut & Telematik Services GmbH, Germany	3,126	2,037	0	2,037	748	0	748
Kapsch BusinessCom AG, Austria	357,508	6,366	-2,208	4,158	326	-113	213
Kapsch TrafficCom Arce Sistemas S.A.U., Spain	11,927	1,747	0	1,747	641	0	641
Remaining	175,251	-7,532	-712	-8,245	-1,356	-304	-1,659
Total					**-30,493**	**529**	**-29,964**

Information on the cash flow statement and dividends.

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

2020/21	Cash flow from Operating activities	Cash flow from Investing activities	Cash flow from Financing activities	Cash net increase/ decrease	Dividends paid to non-controlling interests
Kapsch TrafficCom Holding Corp., USA	6,647	-3,568	-3,031	49	0
Kapsch TrafficCom AG, Austria	62,414	-37,559	-27,693	-2,838	0
Kapsch TrafficCom USA, Inc., USA	-4,508	-818	2,635	-2,691	0
Kapsch Telematic Services spol. s r.o., Czech Republic	-8,642	34	-2,906	-11,514	0
Kapsch TrafficCom Canada Inc., Canada	283	-9	-216	58	0
Kapsch Telematic Services Sp. z o.o., Poland	-2,846	-78	-3,907	-6,831	0
Kapsch TrafficCom B.V., Netherlands	193	-2,710	2,705	188	0
Intelligent Mobility Solutions Limited, Zambia	1,312	0	-843	470	0
Kapsch TrafficCom AB, Sweden	14,924	-171	-13,480	1,272	0
Kapsch Components GmbH & Co KG, Austria	5,758	-509	-3,729	1,519	0
Kapsch TrafficCom Chile S.A., Chile	1,289	-7	-1,191	91	0
Kapsch TrafficCom South Africa (Pty) Ltd., South Africa	-2,014	-1	2,199	184	0
Kapsch TrafficCom Transportation S.A.U., Spain	8,248	-933	-7,208	108	0
Kapsch Telematic Services IOOO, Belarus	6,265	-56	-7,707	-1,498	0
Kapsch TrafficCom Australia Pty Ltd, Australia	311	-10	-453	-152	0
SIMEX, Integración de Sistemas, S.A.P.I. de C.V., Mexico	-2,235	0	1,406	-829	0
Electronic Toll Collection (PTY) Ltd., South Africa	899	24,422	-21,923	3,399	0
Kapsch Telematic Services GmbH, Austria	10,997	0	-6,500	4,497	0
Kapsch TrafficCom Transportation Brasil Ltda., Brazil	-594	8	233	-353	0
Kapsch TrafficCom South Africa Holding (Pty) Ltd., South Africa	1,976	-4	-1,764	207	0
Kapsch BusinessCom AG, Austria	6,596	-11,537	-1,721	-6,661	0
Remaining	12,764	-2,696	-14,497	-4,429	0
Total					**0**

2019/20	Cash flow from Operating activities	Investing activities	Financing activities	Cash net increase/ decrease	Dividends paid to non-controlling interests
Kapsch TrafficCom AG, Austria	19,545	-42,323	30,659	7,881	-7,158
Kapsch TrafficCom Holding Corp., USA	16,443	-63,274	43,078	-3,753	0
Kapsch Telematic Services spol. s r.o., Czech Republic	12,480	-23	-8,876	3,581	0
Kapsch TrafficCom AB, Sweden	11,613	-3,742	-3,992	3,879	0
Kapsch TrafficCom Canada Inc., Canada	1,162	-915	-277	-29	0
Kapsch Telematic Services Sp. z o.o., Poland	5,298	-15	-6,444	-1,161	0
Intelligent Mobility Solutions Limited, Zambia	-4,880	750	4,144	15	0
Kapsch TrafficCom B.V., Netherlands	-28	-23,071	23,074	-25	0
Electronic Toll Collection (PTY) Ltd., South Africa	1,275	0	-940	335	0
Kapsch Components GmbH & Co KG, Austria	4,015	-1,585	-1,720	710	0
Kapsch TrafficCom Construction & Realization spol. s r.o., Czech Republic	-1,401	0	-503	-1,904	0
Kapsch Telematic Services IOOO, Belarus	6,655	-114	-5,018	1,524	0
Kapsch TrafficCom Transportation S.A.U., Spain	4,885	-82	-962	3,841	0
Kapsch TrafficCom Holding II US Corp., USA	-0	-23,071	23,071	0	0
Kapsch TrafficCom Chile S.A., Chile	-566	-956	-237	-1,760	0
Kapsch TrafficCom Australia Pty Ltd, Australia	2,227	-361	-1,064	801	0
Kapsch TrafficCom South Africa (Pty) Ltd., South Africa	365	-3	-549	-187	0
Kapsch Telematic Services GmbH, Austria	-2,121	8,964	-11,000	-4,156	0
Kapsch TrafficCom Transportation Brasil Ltda., Brazil	-1,214	97	1,709	592	0
Kapsch TrafficCom USA, Inc., USA	-32,973	-1,658	46,132	11,501	0
SIMEX, Integración de Sistemas, S.A.P.I. de C.V., Mexico	1,611	-368	-278	965	0
Kapsch TrafficCom South Africa Holding (Pty) Ltd., South Africa	-5,271	-0	5,295	23	0
MTS Maut & Telematik Services GmbH, Germany	-1,138	0	1,105	-33	0
Kapsch BusinessCom AG, Austria	28,651	-3,682	-7,720	17,250	0
Kapsch TrafficCom Arce Sistemas S.A.U., Spain	3,783	-26	-3,942	-185	0
Remaining	19,918	15,023	-18,486	16,455	0
Total					**-7,158**

35 Related parties.

The related parties of Kapsch Group include, in particular, all subsidiaries, joint ventures and associated companies of the Group, their executive bodies (Executive Board and Supervisory Board, if present) as well as close members of the bodies' families and companies over which they have control or significant influence.

Balances and transactions between KAPSCH-Group Beteiligungs GmbH and its fully consolidated subsidiaries were eliminated in the course of consolidation and are not explained here.

Services with related parties take place at arm's length. Goods are bought and sold on the basis of normal market conditions.

