

INTERIM FINANCIAL REPORT
for the period from 1 January to 30 June 2022

CONTENTS

A) INTERIM MANAGEMENT REPORT	3
B) CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS	11
Consolidated statement of financial position	11
Consolidated income statement	12
Consolidated statement of comprehensive income	13
Consolidated statement of changes in equity	14
Condensed consolidated statement of cash flows	15
Selected explanatory notes to the condensed consolidated interim financial statements	16
Basis of preparation	16
1. Reporting entity	16
2. Basis of accounting	16
3. Consolidation range	17
4. Changes in presentation	17
Performance of the period	18
5. Segment reporting	18
Selected notes to the consolidated income statement	20
6. Revenues	20
7. Income and expenses	21
8. Net Finance costs	22
9. Earnings per share	22
Selected notes to consolidated financial statement of position	23
10. Loans and Borrowings	23
Financial instruments	24
11. Financial instruments – Fair values and risk management	24
Other disclosures	25
12. Related parties	25
13. Subsequent events	25
C) REVIEW REPORT	26

A) INTERIM MANAGEMENT REPORT

1. GROUP BUSINESS PERFORMANCE

1.1. Business performance of AUSTRIACARD HOLDINGS Group

The Digital Security segment acquired in December 2021 the UK-based Gift & Loyalty card producer and personalizer NITECREST Limited ('Nitecrest') and thus the remaining 50% of the common joint venture TAG NITECREST Limited, UK which operates the Group's personalization center in the UK as a result the 2022 business performance of AUSTRIACARD HOLDINGS Group is not comparable with 2021. For this reason the following table compares 2022 key performance indicators (KPI) with 2021 pro forma KPIs which have been calculated supposing that the acquisition had taken place as of 1/1/2021.

pro forma Business performance	01-06 2022 actual	01-06 2021 pro forma	D '22-'21	D '22-'21 %
Revenues	137,144,570	91,160,314	45,984,256	50.4%
Gross profit I	61,361,272	42,342,596	19,018,676	44.9%
<i>Gross margin I</i>	<i>44.7%</i>	<i>46.4%</i>	<i>-1.7%</i>	
Operating expenses excl. D,A&I	(42,461,844)	(33,390,063)	(9,071,781)	27.2%
<i>Operating expenses as % of Sales</i>	<i>-31.0%</i>	<i>-36.6%</i>	<i>5.6%</i>	
Other income & expenses	869,668	1,442,957	(573,289)	-39.7%
Result from associated companies	45,536	(5,340)	50,876	n.a.
adjusted EBITDA	19,814,633	10,390,149	9,424,483	90.7%
<i>adjusted EBITDA margin</i>	<i>14.4%</i>	<i>11.4%</i>		

AUSTRIACARD HOLDINGS Group revenues reached € 137.1 million increasing by € 46.0 million or 50.4% compared to 2021 on pro forma basis. This increase mainly results from significant volume growth achieved in both divisions. From regional perspective, all regions registered increases compared to 2021 (pro forma) with the most significant growth coming from Western Europe (UK), CEE (Greece, Romania) , Africa (Kenya) and the USA.

Revenues by region	01-06 2022 actual	01-06 2021 pro forma	D '22-'21	D '22-'21 %
Central & Eastern Europe	58,568,514	44,457,229	14,111,285	31.7%
Western Europe & Scandinavia	51,080,183	34,800,761	16,279,422	46.8%
Asia & Africa & Oceania	19,055,168	10,710,447	8,344,721	77.9%
North America	7,573,323	703,295	6,870,027	976.8%
Central & South America	867,382	488,582	378,800	77.5%
Total	137,189,312	91,160,314	45,984,256	50.4%

Gross profit I increased nearly in parallel with revenues by € 19.0 million or 44.9% on pro forma basis. Gross margin I slightly dipped by 1.7 percentage points to 44.7% from 46.4% in 2021 on pro forma basis mostly as a result of a less favourable sales mix in the Digital Security segment.

Operating expenses excluding depreciation, amortization and impairment (OPEX) increased on pro forma basis by € 9.1 million or 27.2% from € 33.4 million to € 42.5 million mainly as a result of higher personnel, third party and maintenance & utility expenses related to the higher business activity and to higher energy prices. As a percentage of revenues OPEX decreased on pro forma basis by 5.6 percentage points from 36.6% to 31.0%.

As a result, adjusted EBITDA (on pro forma basis) increased by € 9.4 million or 90.7% from € 10.4 million to € 19.8 million and the adjusted EBITDA margin rose from 11.4% in the first semester of 2021 to 14.4% in the first semester 2022.

actual Business performance	01-06 2022	01-06 2021	D '22-'21	D '22-'21 %
Revenues	137,144,570	81,168,294	55,976,275	69.0%
Costs of material & mailing	(75,783,298)	(45,319,617)	(30,463,681)	67.2%
Gross profit I	61,361,272	35,848,677	25,512,595	71.2%
	<i>Gross margin I</i>	<i>44.7%</i>	<i>44.2%</i>	<i>0.6%</i>
Production costs	(27,192,418)	(19,019,413)	(8,173,005)	43.0%
Gross profit II	34,168,854	16,829,264	17,339,590	103.0%
	<i>Gross margin II</i>	<i>24.9%</i>	<i>20.7%</i>	<i>4.2%</i>
Other income	1,297,715	1,576,601	(278,886)	-17.7%
Selling and distribution expenses	(9,953,096)	(6,926,156)	(3,026,941)	43.7%
Administrative expenses	(9,114,279)	(6,180,355)	(2,933,924)	47.5%
Research and development expenses	(2,973,046)	(2,743,750)	(229,296)	8.4%
Other expenses	(428,046)	(199,990)	(228,056)	114.0%
Result from associated companies	45,536	686,084	(640,547)	n/a
+ Depreciation, amortization and impairment	6,770,995	5,317,245	1,453,751	27.3%
adjusted EBITDA	19,814,633	8,358,942	11,455,691	137.0%
	<i>adjusted EBITDA margin</i>	<i>14.4%</i>	<i>10.3%</i>	<i>4.1%</i>
- Depreciation, amortization and impairment	(6,770,995)	(5,317,245)	(1,453,751)	27.3%
adjusted EBIT	13,043,637	3,041,697	10,001,940	328.8%
Financial income	31,432	45,354	(13,922)	-30.7%
Financial expenses	(1,893,745)	(1,272,999)	(620,746)	48.8%
Net finance costs	(1,862,313)	(1,227,645)	(634,668)	51.7%
adjusted Profit (Loss) before tax	11,181,324	1,814,052	9,367,272	516.4%
Adjustments	(4,330,687)	(611,843)	(3,718,844)	607.8%
Profit (Loss) before tax	6,850,637	1,202,209	5,592,070	469.8%
Income tax expense	(1,799,312)	(497,474)	(1,301,837)	261.7%
Profit (Loss)	5,041,326	704,735	4,346,591	616.8%

AUSTRIACARD HOLDINGS Group revenues reached € 137.1 million increasing by € 56.0 million or 69.0 % compared to the first half of 2021, with both segments Digital Security and Information Management contributing.

Gross profit I increased by 25.5 million or 71.2% from € 35.8 million to € 61.4 million in the first semester 2022 mainly as a result of profitable organic sales growth.

