

# **ANNUAL FINANCIAL REPORT 2022**

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### **Financial Statements AUSTRIACARD HOLDINGS AG**

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## A) GROUP MANAGEMENT REPORT

### 1. GROUP PROFILE

AUSTRIACARD HOLDINGS Group (also "AUSTRIACARD HOLDINGS" or "the Group"), founded in 1897 and headquartered in Vienna with its parent company AUSTRIACARD HOLDINGS AG (also "the Company"), is an international group active in the business segment of "Digital Security" (DS) under the brands AUSTRIACARD and TAG SYSTEMS as well as "Information Management" (IM) under the brand INFORM. AUSTRIACARD HOLDINGS is driven by historic values of service rendering, innovation and perseverance in sustainable growth for all stakeholders. In 2022, the Digital Security segment generated revenues of € 207.0 million (2021: € 108.1 million) and the Information Management segment revenues of € 116.3 million (2021: € 75.0 million). On a consolidated level and accounting for intra-group eliminations, the Group achieved revenues of € 314.7 million in 2022 (2021: € 178.0 million).

With 125 years of history in the field, AUSTRIACARD HOLDINGS is one of the leading B2B (business-to-business) providers of secure data and payment solutions in Europe being a market leader in Austria, Scandinavia, Central and Eastern Europe and South Eastern Europe, with significant market shares in many other European countries and Turkey having a strong growth performance. Additionally, the Group has high future potential outside Europe, especially in the US market after the establishment of its new personalization centre, and in the Middle East & Africa region having established local presence and resources. AUSTRIACARD HOLDINGS is also a partner of choice in the provision of payment products and solutions to the Challenger Banks/Neo Banks, hence addressing a growing market segment with significant potential on world-wide scale. The Group has a very strong pan-European operational footprint, reaching from the United Kingdom to Greece and Turkey, with seven production facilities and seven personalization centres in Europe, as well as an additional personalization centre in USA. This footprint provides to us the ability to serve our customers, in the best possible way having a high service level. Its reliability is confirmed by the confidence of its customers across 50 countries in highly sensitive areas of Financial Institutions, Government & Public Sector, Telecommunications, Transportation as well as Industry & Retail. The Group's international customer base benefits from a complementary product and service offering ranging from bill printing, direct mailing and document processing to payment, transit and ID cards increasingly bundled with online, mobile and digitalization transformation solutions.

Through our entrepreneurial activity, we envision making a difference in the lives of our employees, shareholders and customers with a sense of responsibility and respect towards society and the environment. Our mission is to be at the forefront of information technology and communication industries thus providing our customers with cutting-edge solutions that make an actual difference in their respective businesses

The principles of AUSTRIACARD HOLDINGS are based on our commitment to a customer centric service. The passion for innovation and well-served customers have been of outmost importance for the Lykos family being the major shareholder of the AC Holding over four generations. The Group's endurance has been tried and tested through turbulent and significant times in recent European history. It is the partner of choice for 125 years for its high quality products, impeccable services and ethos of integrity. From print services and card production to modern digital documentation workflow, trust, reliability and security have been the core values by which our customers have known us.

## 2. GROUP BUSINESS ACTIVITY

### 2.1. Digital Security

The Group's entities and operations in the Digital Security segment, including TAG SYSTEMS report to the respective parent company AUSTRIA CARD-Plastikkarten und Ausweissysteme Gesellschaft m.b.H. ("**AUSTRIACARD GmbH**" and, collectively with its subsidiaries, "**AUSTRIACARD**"). AUSTRIACARD GmbH was founded in 1981 as a personalization center for eurocheques and eurocheque cards and has developed into a leading European company in the area of smart cards, payment and identification solutions. The Digital Security segment provides end-to-end secure data solutions across the entire value chain and offers personalization services and highly innovative products for the highly sensitive areas of Financial Institutions, Government, Public Sector, Transportation as well as Industry & Retail. Those products and services are based on high security standards and range from dual interface payment cards and government electronic identification cards to innovative mobile payment solutions.

The activities of the Digital Security Segment comprise primarily the certified production of smart cards and personalization services, including services ranging from assistance during the card design and certification process, consulting and project management throughout the product life cycle and the development of embedded smart card operating systems. AUSTRIACARD is a certified producer of Visa, Mastercard (CQM) and Diners Club International brands. AUSTRIACARD operates under permanent supervision of external auditors appointed or accredited by the PCI Security Standards Council (PCI SSC) and other institutions following strict standards for digital and physical security. The Company has effective specific security policies and procedures which are audited on an annual basis with respect to physical and logical security by PCI Card Production Security Assessors (CPSA), card schemes and relevant ISO Standards' accreditation bodies.

AUSTRIACARD has four production facilities located in Andorra, Austria, Romania and UK and eight personalization centres located in the United Kingdom, Spain, Austria, Poland, Romania, Greece and Turkey, as well as in the USA. Moreover, it has sales offices in Norway, Czech Republic, Germany, Croatia, Serbia, Jordan, the UAE and a network of partners and selling agencies around the world.

The production process for smart cards consists essentially of printing on plastic foils, which are then laminated into cards. Special printing techniques, lamination or structure plates, hotfoils as well as special security features can be added into the card based on the individual need of the particular clients. Moreover, alternative card materials are included in our offering, such as recycled or degradable Polyvinyl Chloride (PVC), assisting in the cause of creating and enforcing environmental consciousness. The production processes also include the highly sensitive embedding of chips into cards as well as antennas for contactless payment functionalities based on state-of-the-art NFC (near field communication) applications.