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

	2019/20 1)	2020/21
Associated companies		
Revenues 2)	53,128	46,451
Expenses	-25,805	-27,561
Joint ventures		
Revenues	23,594	164
Expenses	-4,616	-3,715
Other related parties		
Revenues 2)	346	449
Expenses	-2,060	-2,764

1) The previous year (2019/20) is stated without the discontinued operations (segment Carrier and Public Transport).
2) Value as of March 31, 2020 adjusted

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

	March 31, 2020	March 31, 2021
Associated companies		
Trade receivables and other non-current and current assets	5,640	5,159
Trade payables and other liabilities	-1,052	-209
Joint ventures		
Trade receivables and other non-current and current assets	677	7,296
Trade payables and other liabilities	-451	-539
Other related parties		
Trade receivables and other non-current and current assets	91	77
Trade payables and other payables including pension benefits	-12,223	-11,751

Associated companies.
The associated company Kapsch Financial Services GmbH, Vienna, leases systems of Kapsch BusinessCom AG, Vienna, as a lessor in the voice, data and IT area to business customers on the one hand, and on the other hand provides centralized deliveries and services of Kapsch BusinessCom in the area of IT, EDP and telephony (rental of telephone and IT equipment as well as IT support) for the Group since financial year 2019/20.

Sales of material (hardware), services including maintenance services and other goods and services by Kapsch BusinessCom AG to Kapsch Financial Services GmbH generated revenues in the financial year 2020/21 in the amount of EUR 46,249 k (2019/20: EUR 52,733 k).

Expenses to associated companies mainly relate to expenses from transactions with Kapsch Financial Services GmbH. In the financial year 2020/21, expenses amounted to EUR 27,184 k (2019/20: EUR 25,805 k).

Joint ventures.
Sales with joint ventures in financial year 2020/21 mainly related to deliveries and services to the joint ventures. In financial year 2019/20 they related to deliveries and services to autoTicket GmbH, Germany, in the amount of EUR 20,808 k for the German toll collection project ("passenger vehicle toll") and other operating income of EUR 2,784 k.

Expenses with joint ventures amounted to EUR 3,715 k in the financial year 2020/21 (2019/20: EUR 4,616 k) and related primarily to the consortium MyConsorzio, Italy.

Other related parties.
Kapsch group companies (in particular Kapsch BusinessCom AG) render other deliveries and services for the related party Kapsch Immobilien GmbH, Vienna, which led to revenues of EUR 449 k in financial year 2020/21 (2019/20: EUR 336 k).

The group members Kapsch BusinessCom AG, Kapsch Aktiengesellschaft and Kapsch Partner Solutions GmbH, as tenants, have entered into leases with Kapsch Immobilien GmbH, as owner of the company buildings in Vienna. The resulting rental expenses within the Group in financial year 2020/21 amounted to EUR 446 k (2019/20: EUR 484 k) for the location Wagenseilgasse 14 (Kapsch Aktiengesellschaft) and EUR 376 k (2019/20: EUR 310 k) for the location Johann-Hoffmann-Platz 9 (Kapsch Partner Solutions GmbH).

Kapsch ConnexPlus GmbH concluded a building contract with Kapsch Immobilien GmbH for the property Liebenstraße 6, on which Kapsch ConnexPlus GmbH has meanwhile built and put into operation a parking garage. The Group incurred expenses from the annual usage fee of EUR 60 k (2019/20: EUR 58 k). The building permit was granted until September 30, 2113.

In addition, Kapsch Immobilien GmbH charged the Group for other goods and services in the amount of EUR 1,882 k in financial year 2020/21 (2019/20: EUR 1,209 k).

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

The managing directors of Kapsch Immobilien GmbH are members of the Supervisory Board of various group companies. In addition, one managing director also serves as managing director of KAPSCH-Group Beteiligungs GmbH as well as other group companies, and as a board member of two group companies.

Details of compensation and other payments to executive bodies are presented in note 40.

36 Risk management.

As regards the risks of the Group as well as risk management, we refer to item 4.3 in the management report for the Group. The impact of financial risks as described in the management report for the Group, in particular foreign exchange risk, interest rate risk, liquidity risk and credit risk, is disclosed in the following:

The Group has initiated several processes to make risk management more effective and to embed best practice standards. Risk management has been positioned as a separate function within the finance departments of the main two companies. According to the Group's internal control system (ICS), the existing internal control processes relating to financial reporting are documented. Local management is responsible for implementation, design and monitoring of the ICS in order to comply with group-wide guidelines and regulations. An ICS officer has been appointed at Kapsch Group, who assists the local management teams of the individual group companies. The main task is to standardize and continuously improve the ICS throughout the whole Group, to monitor the compliance and effectiveness of controls and to address weaknesses, as well as to report regularly to the audit committee of the Supervisory Board.

36.1 Foreign exchange risk.

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

From group perspective the most relevant foreign currency was the US dollar in financial year 2020/21. Because the terms of agreement are stipulated in euro, no foreign exchange risk arises in the Group with regard to the Belorussian ruble.

Customer orders are mainly invoiced in the local currencies of the respective group companies. Only in cases in which the Group expects to be exposed to significant foreign exchange risk, major orders denominated in foreign currencies will be hedged by forward foreign exchange contracts.

Argentina has been classified as a hyperinflationary country since July 1, 2018. The remeasurement in accordance with IAS 29 has been made. The financial statements including comparative figures have been adjusted due to the change in public purchasing power of the Argentine peso. In financial year 2020/21 the income from hyperinflation adjustment amounts to EUR 490 k and the expenses from hyperinflation adjustment amount to EUR -2,664 k.

The following table simulates the effect of changes in the exchange rate on the result before taxes. To do so a change in exchange rate ('volatility') of ceteris paribus +/- 10% relating to current and non-current receivables and payables as of March 31, 2021 and March 31, 2020 respectively has been assumed. The line „EUR" in the table below shows the total impact ceteris paribus of the volatility to the euro on the result before taxes for all subsidiaries whose functional currency is not the euro. The impact on equity would be insignificantly different.

	Effect on result before taxes			
	2019/20		2020/21	
Currency	**Volatility +10%**	**Volatility -10%**	**Volatility +10%**	**Volatility -10%**
USD	-8,332	10,184	-7,987	9,762
EUR	1,209	-1,477	2,880	-3,520
GBP	-868	1,061	-870	1,063
PLN	-675	825	-653	799
ZAR	-1,965	2,402	-535	653

36.2 Interest rate risk.

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

In the case of variable interest balance sheet items, the risk relates to the cash flow. With variable interest financial instruments, adjustments in the interest rates may result from changes in the market interest rates. Such changes would entail changes in interest payments. Variable interest (both current and non-current) financial liabilities account for round 36% of interest-bearing financial liabilities. If the market interest rate had been 50 basis points higher (lower) (+/- 0.5%) as of March 31, 2021, this, as in the previous year, would not have had any material impact on the result of the Group.

In the Group, derivative instruments in an insignificant proportion exist to minimize interest rate risk of financial liabilities.