Operating expenses (OPEX)	01-06 2022	01-06 2021	D '22-'21	D '22-'21 %
Production Costs	(27,192,418)	(19,019,413)	(8,173,005)	43.0%
Selling and distribution expenses	(9,953,096)	(6,926,156)	(3,026,941)	43.7%
Administrative expenses	(9,114,279)	(6,180,355)	(2,933,924)	47.5%
Research and development expenses	(2,973,046)	(2,743,750)	(229,296)	8.4%
+ Depreciation & amortization	6,770,995	5,317,245	1,453,751	27.3%
Total	(42,461,844)	(29,552,429)	(12,909,415)	43.7%
Operating expenses as a percentage of Sales	31.0%	36.4%		

Operating expenses as presented in the table above increased by € 12.9 million or 43.7% because of higher personnel, third party and maintenance expenses related to the higher business activity and due to higher energy prices. As a percentage of revenues OPEX decreased from 36.4% to 31.0%.

Adjusted EBITDA increased by € 11.5 million in the first half of 2022 and reached € 19.8 million as a result of an increased Gross profit and in the same period the adjusted EBITDA margin increased from 10.3% to 14.4%. As depreciation & amortization and net finance costs increased mainly due to the acquisition of Nitecrest by € 1.5 million and by € 0.6 million respectively, adjusted Profit before tax increased by € 9.4 million reaching € 11.2 million in the first semester of 2022.

Adjustments	01-06 2022	01-06 2021	D '22-'21	D '22-'21 %
Foreign exchange gains	56,525	24,553	31,972	130.2%
Share-based remuneration	(1,017,000)	0	(1,017,000)	n.a.
Foreign exchange losses	(292,769)	(229,235)	(63,535)	27.7%
Restructuring-related impairment of intangible & tangible assets	(0)	(394,935)	394,935	-100.0%
Expense from financial assets and liabilities at fair value through profit or loss	(3,077,443)	(12,227)	(3,065,216)	25,069.3%
Total	(4,330,687)	(611,843)	(3,718,844)	607.8%

Adjustments increased from € 0.6 million in the first semester of 2021 to € 4.4 million essentially due to the revaluation of a put option liability as well as to the recently implemented stock option plan for the senior management of Digital Security.

Deducting income tax expenses Profit after tax came in at € 5.0 million increasing by € 4.3 million compared to the first semester of 2021.

1.2. Report on segments

1.2.1. Digital Security

Digital Security acquired in December 2021 the UK-based Gift & Loyalty card producer and personalizer NITECREST Limited ("Nitecrest") and thus the remaining 50% of the common joint venture TAG NITECREST Limited, UK which operates the Group's personalization center in the UK as a result the 2022 business performance is not comparable with 2021. For this reason the following table compares 2022 key performance indicators (KPI) with 2021 pro forma KPIs which have been calculated supposing that the acquisition had taken place as of 1/1/2021.

pro forma Business performance	01-06 2022 actual	01 -06 2021 pro forma	D '22-'21	D '22-'21 %
Revenues	92,928,116	58,063,812	34,864,304	60.0%
Gross profit I	43,395,319	29,352,264	14,043,055	47.8%
<i>Gross margin I</i>	<i>46.7%</i>	<i>50.6%</i>	<i>-3.9%</i>	
Operating expenses excl. D,A&I	(30,264,590)	(23,093,282)	(7,171,307)	31.1%
<i>Operating expenses as % of Sales</i>	<i>-32.6%</i>	<i>-39.8%</i>	<i>7.2%</i>	
Other income & expenses	797,692	1,235,965	(438,273)	-35.5%
Result from associated companies	45,536	(5,340)	50,876	n.a.
adjusted EBITDA	13,973,958	7,489,606	6,484,352	86.6%
<i>adjusted EBITDA margin</i>	<i>15.0%</i>	<i>12.9%</i>		

Digital Security revenues reached € 92.9 million in the first semester 2022 increasing by € 34.9 million or 60.0% compared to 2021 on a pro forma basis. This increase mainly relates to strong sales growth with UK-based customers (Challenger Banks) as well as to growth in the US and Turkish markets. Growth with Challenger Banks was especially spurred by a renewal campaign as well as by strong customer acquisition by our customer Revolut. The number of cards sold as well as the related revenue increased by roughly 50% while the revenues from personalization & related services more than doubled.

Gross profit I increased by € 14.0m to € 43.4 million as a result from strong sales growth while Gross margin I dipped by 3.9 percentage points to 46.7% from 50.6% in 2021. The dip in Gross margin I relates to a different regional sales mix as well as due to higher sales of resale products and services such as freight, modules and wafers.

Operating expenses excluding depreciation, amortization and impairment (OPEX) increased on pro forma basis by € 7.2 million or 31.1% from € 23.1 million to € 30.3 million as a result of the high business level, the continued build up of our operations in the US and higher energy prices. As a percentage of revenues OPEX decreased by 7.2 percentage points from 39.8% to 32.6%.

As a result, adjusted EBITDA on pro forma basis increased substantially by € 6.5 million or 86.6% from € 7.5 million to € 14.0 million in the first semester 2022. The adjusted EBITDA margin increased from 12.9% to 15.0%.

actual Business performance	01-06 2022	01-06 2021	D 22-21	D '22-'21 %
Revenues	92,928,116	48,071,792	44,856,324	93.3%
Costs of material & mailing	(49,532,797)	(25,213,447)	(24,319,350)	96.5%
Gross profit I	43,395,319	22,858,345	20,536,974	89.8%
<i>Gross margin I</i>	<i>46.7%</i>	<i>47.6%</i>	<i>-0.9%</i>	
Production costs	(18,415,536)	(11,830,472)	(6,585,064)	55.7%
Gross profit II	24,979,783	11,027,873	13,951,910	126.5%
<i>Gross margin II</i>	<i>26.9%</i>	<i>25.5%</i>	<i>1.4%</i>	
Other income	1,030,213	1,308,345	(278,132)	-21.3%
Selling and distribution expenses	(7,302,515)	(4,486,934)	(2,815,581)	62.8%
Administrative expenses	(6,235,843)	(3,495,142)	(2,740,701)	78.4%
Research and development expenses	(2,785,015)	(2,485,908)	(299,107)	12.0%
Other expenses	(232,522)	(138,727)	(93,795)	67.6%
Result from associated companies	45,536	686,084	(640,547)	n/a
+ Depreciation, amortization & impairment	4,474,319	3,042,807	1,431,511	47.0%
adjusted EBITDA	13,973,958	5,458,399	8,515,559	156.0%
<i>adjusted EBITDA margin</i>	<i>15.0%</i>	<i>11.4%</i>	<i>3.6%</i>	
- Depreciation, amortization & impairment	(4,474,319)	(3,042,807)	(1,431,511)	47.0%
adjusted EBIT	9,499,639	2,415,591	7,084,048	293.3%
Financial income	26,883	45,223	(18,340)	-40.6%
Financial expenses	(962,141)	(606,124)	(356,018)	58.7%
Net finance costs	(935,258)	(560,901)	(374,357)	66.7%
adjusted Profit (Loss) before tax	8,564,381	1,854,691	6,709,690	361.8%
Adjustments	(1,308,543)	(502,564)	(805,979)	160.4%
Profit (Loss) before tax	7,255,838	1,352,127	5,903,711	436.6%

The Digital Security segment recorded revenues of € 92.9 million in the first semester 2022 growing by € 44.9 million or 93.3 % compared to last year. The increase is mainly a result of strong business growth with Challenger Banks, UK and Turkey based customers as well as due to the expansion in the US market.

Gross profit I increased by € 20.5 million or 89.8% as a result of profitable sales growth while Gross margin I dropped from 47.6 % to 46.7 % which is related to a different sales mix compared to the first semester 2021 as well as due to high material costs.