36.3 Liquidity risk.

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

The Group provides sufficient liquidity by maintaining suitable financial reserves, by issuing bonds, through customer prepayments and the continuous reconciliation of the terms of receivables, liabilities and financial assets. To this end, cash flow forecasts are prepared at regular intervals for short-term periods (the next 12 weeks), on a quarterly basis for the medium term (current financial year) as well as for long-term periods (in accordance with long-term payment obligations, particularly those arising from loans). Suitable measures for ensuring sufficient liquidity are then deducted from these forecasts.

Kapsch Group avoids becoming dependent on individual banks by making sure that the financial structure is always distributed over several partner banks. Major repayment obligations of typically long-term contracts (such as corporate bonds or maturing repayments of long-term loans) are monitored on an ongoing basis and appropriate measures are initiated at an early stage (either cash flow monitoring or timely refinancing) to ensure agreed payment obligations.

Kapsch Group employs a risk-averse investment strategy. Liquid funds are held such that they are generally available in the short term and can therefore be used quickly whenever needed. When it comes to securities, conservative security funds, which are actively managed on an ongoing basis and include an appropriate share of bonds, are used as a rule for the coverage and hedging of pension obligations. In the event of international financial market turbulence, however, the financial investments made might still develop unfavorably or individual securities might even become untradeable. This might result in reductions in value and impairments, which in turn have a negative impact on the financial result and equity of Kapsch TrafficCom. Such a crisis also increases the default risk of individual issuers of securities or their customers. In addition, the Group might for strategic reasons acquire a direct interest in individual entities by purchasing shares. A sufficiently bad performance of these entities might also necessitate an impairment, which in turn leads to the mentioned negative impact on the financial result and equity.

Cash flows (gross cash flows including interest) show the liquidity risk of future periods and are split into:
- First half year of the next financial year
- Second half year of the next financial year
- Between 1 and 2 years
- Between 2 and 3 years
- Between 3 and 4 years
- Between 4 and 5 years
- More than 5 years

This information is included in note 26 and 27.

36.4 Credit risk.

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

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

The calculation of the impairment of financial assets is disclosed in notes 22 and 23.

The maximum credit risk corresponds to the following book values:

	March 31, 2020	March 31, 2021
Other non-current financial assets and investments	16,783	15,846
Non-current contract assets	13,778	5,188
Non-current lease receivables	26,571	31,322
Other non-current assets	1,083	4,459
Other current financial assets	1,296	924
Current contract assets	169,322	153,868
Trade receivables and other current assets	248,771	214,122
Current lease receivables	10,674	14,982
Current income tax receivables	7,816	9,049
Cash and cash equivalents	169,680	132,463
Total	**665,775**	**582,223**

36.5 Equity price risk.

The Group was exposed to equity securities price risk resulting from a material investment, the Norwegian investment Q-Free ASA, Norway, in the previous year. This investment was measured at fair value through profit or loss in accordance with IFRS 9 and was fully sold in financial year 2020/21.

37 Capital management.

Capital management pursues value-oriented and sustainable corporate management on the basis of the income statement in individual operating segments. Key performance indicators for the balance sheet and other economic criteria as well as the long-term development of the Group are also monitored and included in the management. Capital management is considered to be a central element for ensuring the medium- and long-term going concern. An important indicator for the capital structure is the equity ratio calculated from the equity (including non-controlling interests) as a percentage of the balance sheet total. The capital management strategy at Kapsch Group also aims, among other things, at ensuring that Group companies have sufficient equity to meet local requirements. On the Group level, the equity ratio in the financial year should remain within a range of roughly 20% to 30% on average. A major key performance indicator that is also often used in the covenants of the Group's loan agreements is the "Gearing in relation to EBITDA" in the consolidated financial statements, which should reflect a balance between the company's net debt and operating earnings power. The Group is constantly checking the observance of all the covenants in connection with loan agreements.

The negative result in financial year 2020/21 made it impossible to observe the agreed financial covenants. Kapsch Group concluded a new agreement with all the affected financing banks. It confirms that observance of the agreed key performance indicators on the balance sheet date will not be necessary and the banks will continue to maintain the existing financing as well as the ongoing partnership with the company. In addition, in May 2021, new and uniform key performance indicators were also agreed with all the banks for the next two years. They are based on the expected results in connection with the restructuring concept. The covenants provide for a certain ratio of net financial liabilities to EBITDA for a transition period of 2 years for each quarter. Furthermore, a certain equity ratio must be achieved on the following balance sheet dates. In the event that these new key figures are not achieved by the balance sheet dates and are not restored through measures such as grants or subordinated loans, the lender is entitled to call the loan due immediately. These covenants also include timely compliance with the agreed repayments.

Due to the Group's result in the last financial year, the Group deviated in part from its own target values for capital management on the balance sheet date. Irrespective thereof, these goals remain, and the Group would like to achieve them again as quickly as possible through active capital management.

Another important goal is the securing of sufficient liquidity necessary in the short and long term to ensure a successful going concern. The amount of cash and ash equivalents as of March 31, 2021 was still high amounting to EUR 132,463 k. Consequently, based on the current view for shareholders and other parties, the forthcoming obligations can be met.

Besides the mentioned short- and medium-term targets for liquidity, repayment, and refinancing, the financing of the future course of growth and maintaining an optimal capital structure are also major goals in the Group's capital management over the medium and long term.

Net debt and gearing in relation to EBITDA as well as the equity ratio can broken down as follows on March 31, 2021 and March 31, 2020:

	March 31, 2020	**March 31, 2021**
Non-current financial liabilities	251,762	172,765
Current financial liabilities	85,050	131,381
Non-current lease liabilities	94,930	100,605
Current lease liabilities	44,498	33,147
Total financial liabilities	**476,241**	**437,898**
Cash and cash equivalents	169,680	132,463
Other current financial assets	1,296	924
Net cash (+) / net debt (-)	**-305,264**	**-304,511**
Equity	171,421	85,639
Gearing	**178%**	**356%**
EBITDA	26,722	-30,911
Gearing in relation to EBITDA	**9%**	**-10%**
Equity ratio	**16.2%**	**9.1%**

38 Accounting and valuation principles.

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

38.1 Consolidation.

38.1.1 Subsidiaries.

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

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

38.1.2 Transactions with non-controlling interests.

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

The carrying amounts for controlling and non-controlling interests will be adjusted correspondingly, to present the change in the percentage of shares held.

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

38.1.3 Joint arrangements.

The Group applies IFRS 11 to all joint arrangements.

The Group differentiates according to the contractual arrangements at which decisions are made unanimously, concerning rights and obligations of the controlling parties between joint ventures and joint operations. Parties belonging to a joint venture enjoy rights to net assets. In the consolidated financial statements, the result, assets, and liabilities are included subject to the equity method. If a contractual agreement creates rights to assets and obligations for debts, then such joint arrangement will be deemed to be a joint operation. Inclusion within the consolidated financial statements occurs proportionate.

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

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

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

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

38.1.4 Associated companies.

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

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

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

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

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

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

38.1.5 Business combinations.

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

The consideration transferred for the acquisition is the fair value of the assets transferred, the equity interests issued by the Group and the liabilities incurred or assumed as at the transaction date. In addition, they include the fair value of any recognized assets or liabilities resulting from a contingent consideration arrangement. Acquisition-related costs are expensed in full as incurred.

In accordance with IFRS 3, any assets acquired and liabilities (including contingent liabilities) assumed in a business combination are measured at their full fair values as at the acquisition date, irrespective of the extent of any non-controlling interests. Intangible assets are recognized separately from goodwill if they are separable from the entity or result from statutory, contractual or other legal rights. No new restructuring provisions may be recognized within the scope of the purchase price allocation. Any remaining positive differences, which compensate the seller with market opportunities that cannot be identified more closely and with development potential, are capitalized as goodwill in the respective cash generating units (CGUs)

Any contingent consideration to be transferred by the Group is recognized at fair value as at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is measured in accordance with IFRS 9 and a resulting profit or loss recognized in the statement of comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

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

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

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

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

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

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

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

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

The statement of comprehensive income of foreign entities is translated into the Group's presentation currency at average exchange rates of the financial year, balance sheets at the prevailing mean exchange rate at the balance sheet date. The reference rates of the European Central Bank (ECB) and Deutsche Bundesbank, which are accessible via the Austrian Central Bank's (Österreichische Nationalbank) website, serve as the basis for the translation. If no current exchange rates are available, this will result in the use of the exchange rates as disclosed by the national banks that are derived from market information providers (Bloomberg, ThomsonReuters). Differences arising from the currency translation of foreign operations into euro are recognized in other comprehensive income and collected in equity. If control of the foreign entity is lost, exchange rate differences accumulated in equity are reclassified and presented as part of the gain/loss from the disposal.

Pursuant to IAS 29, a separate measurement is required for hyperinflationary countries. As in accordance with IAS 21, monetary items are translated into the reporting currency of the Group using the prevailing mean exchange rate at the balance sheet date. All non-monetary assets and liabilities are measured either at adjusted cost, or at net realizable value or at fair value. Argentina has been classified as a hyperinflationary country since July 1, 2018. All items in the statement of comprehensive income are to be restated as of the date of initial recognition of the income and expenses in the financial statements, using the general price index. A restatement in accordance with IAS 29 applies. Effects from hyperinflation are included in the financial result and in equity.

Goodwill and adjustments to the fair value in connection with the acquisition of a foreign company are treated as the assets and liabilities of the foreign company in question and converted in the course of initial consolidation at the transaction rate and subsequently converted with the key date exchange rate as at the financial statements key date of the business operation.

The main exchange rates used during the financial year are shown below:

	2019/20		2020/21	
	Average exchange rate	Exchange rate as at balance sheet date	Average exchange rate	Exchange rate as at balance sheet date
AUD	1.635	1.797	1.633	1.541
CAD	1.482	1.562	1.545	1.478
CZK	25.727	27.312	26.595	26.143
GBP	0.874	0.886	0.891	0.852
PLN	4.320	4.551	4.515	4.651
SEK	10.657	11.061	10.378	10.238
USD	1.111	1.096	1.166	1.173
ZAR	16.619	19.610	19.011	17.348

Foreign currency transactions.

Transactions in foreign currencies are translated into the functional currency at the exchange rate as at the transaction date or, in case of new measurements, as at the time of the measurement. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income. Non-monetary items in the balance sheet, which are capitalized at costs in a foreign currency are translated with the exchange rate applicable at the day of the transaction; non-monetary items which were recognized at the fair value in a foreign currency are translated at the exchange rate prevailing at the time of measurement.

Foreign exchange gains and losses which are attributable to the translation of cash and cash equivalents as well as financial receivables and financial liabilities are presented in the statement of comprehensive income within the financial result. All other foreign exchange gains and losses are presented in the statement of comprehensive income in other operating income or other operating expenses.

This excludes foreign exchange gains and losses from monetary items to be received from/to be paid to foreign operations which are designated as part of a hedge of a net investment in a foreign operation. Such foreign exchange gains and losses are initially recognized in other comprehensive income and are then reclassified from equity to profit or loss if the net investment is sold (see note 13).

38.2 Fair value measurement.

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

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

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: Inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs at this level are unobservable inputs for the asset or liability.

38.3 Revenue recognition.

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

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

A customer is defined as a party that has contracted with an entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for a consideration. It is assessed if the contracts meet the criteria in accordance with IFRS 15.9, in particular the enforceable right to consideration. It is furthermore assessed if the consideration the entity is entitled to is enforceable and revenue is probable (see note 36.4 Credit risk).

The Group identified the following performance obligations:

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

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

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

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

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

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

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

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

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

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

38.4 Segment information.

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

38.5 Property, plant and equipment.

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

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

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

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

38.6 Intangible assets.

38.6.1 Goodwill.

Goodwill arises on the acquisition of subsidiaries, associates, and joint ventures. It is shown separately only at acquisition of a subsidiary. It represents the excess of the consideration transferred for the acquisition beyond the Group's interest in net fair value of the identifiable assets, liabilities, and contingent liabilities of the acquiree, the fair value of the non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if the combination is achieved in stages) at the acquisition date. If the acquisition costs are less than the net assets of the acquired subsidiary measured at fair value, the difference is recognized directly in the statement of comprehensive income.

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

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

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

38.6.2 Concessions and rights.

Computer software, trademarks, and similar rights are capitalized on the basis of the costs incurred for acquisition and amortized linearly over their estimated useful lives of 4 to 30 years. Acquired customer agreements (toll contracts, maintenance agreements) are recognized at acquisition costs and amortized over estimated useful lives that generally range between 2 and 10 years.

38.6.3 Research and development costs.

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

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

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

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

38.6.4 Service concession arrangements.

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

As of March 31, 2021 Kapsch Group did not recognize any projects in accordance with this interpretation, as those were fully impaired in financial year 2019/20 and were formally closed in financial year 2020/21.

38.7 Investment property.

Investment property is property held to earn rental income and/or for capital appreciation. This includes property that is under construction and intended to serve such purposes.