Operating expenses (OPEX)	1-6 2022	1-6 2021	D 22-21	D '22-'21 %
Production Cost	(18,415,536)	(11,830,472)	(6,585,064)	55.7%
Selling and distribution expenses	(7,302,515)	(4,486,934)	(2,815,581)	62.8%
Administrative expenses	(6,235,843)	(3,495,142)	(2,740,701)	78.4%
Research and development expenses	(2,785,015)	(2,485,908)	(299,107)	12.0%
+ Depreciation & amortization	4,474,319	3,042,807	1,431,511	47.0%
Total	(30,264,590)	(19,255,648)	(11,008,941)	57.2%
Operating expenses as a percentage of Sales	32.6%	40.1%		

Operating expenses as presented in the table above was increased in all functions due to the higher level of business activity, expansion of our US personalization center, the acquisition of Nitecrest and higher energy prices. As percentage of revenues OPEX reduced due to the strong sales growth from 40.1% to 32.6% in the first semester 2022.

Adjusted EBITDA increased by € 8.5 million and hence more than doubled compared to the first semester 2021 reaching € 14.0 million and in the same period the adjusted EBITDA margin increased from 11.4% to 15.0%.

Depreciation and Amortization increased by € 1.4 million and net financing costs increased by € 0.4 million both mainly as a result of the acquisition of Nitecrest. Adjusted Profit before tax hence increased by € 6.7 million from € 1.9 million to € 8.6 million in the first semester 2022.

1.2.2. Information Management

Actual Business performance	01-06 2022	01-06 2021	D '22-'21	D '22-'21 %
Revenues	47,807,321	34,728,845	13,078,476	37.7%
Costs of material & mailing	(29,662,058)	(21,458,556)	(8,203,502)	38.2%
Gross profit I	18,145,263	13,270,289	4,874,974	36.7%
<i>Gross margin I</i>	<i>38.0%</i>	<i>38.2%</i>	<i>-0.3%</i>	
Production costs	(8,877,178)	(7,322,383)	(1,554,795)	21.2%
Gross profit II	9,268,084	5,947,905	3,320,179	55.8%
<i>Gross margin II</i>	<i>19.4%</i>	<i>17.4%</i>	<i>2.0%</i>	
Other income	803,715	667,244	136,471	20.5%
Selling and distribution expenses	(2,801,865)	(2,573,293)	(228,572)	8.9%
Administrative expenses	(2,708,820)	(2,499,379)	(209,441)	8.4%
Research and development expenses	(188,031)	(238,877)	50,846	-21.3%
Other expenses	(630,484)	(288,797)	(341,688)	118.3%
+ Depreciation, amortization & impairment	2,257,776	2,230,640	27,136	1.2%
adjusted EBITDA	6,000,374	3,245,443	2,754,931	84.9%
<i>adjusted EBITDA margin</i>	<i>12.6%</i>	<i>9.3%</i>	<i>3.3%</i>	
- Depreciation, amortization & impairment	(2,257,776)	(2,230,640)	(27,136)	1.2%
adjusted EBIT	3,742,599	1,014,803	2,727,796	268.8%
Financial income	4,564	131	4,433	3384.1%
Financial expenses	(769,051)	(612,370)	(156,680)	25.6%
Net finance costs	(764,486)	(612,239)	(152,247)	24.9%
adjusted Profit (Loss) before tax	2,978,113	402,564	2,575,548	639.8%
Adjustments	(9,157)	(106,130)	96,973	n/a
Profit (Loss) before tax	2,968,956	296,435	2,672,521	901.6%

The Information Management segment recorded revenues of € 47.8 million in the first half of 2022 growing by € 13.1 million or by 37.7% compared to last year. The significant increase in turnover is mainly due to the production of election materials for the elections in Kenya in August 2022, higher sold volumes and sales prices of digital printing and postal services as well as of printed forms and the continued increase of digital transformation solutions delivered in the Greek and Romanian markets.

Gross profit I increased nearly in parallel with revenues by € 4.9 million or 36.7% while Gross margin I dropped only slightly from 38.2% to 38.0% as increased purchase prices for production material were compensated by sales price increases.

Operating expenses (OPEX)	01-06 2022	01-06 2021	D '22-'21	D '22-'21 %
Production Cost	(8,877,178)	(7,322,383)	(1,554,795)	21.2%
Selling and distribution expenses	(2,801,865)	(2,573,293)	(228,572)	8.9%
Administrative expenses	(2,708,820)	(2,499,379)	(209,441)	8.4%
Research and development expenses	(188,031)	(238,877)	50,846	-21.3%
+ Depreciation & amortization	2,257,776	2,230,640	27,136	1.2%
Total	(12,318,119)	(10,403,293)	(1,914,826)	18.4%
Operating expenses as a percentage of Sales	25.8%	30.0%		

Operating expenses as presented in the table above increased by € 1.9 million or 18.4% to € 12.3 million due to the higher production activity, continued investment in the area of digital transformation solutions as well as due to higher energy and transportation costs. As percentage of revenues OPEX reduced from 30.0% to 25.8% in the first semester 2022.

Adjusted EBITDA increased by € 2.8 million or 84.9% in the first semester 2022 reaching 6.0 million due to the increase in Gross profit and in the same period the adjusted EBITDA margin increased from 9.3% to 12.6%. Similarly adjusted Profit before tax increased by € 2.6 million from € 0.4 million in the first semester of 2021 to € 3.0 million in 2022.

1.3. Financial position

Consolidated Statement of financial position	30/06/2022	31/12/2021	D 22-21	D '22-'21 %
Non-current assets	152,110,820	145,339,505	6,771,315	4.7%
Current assets	115,890,137	81,045,570	34,844,566	43.0%
Total assets	268,000,957	226,385,076	41,615,881	18.4%
Total Equity	71,780,496	68,434,431	3,346,065	4.9%
Non-current liabilities	104,811,633	95,792,787	9,018,846	9.4%
Current Liabilities	91,408,828	62,157,858	29,250,970	47.1%
Total Equity and Liabilities	268,000,957	226,385,076	41,615,881	18.4%

Total assets increased by € 41.6 million from € 226 million as of 31.12.2021 to € 268 million as of 30.6.2022 which is mainly related to increases in current assets and liabilities due to a higher business activity level during the financial year as well as to the signing of rental contract for our new personalization facilities in the US and the revaluation of long-term put-option liabilities.

As a result of the significant increase in Total assets, the Group's equity ratio declined from 30.2% to 26.8% as of 30 June 2022.

Working Capital	30.06.2022	31.12.2021	D '22-'21	D '22-'21 %
Inventories	35,468,577	23,187,892	12,280,685	53.0%
Contract assets	14,419,560	8,692,836	5,726,724	65.9%
Current income tax assets	414,241	387,421	26,820	6.9%
Trade receivables	41,457,449	29,266,953	12,190,496	41.7%
Other receivables	7,617,513	8,026,225	(408,712)	-5.1%
	99,377,340	69,561,328	29,816,012	42.9%
Current income tax liabilities	(2,560,879)	(1,644,924)	(915,956)	55.7%
Trade payables	(39,388,453)	(24,279,428)	(15,109,026)	62.2%
Other payables	(11,610,185)	(11,143,748)	(466,437)	4.2%
Contract liabilities	(8,535,807)	(4,157,584)	(4,378,222)	105.3%
Deferred income	(236,001)	(132,162)	(103,839)	78.6%
	(62,331,325)	(41,357,845)	(20,973,480)	50.7%
Working Capital	37,046,015	28,203,482	8,842,532	31.4%

As of 30 June 2022 Net working capital amounted to € 37.0 million increasing by € 8.8 million or 31.4% compared to 31 December 2021 mainly as a result of the higher level of business activity during the financial year and especially due to higher levels of raw materials which have become necessary in the wake of the pandemic-related sourcing and supply chain challenges. The relatively high level of working capital is expected to be lower again at financial year-end 2022.