Investment property is recognized at acquisition and production costs, including transaction costs, upon addition. The Group applies the cost model pursuant to IAS 40.56 to investment property. Depreciation is charged on a straight-line basis over the expected useful lives of the assets in accordance with group policies. With respect to a multi-story car park built using solid construction methods, the normal useful life is 40 years. The assets' useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as at the reporting date. The fair value is determined internally in accordance with generally accepted valuation principles.

Investment property is derecognized upon disposal or whenever it is no longer to be used continuously and a future economic benefit is no longer expected to be achieved through disposal. The difference between the proceeds from the disposal of investment property and the carrying amount is recognized as profit or loss in the result from operating activities.

38.8 Impairment of non-financial assets.

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

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

The value in use of a cash generating unit corresponds to the present value, calculated using the discounted cash flow method, of the future cash flows which the entity will receive from the cash generating unit. In order to determine the value in use, the expected future cash flows plus taxes based on the post-tax discount rate that reflects the current market expectations with regard to the interest effect and the specific risks of the cash generating units, are discounted to their present values. In the process, the current planning, covering a period of four years (detailed forecast period) and approved by Management, is used as the basis with subsequent transition to perpetuity. The growth rates according to the detailed forecast period are based on historical growth rates and on external studies on the future medium-term market development.

The fair value less costs to sell is determined using an appropriate valuation model which is based on the medium-term planning of the respective cash generating unit. The valuation is made in line with the discounted cash flow calculations and verified through suitable multiples, if available.

The difference between the recoverable amount of assets and their carrying value is reported as profit or loss in the operating result. Profits are not reported as revenues. For assets (other than goodwill) for which an impairment loss has been recognized in the past, a check is carried out on each subsequent balance sheet date to determine if any reversal of impairment is required.

The residual carrying values and useful lives are reviewed at each balance sheet date and adjusted as necessary.

38.9 Borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. A qualifying asset is an asset that requires a substantial period of time (with regard to the Group at least 12 months) to be made ready for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization within a specific period.

In financial year 2020/21, the criteria for a qualified asset were not fulfilled for any assets.

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

38.10 Government grants.

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

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

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

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

38.11 Leasing.

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

The lessor continues to distinguish between finance or operating leases for accounting purposes. Kapsch Group has subleasing contracts within the Group as well as with business customers (especially in the Enterprise segment) and therefore discloses lease receivables for these lease contracts instead of right-of-use assets from leases.

The Group applies exemptions regarding short-term leases with a term of not more than twelve months and leases of low-value assets (around EUR 5 k). Those leases will not be recognized in the balance sheet, instead, payments made for such leases will continue to be recognized as expenses.

For the calculation of the present value of liabilities from leasing contracts the incremental borrowing rate according to the corresponding maturity is calculated and applied. The incremental borrowing rate is derived from a risk free rate of the corresponding maturity, adjusted for country, currency and enterprise risks.

38.12 Financial instruments.

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

38.12.1 Financial assets.

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

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

The classification depends on the business model used by the entity to control financial assets and the characteristics of the contractual cash flows of the financial asset.

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

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

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

Financial assets that are neither held in the business model to collect the contractual cash flows nor held in the business model to collect and sell the contractual cash flows are measured **at fair value through profit or loss.** Assets may be designated or also fall into this category if the contractual cash flows are not solely payments of principal and interest of the principal amount outstanding. The assets are measured at fair value, with gains or losses recognized in the income statement. The fair values are determined through transactions on an active market or, if there is no active market, by using valuation techniques. Debt instruments that do not include solely payments of principal and interest of the principal amount outstanding, and derivative financial instruments fall into this category. Such derivatives that are designated as cash flow hedges to hedge foreign currency risks continue to be accounted for as hedging instruments in accordance with IAS 39.

Financial assets that are measured **at fair value through other comprehensive income** (FVOCI) are such debt instruments that are held in the business model hold to collect the contractual cash flows and sell, and that are solely payments of principal and interest of the principal amount outstanding. Those financial assets that fulfill the requirement of the FVOCI-business model and that are not optional designated at fair value through profit or loss are measured at fair value through other comprehensive income. The assets are measured at fair value, with gains or losses recognized in other comprehensive income. The fair values are determined through transactions on an active market or, if there is no active market, by using valuation techniques. When financial assets are disposed, the difference between the proceeds from the disposal and the carrying amount is recognized as expense or income in the statement of comprehensive income. The amount stated in equity is additionally recognized through profit or loss in the statement of comprehensive income.

Generally, equity investments are mandatorily measured at fair value through profit or loss. In accordance with IFRS 9, an entity can make an irrevocable election at initial recognition to classify equity investments at fair value through other comprehensive income (without recycling). The assets are measured at fair value, with gains or losses recognized in other comprehensive income without recycling. The fair values are determined through transactions on an active market or, if there is no active market, by using valuation techniques.

All purchases and sales are recognized at the settlement day, acquisition costs includes transaction costs.

Financial instruments whose maturity does not exceed twelve months after the balance sheet date are stated as current assets, all others are stated as non-current assets.

38.12.2 Cash and cash equivalents.

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

38.12.3 Financial liabilities.

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

- amortized cost or
- fair value through profit or loss.

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

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

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

38.12.4 Derivative financial instruments.

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

Kapsch Group designates certain derivative financial instruments (swaps, forwards) as collateral against certain cash flow hedge risks associated with a recognized asset, liability or expected and highly probable forecast transaction. The Group decided to continue applying the accounting principles for hedge accounting in accordance with IAS 39.

Kapsch Group has a group-wide treasury policy in place to generally regulate hedging transactions. If necessary the Group documents and recognizes the hedging transactions according to IAS 39. As of March 31, 2021 no cash flow hedges nor fair value hedges are recognized in the financial statements.

In addition to that, the Group has derivatives that hedge an asset or a liability. They are measured at fair value through profit or loss. The fair value corresponds to the value which the relevant entity would receive or have to pay upon liquidation of the deal on the balance sheet date. Positive fair values at the balance sheet date are recognized under financial assets and negative fair values under financial liabilities. Changes in the fair value of these derivative financial instruments are recognized immediately in the statement of comprehensive income within other operating income or other operating expenses or the financial result, depending on the derivative's purpose. The full fair value of a hedging derivative is classified as non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. The fair values of derivative financial instruments are presented in note 18.

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

38.12.5 Impairment of financial assets.

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

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

The Group uses for trade receivables as well as for contract assets from contracts with customers without a significant financing component and for lease receivables the simplified impairment model and accordingly calculates impairment at the amount of the lifetime expected credit losses (expected credit loss model) based on a provision matrix in which financial assets are structured according to ageing and the respective default rates are determined for different maturity bands. The age structure breaks down as follows: not past due, 1–30 days, 31–60 days, 61–90 days, 91–180 days, 181–270 days, more than 270 days past due. For financial assets the Group expects a loss if contractual payments are past due 270 days or more.