Statement of cash flows	1-6 2022	1-6 2021	D 22-21	D '22-'21 %
Cash flows from operating activities	9,414,096	(439,851)	9,839,211	-2,240.3%
Cash flows from investing activities	(8,273,802)	(5,171,789)	(3,102,012)	60.0%,
Cash flows from financing activities	4,259,189	1,682,635	2,576,553	153.1%,
Net decrease in cash and cash equivalents	5,399,483	(3,929,004)	9,328,487	-237.4%,
Capital expenditure	(12,951,735)	(5,318,028)	(7,618,971)	143.3%

The Group's cash flow from operating activities increased by € 9.8 million from € (0.4) million in 2021 to € 9.4 million in the first semester of 2022. This increase is essentially linked to a strong business performance in 2022 compared to a relatively poor performance in the first semester 2021 which was still heavily affected by the pandemic.

Net cash flow from investing activities was a net outflow of € 8.3 million, mainly related to investments in tangible and intangible assets. Additions to tangible and intangible assets increased to 12.9 million in 2022 from € 5.3 million in the first semester of 2021. The investments mainly relate to the relocation and expansion of our personalization site in the USA, additional production and personalization machinery as well as to the SAP/ERP implementation and the development of software and chip operating systems.

Net cash flow from financing activities was a net inflow of € 4.3 million compared to a net inflow of € 1.6 million in the first semester of 2021 and mostly relates to financing of the increased working capital requirements.

Net Debt	30/06/2022	31/12/2021	D 22-21	D '22-'21 %
Cash and cash equivalents	(16,512,797)	(11,484,243)	(5,028,554)	43.8%
Loans and borrowings	110,433,406	96,579,875	13,853,530	14.3%
Net Debt	93,920,609	85,095,633	8,824,976	10.4%

Net debt increased by € 8.8 million from 85.1 million as at 31 December 2021 to € 93.9 million as at 30 June 2022 which is mainly due to increased working capital requirements, high capital expenditures and the acquisition of the remaining non-controlling interests in the subsidiaries NEXT DOCS ECM EXPERT S.R.L. and NEXT DOCS CONFIDENTIAL S.R.L., which belong to the Information Management Segment. The relatively high level of net debt is expected to be lower again at financial year-end 2022.

1.4. Financial performance indicators

Key performance indicators	01-06 2022	01-06 2021	D 22 - 21	D 22-21 %
Revenue	137,144,570	81,168,294	55,976,275	69.0%
Gross profit I	61,361,272	35,848,677	25,512,595	71.2%
Gross profit I margin	44.7%	44.2%	0.6%	n/a
Total OPEX excluding depreciation	42,461,844	29,552,429	12,909,415	43.7%
Total OPEX excluding depreciation as % on sales	31.0%	36.4%	-5.4%	n/a
adjusted EBITDA	19,814,633	8,358,942	11,455,691	137.0%
adjusted EBITDA margin	14.4%	10.3%	4.1%	n/a
adjusted EBIT	13,043,637	3,041,697	10,001,940	328.8%
adjusted EBIT margin	9.5%	3.7%	5.8%	n/a
adjusted Profit before tax	11,181,324	1,814,052	9,367,272	516.4%
adjusted Profit before tax margin	8.2%	2.2%	5.9%	n/a
Net Equity / Total Assets	26.8%	30.2%	-3.4%	n/a
Operating Cash Flow	9,414,096	(439,851)	9,839,211	n/a
Operating Cash Flow as % on sales	6.9%	-0.5%	7.4%	

2. SIGNIFICANT RISKS AND FUTURE DEVELOPMENT

There were no material differences in the categories of risk exposure in the course of the first half of the financial year 2022 and we do not foresee any material differences with regards to risk exposure and future development for the second half of 2022 compared with those described in detail in section 6, "FUTURE DEVELOPMENT AND RISKS", of the group management report of the 2021 consolidated financial statements.

Vienna, 7 October 2022

Nikolaos Lykos
Chairman of the Management Board

Panagiotis Spyropoulos
Vice Chairman & Group CEO

B) CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**Consolidated statement of financial position**

Note	30 June 2022	31 December 2021
Assets		
Property, plant and equipment and right of use assets	89,245,893	82,955,114
Intangible assets and goodwill	59,543,813	60,650,884
Equity-accounted investees	305,536	260,000
Other receivables	2,293,625	500,008
Other long-term assets	409,098	634,484
Deferred tax assets	312,855	339,015
Non-current assets	152,110,820	145,339,505
Inventories	35,468,577	23,187,892
Contract assets	14,419,560	8,692,836
Current income tax assets	414,241	387,421
Trade receivables	41,457,449	29,266,953
Other receivables	7,617,513	8,026,225
Cash and cash equivalents	16,512,797	11,484,243
Current assets	115,890,137	81,045,570
Total assets	268,000,957	226,385,076
Equity		
Share capital	14,638,053	14,638,053
Share premium	6,999,933	6,999,933
Other reserves	6,978,886	6,449,833
Retained earnings	30,304,781	27,305,791
Equity attributable to owners of the Company	58,921,653	55,393,609
Non-controlling interests	12,858,843	13,040,822
Total Equity	71,780,496	68,434,431
Liabilities		
Loans and borrowings	9 81,418,854	75,842,814
Employee benefits	4,522,837	4,531,729
Other payables	11,422,152	8,644,733
Deferred tax liabilities	7,447,790	6,773,511
Non-current liabilities	104,811,633	95,792,787
Current tax liabilities	2,560,879	1,644,924
Loans and borrowings	9 29,014,551	20,737,061
Trade payables	39,388,453	24,279,428
Other payables	11,610,185	11,143,748
Contract liabilities	8,535,807	4,157,584
Deferred income	236,001	132,162
Provisions	62,951	62,951
Current Liabilities	91,408,828	62,157,858
Total Liabilities	196,220,461	157,950,645
Total Equity and Liabilities	268,000,957	226,385,076

The following explanatory notes constitute an integral part of these condensed consolidated financial statements.

Consolidated income statement

	Note	01/01 – 30/06/2022	01/01 – 30/06/2021
Revenue	5	137,144,570	81,168,294
Cost of sales	6	(102,975,716)	(64,339,030)
Gross profit		34,168,854	16,829,264
Other income	6	1,297,882	1,577,095
Selling and distribution expenses	6	(9,953,096)	(6,926,156)
Administrative expenses	6	(10,131,279)	(6,572,076)
Research and development expenses	6	(2,973,046)	(2,743,750)
Other expenses	6	(428,435)	(203,666)
Result from associated companies		45,536	686,084
+ Depreciation, amortization and impairment		6,770,995	5,708,966
EBITDA		18,797,411	8,355,760
- Depreciation, amortization and impairment		(6,770,995)	(5,708,966)
EBIT		12,026,416	2,646,795
Financial income	7	87,790	69,413
Financial expenses	7	(5,263,568)	(1,513,998)
Net finance costs		(5,175,779)	(1,444,585)
Profit (Loss) before tax		6,850,637	1,202,209
Income tax expense		(1,799,312)	(497,474)
Profit (Loss)		5,051,326	704,735
Profit (Loss) attributable to:			
Owners of the Company		4,462,003	531,431
Non-controlling interests		589,323	173,304
Earnings (loss) per share			
Basic and diluted	8	0.305	0.036

The following explanatory notes constitute an integral part of these condensed consolidated financial statements.

Consolidated statement of comprehensive income

	01/01 – 30/06/2022	01/01 – 30/06/2021
Profit (Loss)	5,051,326	704,735
Other comprehensive income		
Items that will never be reclassified to profit or loss		
Revaluation of defined benefit liability	0	(14,735)
Related tax	0	3,684
Revaluation of defined benefit liability	0	0
Related tax	0	0
Effect of change in tax rates	16,691	0
	16,691	(11,052)
Items that are or may be reclassified to profit or loss		
Cash flow hedges	1,946,377	(215,847)
Related tax	(452,378)	53,962
Foreign currency translation differences	(1,012,525)	(493,635)
	481,474	(655,520)
Other comprehensive income, net of tax	498,165	(666,572)
Total comprehensive income	5,549,491	38,163
Total comprehensive income attributable to:		
Owners of the Company	4,989,719	(43,397)
Non-controlling interests	559,772	81,560

The following explanatory notes constitute an integral part of these condensed consolidated financial statements.

Consolidated statement of changes in equity

	For the period 01/01 – 30/06/2022									
	Attributable to owners of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Translation reserve	Revaluation reserve	IAS 19 reserve	Cash flow hedge reserve	Retained earnings			
Balance at 1 January 2022	14,638,053	6,999,933	(5,845,620)	13,070,071	(600,409)	(174,210)	27,305,791	55,393,609	13,040,822	68,434,431
Profit (Loss)	0	0	0	0	0	0	4,462,003	4,462,003	589,323	5,051,326
Other comprehensive income	0	0	(983,129)	38,585	(21,739)	1,493,999	527,716	527,716	(29,551)	498,165
Total comprehensive income	0	0	(983,129)	38,585	(21,739)	(1,493,999)	4,989,719	4,989,719	559,772	5,549,491
Dividend distribution	0	0	0	0	0	0	0	0	(415,679)	(415,679)
Share based payment through equity instruments	0	0	0	0	0	0	0	0	570,000	570,000
Change of Percentage of Ownership Interest	0	0	1,337	0	0	0	(2,158,903)	(2,157,566)	(903,702)	(3,061,268)
Effect hyperinflation IAS 29	0	0	0	0	0	0	684,001	684,001	9,231	693,232
Other movements	0	0	0	0	0	0	(11,889)	(11,889)	(1,600)	(10,289)
Balance at 30 June 2022	14,638,053	6,999,933	(6,827,411)	13,108,656	(622,148)	(1,319,789)	30,304,781	58,921,653	12,858,843	71,780,496
	For the period 01/01 – 30/06/2021									
	Attributable to owners of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Translation reserve	Revaluation reserve	IAS 19 reserve	Cash flow hedge reserve	Retained earnings			
Balance at 1 January 2021	14,638,053	6,999,933	(4,770,665)	13,403,471	(487,811)	0	18,928,480	48,711,461	11,981,141	60,692,602
Profit (Loss)	0	0	0	0	0	0	531,431	531,431	173,304	704,735
Other comprehensive income	0	0	(401,891)	(11,052)	0	(161,885)	0	(574,828)	(91,744)	(666,572)
Total comprehensive income	0	0	(401,891)	(11,052)	0	(161,885)	531,431	43,397	81,560	38,163
Dividend distribution	0	0	0	0	0	0	0	0	(422,945)	(422,945)
Change of Percentage of Ownership Interest	0	0	0	0	0	0	(900,986)	(900,958)	(357,944)	(1,258,930)
Other movements	0	0	420	0	0	0	19,339	(19,642)	(20,288)	(530)
Balance at 30 June 2021	14,638,053	6,999,933	(5,172,136)	13,392,419	(487,811)	(161,885)	18,578,264	47,786,837	11,261,524	59,048,361

Condensed consolidated statement of cash flows

Note	01/01 – 30/06/2022	01/01 –30/06/2021
Cash flows from operating activities		
Profit (Loss) before tax	6,850,637	1,202,209
Adjustments for:		
-Depreciation, amortization and impairment	6,770,995	5,708,966
-Net finance costs	5,175,779	1,444,585
-Gain on sale of property, plant and equipment	(23,657)	(35,139)
-Change in Equity accounted investees	(45,536)	(1,221,494)
-Change in provisions (included in EBIT)	0	(298,739)
-Other non-cash adjustments (included in EBIT)	1,184,820	138,946
	19,913,038	6,939,335
Changes in:		
-Inventories	(12,280,685)	(3,463,524)
-Contract assets	(5,726,724)	724,716
-Trade receivables and other receivables	(11,781,784)	(6,097,482)
-Contract liabilities	4,378,222	1,062,611
-Trade payables and other payables	15,479,302	841,753
Taxes paid	(567,275)	(447,259)
Net cash from (used in) operating activities	9,414,096	(439,851)
Cash flows from investment activities		
Interest received	31,432	45,309
Proceeds from sale of property, plant and equipment	10,092	0
Acquisition of subsidiary, net of cash acquired	0	(963,274)
Acquisition of PPE and intangible assets	(8,315,325)	(4,253,824)
Net cash from (used in) investing activities	(8,273,802)	(5,171,789)
Cash flows from financing activities		
Interest paid	(1,791,918)	(1,193,141)
Acquisition of non-controlling interests	3,061,268	(1,254,718)
Proceeds from loans and borrowings	15,969,241	9,086,098
Repayment of borrowings	(4,588,190)	(3,658,280)
Payment of lease liabilities	(1,852,997)	(1,116,528)
Dividends paid to non-controlling interest	(415,679)	(180,795)
Net cash from (used in) financing activities	4,259,189	1,682,635
Net increase (decrease) in cash and cash equivalents	5,399,483	(3,929,004)
Cash and cash equivalents at 1 January	11,484,243	11,010,746
Effect of movements in exchange rates on cash held	(370,929)	(24,437)
Cash and cash equivalents at 30 June	16,512,797	7,106,178

The following explanatory notes constitute an integral part of these condensed consolidated financial statements.

Selected explanatory notes to the condensed consolidated interim financial statements

Basis of preparation

1. Reporting entity

AUSTRIACARD HOLDINGS AG (the 'Company') is domiciled in Austria. AUSTRIACARD HOLDINGS AG was established at September 29th, 2010 and since March 12th, 2021 is the ultimate legal parent of AUSTRIACARD HOLDINGS Group. The Company's registered office is in Lamezanstraße 4-8, 1232, Vienna, Austria. These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies'). The Group is an international group active in the business areas of "Digital Security" under the brand AUSTRIACARD and TAG SYSTEMS and "Information Management" under the brand INFORM.

2. Basis of accounting

The condensed consolidated interim financial statements (hereinafter "financial statements") have been prepared by Management in accordance with IAS 34 (Interim Financial Reporting). The interim report was prepared on the basis of the historical cost principle, which was modified by adjusting certain assets and liabilities to fair values. The condensed consolidated interim financial statements have been reviewed by KPMG Austria GmbH, Vienna. These financial statements are presented in euro, which is the functional currency of the Company.

Amounts and percentage rates in these consolidated interim financial statements were rounded, and the addition of these individual figures can therefore produce results that differ from the totals shown.

Material assumptions and estimates made for the 2021 consolidated financial statements as well as accounting policies as of 31.12.2021 are applied consistently. Exceptions are new or amended IFRSs, which are mandatory from 1 January 2022, and the first-time application of IAS 29. The interim report should therefore be read together with the consolidated financial statements as of 31.12.2021.