In preparing the provision matrix, historical data on actually incurred defaults as well as forward-looking information and expectations are taken into account by overall estimating a potential loss by the Group. For forward-looking information and expectations changes in country specific CDS spreads are taken into account as the CDS-market represents all publicly available information and expectations in regard of market-related changes. These CDS spreads contain impacts due to the COVID-19-pandemic as of March 31, 2021. The financial assets are allocated to different regions and credit risk and/or the changes to credit risk for the corresponding region are taken into account. Contract assets from contracts with customers represent receivables not yet invoiced and do not significantly differ from trade receivables from comparable contracts as regards the risk criteria. Therefore, the same default rates as for receivables not past due are applied. Financial assets are written off if no reasonable expectation of recovery exists. For example the debtor is insolvent or no agreement is possible and therefore the cash inflow cannot be anticipated anymore.

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

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

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

38.13 Inventories.

Inventories are stated at cost or, if lower, at net realizable value. Cost is determined using the moving average price method. Production cost includes all directly attributable expenses and fixed and variable overheads (based on normal operating capacity) incurred in connection with production. It excludes, however, borrowing costs as they cannot be allocated to a qualifying asset. Net realizable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

38.14 Employee benefits.

The Group provides various post-employment benefits to employees and other long-term benefits either based on individual agreements or in accordance with local labor law provisions.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate non-group entity (fund). The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

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

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

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

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

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

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

38.15 Provisions.

Provisions are recognized in the balance sheet in the event of a current legal or constructive obligation to third parties due to past events when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. If such a reliable estimate is not possible, no provisions are set up. Provisions are measured based on the present value of the estimated settlement amount. The settlement amount is the best possible estimate of an expense on the basis of which a current obligation might be settled at the balance sheet date or transferred to a third party. This estimate takes into account future cost increases that are foreseeable and likely to occur on the balance sheet date. If material, the provisions are discounted using a pre-tax interest rate that takes into account current market expectations regarding the interest effect and the risks specific to the obligation. Increases in the provision resulting from pure compounding are recognized as interest expense in the income statement.

Provisions for warranties and liabilities for construction flaws, serial and system problems mainly serve as coverage for obligations for free repairs and replacement deliveries, in accordance with the general sales and delivery conditions or due to individual agreements, and are measured on the basis of the group of obligations, using rates based on past experience regarding direct labor and material costs incurred, overheads, replacement deliveries, or rebates. A provision is recognized for the best estimate of the costs incurred for defects to be rectified under the warranty for products sold before the balance sheet date.

Provisions for onerous contracts are recognized if the expected benefit to be derived from the contract is less than the unavoidable costs of meeting the obligations under the contract. The provision is measured at the present value of the amount from the fulfillment of the contract or any compensation payments in case of non-performance, whichever is lower. The recognition of impairment losses on assets dedicated to such "onerous" contracts is, however, established prior to the recognition of the provisions for onerous contracts.

Provisions for restructuring are recognized if the criteria of IAS 37 are fulfilled and includes the directly linked costs of restructuring, that are compulsory in the course of the restructuring and not referring to any current activities. Restructuring measures were communicated and started in financial year 2020/21 in the segment Traffic.

38.16 Current and deferred income tax.

The tax expense for the period comprises current and deferred tax. Tax is generally recognized in the statement of comprehensive income. Only taxes that relate to items recognized in other comprehensive income are recognized in other comprehensive income.

The current income tax charge is calculated on the basis of the tax laws applicable at the balance sheet date in the countries where the subsidiaries and associates operate and generate taxable income. The local management is responsible together with the local fiscal representative for the preparation of tax returns, particularly relating to matters subject to interpretations and for setting up provisions, if reasonable, for amounts payable to tax authorities.

Deferred tax assets/liabilities are provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax assets/liabilities arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither IFRS profit or loss nor taxable profit or loss, it is not accounted for. Likewise, deferred taxes are not recognized if they arise from the initial recognition of goodwill.

Deferred tax assets/liabilities are determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. In addition, it is to be assumed that such temporary differences will be reversed in the foreseeable future.

The carrying value of deferred tax assets is reviewed annually at the balance sheet date and revalued if it is no longer likely that sufficient taxable income will be available to realize such assets partially or in full.

Temporary differences mainly arise in connection with depreciation (amortization) periods of non-current assets, provisions for pension benefits, other post-employment benefits, differences regarding the measurement of contract assets and contract liabilities arising from contracts with customers, as well as the measurement of receivables and payables, and tax loss carry-forwards.

Deferred tax liabilities are provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

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

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

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

In financial year 2019/20, the segments Carrier and Public Transport were sold and presented as discontinued operations in the consolidated financial statements (see note 12).

38.18 Contingent liabilities.

With regard to contingent liabilities, the Group classifies the possibility of an outflow of resources embodying economic benefits as remote, and a liability does not have to be recognized yet pursuant to IFRS.

Contingent liabilities occur for two reasons. For one, they comprise possible obligations that arise from past events and whose existence will be confirmed by uncertain future events that are at least partly beyond the Group's control. For another, they comprise present obligations that fail to meet general or special recognition standards (i.e. the amount of an obligation cannot be measured with sufficient reliability or an outflow of resources to settle the obligations is not deemed probable).

38.19 New and amended standards and interpretations that have been adopted by the EU and applied for the first time in financial year 2019/20.

New/amended IFRS		Published by the IASB and adopted by the EU	Applicable to financial years beginning on or after	Material impact on group's consolidated financial statements
IFRS 16	Covid 19-Related Rent Concessions	May 2020	June 1, 2020	None
IFRS 9, IAS 39, IFRS 7	Interest Rate Benchmark Reform	September 2019	January 1, 2020	None
IAS 1, IAS 8	Definition of Material	October 2018	January 1, 2020	None
Framework	References to the Conceptual Framework in IFRS Standards	March 2018	January 1, 2020	None
IFRS 3	Definition of a Business	October 2018	January 1, 2020	None

IAS 1 and IAS 8 "Definition of Material".
The amended definition reads: "Information is material if its omission, misstatement or concealment in general purpose financial statements that include financial information about a reporting entity would reasonably be expected to influence the decisions of the primary users of the financial statements." The amendments clarify that the reference to concealment of information refers to situations where the effect is comparable to the omission or misstatement of that information. It also states that an entity shall assess materiality in the context of the financial statements as a whole. There are no significant effects on the result, the assets or liabilities as well as the cash flows of the Group.