The following amendments and interpretations of the IFRS have been issued by the International Accounting Standards Board (IASB), adopted by the European Union, and their application is mandatory from or after 01/01/2022.

Standard		Effective date*)	Material impact expected on consolidated financial statements
	Annual improvements to IFRS Standards: 2018 – 2020 Cycle	01/01/2022	No
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	01/01/2022	No
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	01/01/2022	No
IFRS 3	Reference to the Conceptual Framework – Amendments to IFRS 3	01/01/2022	No

The following amendments and interpretations of the IFRS have been issued by the International Accounting Standards Board (IASB) but have not been applied yet or have not been adopted by the European Union:

Standard		Effective date*)	Material impact expected on consolidated financial statements
IFRS 17	Insurance contracts	01/01/2023	No
IAS 1	Amendments to IAS 1: Classification of Liabilities as Current or Non-current	01/01/2023	No
IAS 8	Definition of Accounting Estimates - Amendments to IAS 8	01/01/2023	No
IAS 1	Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	01/01/2023	No
IAS 12	Deferred taxes on leases and decommissioning obligations – Amendment to IAS 12	01/01/2023	No
IFRS 17	Insurance contracts – Amendments to IFRS 17	01/01/2023	No

*) Applicable to financial years beginning on or after the indicated date

IAS 29 Financial Reporting in hyperinflationary economies

The standard is to be applied when the functional currency of a company is that of a country with pronounced high inflation. In this half-year report, this concerns a subsidiary in Turkey, as the cumulative three-year inflation rate has led to Turkey's classification as a hyperinflationary country within the meaning of IAS 29. IAS 29 requires the adjustment of affected financial statements by applying a general price index:

- Monetary items of the balance sheet are not adjusted.
- Non-monetary items of the balance sheet that are measured at cost are adjusted to the price changes that occurred in the financial year before translation into Group currency on the basis of an appropriate price index to measure purchasing power.
- All items in the statement of comprehensive income and all components of equity are also adjusted on the basis of suitable price indices.
- Gains or losses from the net position of monetary items are reported in the financial result of the consolidated income statement.
- Prior-year figures have not been adjusted in accordance with IAS 21.42 (b).

Interim Financial Report 2022

The financial statements of the Turkish subsidiary – previously prepared on the basis of the concept of historical acquisition and production costs – were adjusted for the first time in accordance with the criteria of IAS 29 as of 30.6.2022. The CPI 2003 consumer price index published by the Turkish Statistical Institute, the national institute for statistics, was used as an appropriate price index. The price index as of 30.6.2022 was 977.90. The change in the index in fiscal year 2022 can be found in the following table:

Date	Index CPI 2003	Monthly change
31/12/2021	686.95	
31/01/2022	763.23	11.1%
28/02/2022	799.93	4.8%
31/03/2022	843.64	5.5%
30/04/2022	904.79	7.3%
31/05/2022	931.76	3.0%
30/06/2022	977.90	5.0%

3. Consolidation range

The consolidated financial statements include all significant domestic and foreign companies in which AUSTRIACARD directly or indirectly holds a majority of the voting rights. There were no changes in the consolidation range of the Company in the first six months of 2022.

4. Changes in presentation

In these financial statements, allocations of share-based payments and effects from the acquisition of non-controlling interests have been corrected retrospectively as of 31.12.2021 to the extent that the accumulated results were reduced by € 561,373 and the non-controlling interests were increased by the same amount.

Performance of the period

5. Segment reporting

01/01-30/06/2022	Reportable Segments			Corporate	Eliminations	Total
	Digital Security	Information Management	Total reportable segments			
Revenues	90,342,826	46,801,744	137,144,570	0	0	137,144,570
Intersegment revenues	2,585,290	1,005,577	3,590,867	0	(3,590,867)	0
Segment revenues	92,928,116	47,807,321	140,735,437	0	(3,590,867)	137,144,570
Costs of material & mailing	(49,532,797)	(29,662,058)	(79,194,855)	0	3,411,557	(75,783,298)
Gross profit I	43,395,319	18,145,263	61,540,582	0	(179,310)	61,361,272
Production costs	(18,415,536)	(8,877,178)	(27,292,714)	0	100,296	(27,192,418)
Gross profit II	24,979,783	9,268,084	34,247,867	0	(79,014)	34,168,854
Other income	1,030,213	803,715	1,834,098	0	(536,549)	1,297,715
Selling and distribution expenses	(7,302,515)	(2,801,865)	(10,104,379)	0	151,281	(9,953,096)
Administrative expenses	(6,235,843)	(2,708,820)	(8,944,663)	(198,285)	28,670	(9,114,279)
Research and development expenses	(2,785,015)	(188,031)	(2,973,046)	0	0	(2,973,046)
Other expenses	(232,522)	(630,484)	(863,006)	(317)	435,277	(428,046)
Result from associated companies	45,536	0	45,536	0	0	45,536
+ Depreciation, amortization and impairment	4,474,319	2,257,776	6,732,094	38,510	391	6,770,995
adjusted EBITDA	13,973,958	6,000,374	19,974,501	(160,092)	58	19,814,633
- Depreciation, amortization and impairment	(4,474,319)	(2,257,776)	(6,732,094)	(38,510)	(391)	(6,770,995)
adjusted EBIT	9,499,639	3,742,599	13,242,407	(198,602)	(333)	13,043,638
Financial income	26,883	4,564	31,447	582,722	(582,738)	31,432
Financial expenses	(962,141)	(769,051)	(1,731,192)	(162,553)	0	(1,893,745)
Net finance costs	(935,258)	(764,486)	(1,699,744)	420,169	(582,738)	(1,862,313)
adjusted Profit (Loss) before tax	8,564,381	2,978,113	11,542,663	221,567	(583,071)	11,181,325
Adjustments	(1,308,543)	(9,157)	(1,317,700)	(3,012,987)	0	(4,330,687)
Profit (Loss) before tax	7,255,838	2,968,956	10,224,963	(2,791,420)	(583,071)	6,850,638
Income tax expense	(992,172)	(739,965)	(1,735,821)	(67,174)	0	(1,799,312)
Profit (Loss)	6,263,665	2,228,991	8,489,142	(2,858,595)	(583,071)	5,051,326
Capital expenditure incl. finance lease	9,925,601	3,026,133	12,951,734	0	0	12,951,734

Reportable Segments

01/01-30/06/2021	Digital Security	Information Management	Total reportable segments	Corporate	Eliminations	Total
Revenues	46,913,852	34,254,442	81,168,294	0	0	81,168,294
Intersegment revenues	1,157,940	474,402	1,632,343	0	(1,632,343)	0
Segment revenues	48,071,792	34,728,845	82,800,637	0	(1,632,343)	81,168,294
Costs of material & mailing	(25,213,447)	(21,458,556)	(46,672,003)	0	1,352,386	(45,319,617)
Gross profit I	22,858,345	13,270,289	36,128,634	0	(279,957)	35,848,677
Production costs	(11,830,472)	(7,322,383)	(19,152,855)	0	133,442	(19,019,413)
Gross profit II	11,027,873	5,947,905	16,975,779	0	(146,515)	16,829,264
Other income	1,308,345	667,244	1,975,589	0	(398,989)	1,576,601
Selling and distribution expenses	(4,486,934)	(2,573,293)	(7,060,226)	0	134,071	(6,926,156)
Administrative expenses	(3,495,142)	(2,499,379)	(5,994,522)	(253,000)	67,167	(6,180,355)
Research and development expenses	(2,485,908)	(238,877)	(2,724,785)	(127,436)	108,471	(2,743,750)
Other expenses	(138,727)	(288,797)	(427,524)	(7,766)	235,299	(199,990)
Result from associated companies	686,084	0	686,084	0	0	686,084
+ Depreciation, amortization and impairment	3,042,807	2,230,640	5,273,447	43,797	1	5,317,245
adjusted EBITDA	5,458,399	3,245,443	8,703,842	(344,405)	(494)	8,358,942
- Depreciation, amortization and impairment	(3,042,807)	(2,230,640)	(5,273,447)	(43,797)	(1)	(5,317,245)
adjusted EBIT	2,415,591	1,014,803	3,430,395	(388,202)	(495)	3,041,697
Financial income	45,223	131	45,324	0	0	45,354
Financial expenses	(606.124)	(612,370)	(1,218,494)	(54,505)	0	(1,272,999)
Net finance costs	(560,901)	(612,239)	(1,173,169)	(54,505)	(0)	(1,227,645)
adjusted Profit (Loss) before tax	1,854,691	402,535	2,257,225	(442,708)	(495)	1,814,052
Adjustments	(502,564)	(106,130)	(608,694)	0	3,150	(611,843)
Profit (Loss) before tax	1,352,127	296,435	1,648,532	(442,708)	(3,645)	1,202,209
Income tax expense	(888,694)	(182,466)	(1,071,159)	0	573,685	(497,474)
Profit (Loss)	463,433	113,969	577,402	(442,708)	570,040	704,735
Capital expenditure incl. finance lease	4,319,479	995,579	5,315,058	2,970	0	5,318,028

Adjustments

01-06 2022 01-06 2021 D '22-'21 D '22-'21 %

Foreign exchange gains	56,525	24,553	31,972	130.2%
Share-based remuneration	(1,017,000)	0	(1,017,000)	n.a.
Foreign exchange losses	(292,769)	(229,235)	(63,535)	27.7%
Restructuring-related impairment of intangible & tangible assets	(0)	(394,935)	394,935	-100.0%
Expense from financial assets and liabilities at fair value through profit or loss	(3,077,443)	(12,227)	(3,065,216)	25,069.3%
Total	(4,330,687)	(611,843)	(3,718,844)	607.8%

Selected notes to the consolidated income statement

6. Revenues

A. Revenues from contracts with customers

01/01 - 30/06/2022	Digital Security	Information Management	Eliminations	Total
Revenues by region				
Western Europe & Scandinavia	50,611,510	489,090	(20,418)	51,080,183
Central & Eastern Europe	18,754,909	43,384,055	(3,570,449)	58,568,514
North America	7,573,323	0	0	7,573,323
Asia & Africa & Oceania	15,120,993	3,934,176	0	19,055,168
Central & South America	867,382	0	0	867,382
	92,928,116	47,807,321	(3,590,867)	137,144,570
Type of revenue				
Revenues from sale of goods	64,264,323	19,671,799	306,419	84,242,541
Revenues from services	9,732,411	6,174,423	(146,215)	15,760,618
Revenues from licenses & royalties	11,295	0	16,096	27,391
Revenues from sale of merchandise	10,892,112	5,368,927	(2,972,392)	13,288,647
Revenues from transportation services	8,027,975	16,592,172	(794,776)	23,825,372
	92,928,116	47,807,321	(3,590,867)	137,144,570
Timing of revenue recognition				
Products and services transferred over time	82,036,004	42,438,394	(618,476)	123,855,923
Products transferred at a point of time	10,892,112	5,368,927	(2,972,392)	13,288,647
	92,928,116	47,807,321	(3,590,867)	137,144,570

01/01 – 30/06/2021	Digital Security	Information Management	Eliminations	Total
Revenues by region				
Western Europe & Scandinavia	24,510,661	440,423	(142,343)	24,808,741
Central & Eastern Europe	11,813,488	34,133,740	(1,490,000)	44,457,229
North America	703,295	0	0	703,295
Asia & Africa & Oceania	10,555,766	154,681	0	10,710,447
Central & South America	488,582	0	0	488,582
	48,071,792	34,728,845	(1,632,343)	81,168,294
Type of revenue				
Revenues from sale of goods	36,228,171	11,527,474	213,241	47,968,886
Revenues from services	2,448,366	4,607,324	(255,288)	6,800,402
Revenues from licenses & royalties	17,588	0	0	17,588
Revenues from sale of merchandise	6,666,066	4,641,265	(1,425,480)	9,881,850
Revenues from transportation services	2,711,601	13,952,782	(164,815)	16,499,568
	48,071,792	34,728,845	(1,632,343)	81,168,294
Timing of revenue recognition				
Products and services transferred over time	41,405,727	30,087,580	(206,862)	71,286,445
Products transferred at a point of time	6,666,066	4,641,265	(1,425,480)	9,881,850
	48,071,792	34,728,845	(1,632,343)	81,168,294

7. Income and expenses

A. Other Income

	01/01 – 30/06 2022	01/01 – 30/06 2021
Government grants	28,308	8,563
Gain on sale of equipment	16,874	11,456
Rental income from property & machinery leases	40,043	37,886
Compensations received	29	1,046
Reversal of previous year accruals	86,886	238,881
Capitalized development expenses	1,089,389	1,218,538
Other income	36,354	60,725
Total	1,297,882	1,577,095

B. Other Expenses

	01/01 – 30/06 2022	01/01 – 30/06 2021
Losses on sale of equipment	6,782	23,683
Loss of the customer contract term	7,750	6,722
Impairment loss on trade receivables	80,976	405
Losses from write-downs of inventories	23,658	3,711
Property and other taxes	56,482	19,011
Reinvoiced expenses	3,828	29,972
Bank charges	76,331	58,549
Other expenses	172,628	61,615
Total	428,435	203,666

C. Expenses by nature

The following table presents Costs of sales, Administrative expenses, Selling and distribution expenses and Research and development expenses by nature of expense.

	01/01 – 30/06/2022	01/01 – 30/06/2021
Employee compensation and expenses	27,555,749	19,347,801
Costs of inventories recognized as expense	54,802,569	30,729,625
Mailing costs	20,980,729	14,589,993
Third party fees	4,244,833	3,168,839
Commissions paid	704,187	517,994
Utilities and maintenance expenses	4,800,430	2,880,374
Rentals from property and machinery	411,376	186,143
Tax and duties	169,693	199,154
Transportation expenses	1,926,742	1,375,253
Inks and similar consumable materials	1,912,837	1,006,232
Depreciation & amortization	6,770,995	5,708,966
Other expenses	1,752,996	870,639
Total	126,033,137	80,581,012

Personnel expenses include expenses for share-based payments in the amount of € 1.0 million (2021: € 0) related to two management participation programs and a stock option program 2022 – 2025, all of them introduced in 2021.