IFRS 3 "Definition of a Business".
To qualify as a business, an acquisition must involve resources (inputs) and a substantive process that together contribute significantly to the ability to produce outputs. The new regulations provide a framework for assessing when a substantive process exists. Companies may optionally perform a so-called "concentration test". This tests whether substantially all of the fair value of the gross assets acquired is concentrated in one asset or a group of similar assets. If this is the case, it is concluded that no business was acquired. There are no effects on the financial statements of the Group.

Revised Conceptual Framework for Financial Reporting.
The IASB has published a revision of its conceptual framework for financial reporting, which will be used as a direct basis for the development of new standards and interpretations. Significant changes are:

> Increase the importance of management accountability or responsibility (stewardship) to the objective of financial reporting (providing decision-useful information for resource allocation).
> Emphasis on prudence, defined as the exercise of prudence in making discretionary decisions in the face of an uncertain environment, as a contribution to neutrality.
> Definition of a reporting entity, which may be a legal entity or part of a legal entity.
> Revision of the definition of an asset as a current economic resource controlled by the entity as a result of past events.
> Revision of the definition of a liability as a present obligation of an entity to transfer an economic resource as a result of past events.
> Elimination of probability thresholds in recognition and inclusion of additional guidance on disposal of assets and liabilities.
> Include additional explanations on different valuation approaches and factors to be considered in their selection.

- Defining profit or loss as the primary performance indicator and stating that income and expenses recognized in other comprehensive income should generally be reclassified to profit or loss (recycling) if this increases the relevance or faithful representation of the financial statements.

The revision of the Framework does not change any existing IFRS. The revised Framework will be used in the development of new standards and interpretations in the future. The Framework may also assist preparers of financial statements in developing accounting policies and matters for which IFRS guidance does not yet exist. There are no significant effects on the result, the assets or liabilities as well as the cash flows of the Group.

Further changes:
The application of the new standards and interpretations IFRS 16 "COVID-19-Related Rent Concessions" that covers the temporary COVID-19-related relief for lessees as well as "Interest rate benchmark reform (IBOR Reform) – Phase 1: Amendments to IFRS 9, IAS 39 and IFRS 7" that comment on the potential effects based on the change of the existing interest rate benchmark with an alternative interest rate in reference to the IBOR reform, did not have any effects on the financial statements of the Group.

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

New/amended IFRS		Published by the IASB and adopted by the EU	Applicable to financial years beginning on or after	Material impact on group's consolidated financial statements
IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16	Interest Rate Benchmark Reform – Phase 2	August 2020	January 1, 2021	None
IFRS 4	Temporary Exemption from Applying IFRS 9	June 2020	January 1, 2021	None
IAS 16	Proceeds before Intended Use	May 2020	January 1, 2022	None
IFRS 3	References to the Conceptual Framework	May 2020	January 1, 2022	None
IAS 37	Onerous Contracts — Cost of Fulfilling a Contract	May 2020	January 1, 2022	not yet determined
AIP 2018-2020	Annual Improvements (2018-2020)	May 2020	January 1, 2022	not yet determined

New/amended IFRS		Published by the IASB but not yet adopted by the EU	Applicable to financial years beginning on or after	Material impact on group's consolidated financial statements
IFRS 17	Insurance Contracts	May 2017	January 1, 2023	None
IAS 1	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	January 2020	January 1, 2023	not yet determined
IAS 1	Disclosure of Accounting policies (amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2)	February 2021	January 1, 2023	not yet determined
IAS 8	Definition of Accounting Estimates	February 2021	January 1, 2023	not yet determined
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	May 2021	January 1, 2023	not yet determined

The Group does not early apply these new or amended standards and interpretations. These standards and interpretations are either not relevant for Kapsch Group or do not have a material impact on the result, the assets or liabilities as well as the cash flows of the Group.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: "Interest Rate Benchmark Reform – phase 2" concern the actual conversion of reference rates and changes in the recognition of contractual cashflows due to the IBOR reform.

From the current perspective, no significant effects on the result, the assets or liabilities as well as the cash flows of the Group are expected.

IFRS 4 "Temporary Exemption from IFRS 9": The amendments to IFRS 4 are intended to address the temporary accounting issues arising from the different effective dates of IFRS 9 Financial Instruments and the future IFRS 17 Insurance Contracts. From the application of that amendment no effects on the financial statements of the Group are expected.

Likewise, from the amendments to **IAS 16, IFRS 3, IAS 37 and the Annual Improvements** no material effects on the financial statements of the Group are expected.

Standards and interpretations already **published by the IASB** but not yet adopted by the EU:
These standards or interpretations or amendments to the standards and interpretations are not yet mandatory, however from today's perspective they will not have a material impact on the Group.

39 Events after the reporting period.

In the first quarter of financial year 2021/22, a special Kontrollbank credit line loan ("Sonder-KRR-Kredit") secured by Österreichische Kontrollbank in the amount of around EUR 18 million was obtained, which provides an additional liquidity reserve for the Group. Moreover Kapsch Group agreed with the financing Austrian banks in May 2021 that the term of the current financial liabilities in the segment Traffic, excluding current repayments, is extended until April 30, 2023. New keyfigures were agreed that are included in note 37. The maturities and cash flows as of March 31, 2021 included in note 26 are not yet reflecting that change. On June 16, 2021 the five-year-tranche of the promissory note bond ("Schuldscheindarlehen") in the amount of around EUR 43 million in the segment Traffic was repaid on schedule.

With an eye on the next generation of the Kapsch family and to be able to ensure a smooth transition to the next generation in due course, it is planned to restructure the Group. Kapsch Group now focuses on the companies Kapsch Aktiengesellschaft and, above all, the operational activities of Kapsch TrafficCom. Kapsch Group will be assigned to the sphere of influence of Elisabeth Kapsch and Georg Kapsch and will remain under the leadership of Georg Kapsch as CEO as before. The direct shareholdings of KAPSCH-Group Beteiligungs GmbH, Kapsch TrafficCom AG, Kapsch Aktiengesellschaft and the management thereof by Georg Kapsch will not change as a result.

Kapsch BusinessCom will leave Kapsch Group together with Kari Kapsch. Kari Kapsch will remain chairman of the supervisory board of Kapsch BusinessCom and the management board will also remain unchanged. As a first step in the restructuring of the group, KAPSCH-Group Beteiligungs GmbH, Vienna, sold its shares in Kapsch Business Com AG, including its subsidiaries, to DATAX HandelsGmbH, Vienna, on April 29, 2021. Once all regulatory approvals have been received, the reorganization will probably be completed within the next few weeks. In the next financial year, this part, the previous Enterprise segment, will be presented as a discontinued operation.