8. Net Finance costs

	01/01 – 30/06/2022	01/01 – 30/06/2021
Interest income under the effective interest method	31,432	45,309
Foreign exchange gains	163,765	24,104
Finance income	195,197	69,413
Interest expense on Financial liabilities measured at amortized cost	(1,592,328)	(1,045,241)
Commissions of letters of guarantee	(101,827)	(79,858)
Foreign exchange losses	0	(228,772)
Effect from application of IAS 29 Hyperinflation	(399,787)	0
Financial assets at fair value through profit or loss – net change in fair value	(3,077,443)	(12,227)
Other financial expenses	(199,590)	(147,900)
Finance costs	(5,370,975)	(1,513,998)
Net finance costs recognized in profit or loss	(5,175,779)	(1,444,585)

9. Earnings per share

A. Basic and diluted earnings or (losses)

	01/01 – 30/06 2022	01/01 – 30/06 2021
Profit (loss) attributable to the owners of the Company	0.305	0.036

B. Weighted-average number of ordinary shares

	01/01 – 30/06 2022	01/01 – 30/06 2021
Issued ordinary shares at 1 January	14,638,053	14,638,053
Effects in the year	0	0
Weighted-average number of ordinary shares at 31st December	14,638,053	14,638,053

Selected notes to consolidated financial statement of position

10. Loans and Borrowings

	30/06/2022	31/12/2021
Non-current liabilities		
Secured bank loans	40,944,684	37,576,761
Unsecured bank loans	25,203,551	24,730,615
Bonds	7,000,000	9,987,500
Lease liabilities	8,270,619	3,547,938
	81,418,854	75,842,814
Current liabilities		
Secured bank loans	12,164,806	9,845,276
Unsecured bank loans	5,668,730	4,151,671
Bank overdraft	4,269,477	972,833
Bonds	4,675,000	1,275,000
Lease liabilities	2,236,538	4,492,282
	29,014,551	20,737,061
Total	110,433,406	96,579,875

Financial instruments

11. Financial instruments – Fair values and risk management

Accounting classifications and fair values

The financial instruments carried at fair value through profit and loss concern an investment in a quoted mixed fund consisting of a mix of securities and equity investments as well as put options granted for non-controlling interests in a subsidiary. The financial instruments carried at fair value through OCI concern three interest rate swaps for hedging purposes. The fair value of all financial instruments approximates the carrying amount and corresponds to a Level 2 fair value, except for the fair value of the put options included in other payables which correspond to a Level 3 fair value as per IFRS 13.

The valuation of the put options granted as variable purchase price liabilities in connection with the acquisition of Nitecrest is carried out in the sense of an estimate of the future exercise price according to the underlying put option contract, which contains specific requirements for the timing of exercise and the valuation of the put options. The valuation of the put options is calculated on the basis of the expected EBITDA of the DS segment in 2025 less the expected net financial debt of the segment. The measurement was based on the currently valid business plan, adjusted for uncertainties and discounted to the fair value at the end of the period. The revaluation at the end of the period led to an increase in the fair value of the put option liability, resulting in a loss of € 3.0 million. (2021: € 0), which was recognized in financial expenses. Based on the valuation model used, the fair value of the put option liability increases or decreases by around € 0.9 million in the event of an increase or decrease in the expected EBITDA of the DS segment.

30 June 2022	At amortized cost	FVTPL	FVTOCI	Non-financial instruments	Total
Assets					
Trade receivables	41,457,449	0	0	0	41,457,449
Other receivables	2,399,940	476,231	1,721,011	5,313,956	9,911,139
Cash and cash equivalents	16,512,797	0	0	0	16,512,797
Total	60,370,186	476,231	1,721,011	5,313,956	67,881,385
Liabilities					
Loans and borrowings	110,433,406	0	0	0	110,433,406
Trade payables	39,388,453	0	0	0	39,388,453
Other payables	4,574,984	11,408,044	0	7,049,309	23,032,337
Total	154,396,843	11,408,044	0	7,049,309	172,854,196

31 December 2021	At amortized cost	FVTPL	FVTOCI	Non-financial instruments	Total
Assets					
Trade receivables	29,266,953	0	0	0	29,266,953
Other receivables	4,441,331	788,902	0	3,430,476	8,660,709
Cash and cash equivalents	11,484,243	0	0	0	11,484,243
Total	45,192,528	788,902	0	3,430,476	49,411,905
Liabilities					
Loans and borrowings	96,579,875	0	0	0	96,579,875
Trade payables	24,279,428	0	0	0	24,279,428
Other payables	4,657,390	8,395,044	235,581	6,500,466	19,788,481
Total	125,516,693	8,395,044	235,581	6,500,466	140,647,784

Other disclosures

12. Related parties

For the purpose of this report, related parties are defined as the members of the Supervisory Board and of the Management Board as well as their closely related companies, subsidiaries, associates and joint ventures. Business transactions with related parties are carried out at ordinary arm's length conditions.

i. Key management personnel transactions

Directors of the Company control 95.93% of the voting shares of the ultimate Parent Company as well as 1.4% of Austria Card GmbH, Vienna, and 1.5% of Inform P. Lykos SA, Greece. No post-employment benefits exist. None of key management personnel, or their related parties, hold positions in other companies that result in them having control or significant influence over these companies.

	01/01 – 30/06 2022	01/01 – 30/06 2021
Short-term employee benefits	665,477	294,702
Expense for share-based payments	381,000	0
Expense for bonus payments	273,000	0

ii. Transactions with members of the Supervisory Board

In first 6 months of 2022 Mr. Ilias Karantzalis, Chairman of the Supervisory Board, invoiced € 8,000 (2019: € 6,000) for legal consulting services to the Group.

iii. Transactions with associated companies

Balance sheet of 30/06/2022 includes no trade receivables from associated companies (2021: € 494,216) and no trade payables (2021: € 1,889,025), the main associates of the previous year are now being fully consolidated. In the income statement for the financial year, income of € 45.536 (2021: € 6,543,226) is reported with associates.

13. Subsequent events

No events with a significant impact on the financial statements occurred after the end of the reporting period.

Vienna, 7 October 2022

Nikolaos Lykos
Chairman of the Management Board

Panagiotis Spyropoulos
Vice Chairman & Group CEO

C) Review Report

Review Report

Introduction

We have reviewed the accompanying condensed Interim Consolidated Financial Statements of AUSTRIACARD Holdings AG, Vienna, Austria, for the period from 1 January 2022 to 30 June 2022. These condensed Interim Consolidated Financial Statements comprise the Consolidated Statement of Financial Position as of 30 June 2022, the Consolidated Statement of Profit and Loss and Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the period from 1 January 2022 to 30 June 2022 and the condensed Notes, summarizing the significant accounting policies and other explanatory notes.

Management is responsible for the preparation of the condensed Interim Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRSs) for interim reporting as adopted by the EU.

Our responsibility is to express a conclusion on these condensed Interim Consolidated Financial Statements. Our liability towards the Company and towards third parties is limited in accordance with § 275 par. 2 of the Austrian Commercial Code (UGB).

Scope of Review

We conducted our review in accordance with Austrian Standards for Chartered Accountants, in particular in compliance with KFS/PG 11 "Principles of Engagements to Review Financial Statements", and with the International Standard on Review Engagements (ISRE 2410) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements is limited primarily to making inquiries, primarily of Company personnel, responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Austrian Standards on Auditing and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing came to our attention that causes us to believe that the accompanying condensed Interim Consolidated Financial Statements are not prepared, in all material respects, in accordance with International Financial Reporting Standards (IFRSs) for interim reporting as adopted by the EU.

The Interim Consolidated Financial Statements of AUSTRIACARD HOLDINGS AG as of 30 June 2021 were not audited or reviewed by us nor by any other auditor.

Statement on the consolidated interim management report

We have read the consolidated interim management report and evaluated whether it does not contain any apparent inconsistencies with the condensed Interim Consolidated Financial Statements. Based on our evaluation, the consolidated interim management report does not contain any apparent inconsistencies with the condensed Interim Consolidated Financial Statements.

The condensed Interim Consolidated Financial Statements together with our review report may be published or transmitted only as agreed by us. Any versions deviating from the one agreed by us (e.g. condensed version or translation into another language) are subject to § 281 par. 2 UGB.

Vienna, 14 October 2022

KPMG Austria GmbH

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

qualified electronically signed by:

Gerhard Wolf

Wirtschaftsprüfer

(Austrian Chartered Accountant)