40 Supplementary disclosures.

The average number of staff in financial year 2020/21 was 5,664 salaried employees and 807 waged earners (2019/20: 5,954 salaried employees and 722 waged earners).

Expenses for the auditor.

The expenses for the auditor amounted to EUR 63 k (2019/20: EUR 60 k) and are broken down as follows:

	2019/20	2020/21
Audit of the consolidated financial statements	48	48
Other assurance services	6	6
Other services	6	9
Total	**60**	**63**

Information on executive bodies.

The total remuneration of numbers of the Executive Board of KAPSCH-Group Beteiligungs GmbH for performing of their duties in the parent company and subsidiaries is as follows:

	2019/20	2020/21
fixed	2,617	2,389
variable	1,275	0
Total	**3,892**	**2,389**

Expenses for termination benefits and pensions after use of provisions for members of the Executive Board amounted to EUR 635 k (2018/19: EUR 5.134 k).

The compensation paid to members of the Supervisory Board in financial year 2020/21 amounted to EUR 59 k in total (2019/20: EUR 55 k).

As in the previous year, neither advances nor loans were granted to the members of the Executive Board and the Supervisory Board, nor were liability agreements made in favor of these persons.

In financial year 2020/21, the following persons were employed as Managing Directors:
> Georg Kapsch
> Kari Kapsch
> Franz Semmernegg

In financial year 2020/21, the following persons served on the Supervisory Board:
> Veit Schmid-Schmidsfelden (Chairman)
> Christian Gassauer-Fleissner (Deputy Chairman)
> Elisabeth Kapsch
> Karl-Heinz Strauss

Proposed appropriation of profit.
The Group proposes to distribute a dividend from KAPSCH-Group Beteiligungs GmbH's balance sheet profit as of March 31, 2021 in the amount of EUR 31,623.9 k (previous year: EUR 0 k) and to carry forward the remaining amount to new account.

Authorized for issue:

Vienna, September 6, 2021

Georg Kapsch
Chief Executive Officer

Kari Kapsch
Chief Operating Officer

Franz Semmernegg
Chief Financial Officer

Auditor’s Report.

Report on the Consolidated Financial Statements.

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

Audit Opinion.
We have audited the consolidated financial statements of KAPSCH-Group Beteiligungs GmbH, Vienna, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year then ended, and the notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as at March 31, 2021, and of its financial performance and cash flows for the financial year then ended in accordance with the International Financial Reporting Standards as adopted by the EU (IFRSs) and the additional requirements under section 245a Austrian Company Code.

Basis for Opinion.
We conducted our audit in accordance with Austrian Generally Accepted Standards on Auditing. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with Austrian Generally Accepted Accounting Principles and professional requirements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained until the date of the auditor’s report is sufficient and appropriate to provide a basis for our opinion by this date.

Emphasis of Matter.
We draw attention to the disclosures made by management in the notes to the consolidated financial statements in chapter “1.4 Material accounting estimates and assumptions”, describing the fact that in particular estimates and assumptions regarding the assets and liabilities of North American group companies (first and foremost Kapsch TrafficCom USA Inc., McLean, US) still include a risk that a material adjustment to the carrying amounts of these assets and liabilities might have to be made within the following financial year. The measures that have already been initiated and further measures planned in the course of the restructuring program of Kapsch TrafficCom becoming effective and achieving the return to profitable business planning are therefore of great importance.

Our audit opinion is not modified in respect of this matter.

Other Information.
Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the management report for the Group and our auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements.
Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs) and the additional regulations of section 245a Austrian Company Code, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Group's financial reporting process.

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

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

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Supervisory Board 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.

Comments on the Management Report for the Group.

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

Management is responsible for the preparation of the management report for the Group in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian standards on auditing for the audit of the management report for the Group.

Opinion.
In our opinion, the management report for the Group was prepared in accordance with the applicable legal regulations and is consistent with the consolidated financial statements.

Statement.
Based on the findings during the audit of the consolidated financial statements and due to the obtained understanding concerning the Group and its circumstances no material misstatements in the management report for the Group came to our attention.

Vienna, September 6, 2021

PwC Wirtschaftsprüfung GmbH

signed:
Felix Wirth
Austrian Certified Public Accountant

Glossary.

Americas	Region: North, Central and South America.
APAC	Region: Asia-PACific.
bp	Basis point, equals 0.01%.
CGU	Cash-generating unit (according to IFRS): It is the smallest group of assets that independently generates cash flow and whose cash flow is largely independent of the cash flows generated by other assets.
COVID-19	COronaVIrus Disease is an infectious disease caused by the coronavirus SARS-CoV-2.
EBIT	Earnings Before Interest and Taxes.
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization.
EMEA	Region: Europe, Middle East, Africa.
EN	Enterprise – business of Kapsch BusinessCom: A reporting segment of Kapsch Group.
ETC	Electronic Toll Collection: A former reporting segment of Kapsch TrafficCom.
EU GDPR	General Data Protection Regulation of the European Union.
IASB	International Accounting Standards Board: An independent, private sector body that develops and approves IFRS.
ICT	Information and Communication Technology.
IFRS	International Financial Reporting Standards.
IMS	Intelligent Mobility Solutions, a former reporting segment of Kapsch TrafficCom encompassing: traffic management, safety and security, connected vehicles, smart parking, and intermodal mobility.
IPR	Intellectual Property Rights.
ISO	International Organization for Standardization.
ITS	Intelligent Transportation Systems.
MaaS	Mobility as a Service.
OBU	On-board unit – an electronic device readable and writeable via wireless communication. The OBU can identify a vehicle and serve as a means of payment or as a data memory.
UGB	Austrian Commercial Code (DE: Unternehmensgesetzbuch).
V2I	Vehicle-to-Infrastructure, communication between vehicles and dedicated infrastructure.
V2V	Vehicle-to-Vehicle, communication between vehicles.
V2X	Vehicle-to-X, communication between vehicles and infrastructure.

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Kapsch Group

Founded in 1892, this family-owned company headquartered in Vienna today is a globally-operating technology group with around 6,330 employees. The Kapsch Group comprises the two key entities Kapsch BusinessCom, and Kapsch TrafficCom, and focuses on peoples' requirements in the fields of communication and mobility. With innovative products and solutions, Kapsch makes a significant contribution to the digital transformation and a sustainable future in public and private transportation. Kapsch strives for global leadership in terms of quality and innovation, and therefore annually invests some ten percent of its total revenue in research and development. R&D centers in the strategic business segments of the Kapsch Group are constantly working to make new technologies marketable. Long-standing collaborations with scientific institutions as well as strategic acquisitions provide additional know-how.

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