AUSTRIACARD has developed its own flexible and highly secure chip operating system ("ACOS" & "ACOS ID") which are regularly updated based on new requirements from Visa, Mastercard, Common Criteria and which serve as the basis for flexible functionalities offered to its customers. The Group further personalizes smart cards digitally and physically for international financial institutions, companies in the transport and private sector, as well as public sector bodies, on the basis of its certifications by, among others, Visa and Mastercard.

In addition to the production and personalization of smart cards, including software applications based on the latest technological developments, the Group is also developing various new and flexible solutions for PIN distribution as well as a digital payment proposition that facilitates payments from a consumer's card account over a variety of payment channels and across various use cases

AUSTRIACARD sold approximately 127.7 million (2021: 88.8 million) cards to its clients in 2022 and estimates that it is among the top worldwide EMV-based smart card manufacturers. Being a market leader in Austria, Scandinavia, Central and Eastern Europe as well as South Eastern Europe, AUSTRIACARD holds also the market leading position in the provision of payment products to the Challenger/Neo Banks, hence addressing a growing market segment with significant potential on world-wide scale.

## 2.2. Information Management

The entities and operations in the Information Management segment report to the respective parent company, INFORM P. LYKOS HOLDINGS S.A. (LYK.ATH), founded in 1897 in Greece ("**INFORM**") and provides products and services for secure document and information management, innovating in digital transformation of businesses and organizations for providing highly specialized solutions under the brand INFORM. INFORM has been listed on the Athens Stock Exchange since 1994, and is the market leader in Central and Eastern Europe in the in the Public and Private Sector.

INFORM, with privately owned production facilities in Athens (Greece) and Bucharest (Romania), is one of the companies leading the developments in the Technology of Electronic and Digital Printing, incorporating added value and additional services, in order to constantly upgrade their offered solutions. These fields have been a long-standing differentiating factors in maintaining us at the top of our clients' preferences. Optimising performance and incorporating cutting edge technologies is a constant foundation which defines not only our business direction but also drives our competitive advantages for our core expertise.

INFORM provides highly specialized and technologically advanced solutions such as CCM (Customer Communication Management) services or Enterprise Document Management, Scanning & Archiving services, as well as the provision of highly specialized and technologically advanced digitalization solutions such as Digital Onboarding (DoB), OCR / Data Capture Solutions for automatic document recognition and registration (Process Automation) using Machine Learning (ML), Robotic Process Automation, Natural Language Understanding and Cognitive Analytics Solutions, in order to support existing and new customers in their own digital transformation.

INFORM, has created dedicated teams of experts across all of its offices for the entirety of solutions offered and invests heavily in enhancing its services portfolio and the expertise of its personnel – sustaining a business culture which has been established from its foundation and is proven by our actions throughout time.

### 3. GROUP BUSINESS PERFORMANCE

#### 3.1. Economic, market and industry environment

Global growth is estimated to have decelerated sharply to only 2.9% in 2022 after a very strong growth of 5.9% in 2021. Global growth has slowed to the extent that the global economy is perilously close to falling into recession. Very high inflation has triggered unexpectedly rapid and synchronous monetary policy tightening around the world to contain it. Although this tightening has been necessary for price stability, it has contributed to a significant worsening of global financial conditions, which is exerting a substantial drag on activity reported the Global Economic Prospects report issued by World Bank in January 2023. In 2023 Global growth is expected to decelerate sharply to 1.7 percent.

Following that trend, the Euro area is expected to have grown by 3.3% in 2022 compared to 5.3% in 2021. According to the Global Economic Prospects report, in 2023, Euro area growth is forecast at zero percent owing to ongoing energy supply disruptions and more monetary policy tightening. Activity is expected to contract in the first half of 2023 before stabilizing later in the year. Inflation is envisaged to moderate as labour markets cool and energy prices decline.

The payment cards market is growing while non-chip cards and simple smart cards are replaced by dual interface cards and going forward we expect a stronger trend towards high-end products such as metal cards and biometric cards. The recently founded so-called Challenger Banks are driving this development as they continue to grow on global scale using payment cards as a mean to facilitate their market expansion. At the same time there are trends towards mobile payments and payment products based on recycled materials which opens new product segments. Over the last decade, financial institutions have become more cost conscious due to the reduction of margins in their core business paired with increasing regulatory pressures which causes gradually eroding sales prices in the payment card market. This development has been somewhat inversed due to the global chip shortage and inflation as a result of which sales prices are increasing again. In addition, the Digital Security industry is experiencing a phase of consolidation which was highlighted in 2017 by the merger of Oberthur and Morpho, now "Idemia", and continued in 2019 with the takeovers of Gemalto by Thales, of Thames by Paragon and of TAG Systems by AUSTRIACARD as well as in 2021 with the acquisition of Nitecrest by AUSTRIACARD.

In the Information Management segment the security printing and especially digital transformation solutions are growing as well. The boundary between physical and online delivery is disappearing due to increasing environmental awareness but also due to the growing online penetration and easier handling and thus creating new opportunities. Also a migration from printing to digital communication and interactive data management is taking place. The competition in the transactional printing is more local with few international players. As the market place is evolving new opportunities arise in the market sectors that we already operate in such as financial institutions or utility companies leading for example in the outsourcing their formerly internal printing services. Additionally, there is an intensified trend to launch new or complementary services that aim in reaching through various communication channels their end customers providing customized and interactive communication. The segment is aiming at addressing these needs by transforming our services and products to any form of communication needed in the digital era, supporting our customers in their own digitalization journey and therewith reducing the dependence on paper "communication" solutions.

## **3.2. Significant events of the financial year**

### **3.2.1. Business development**

In 2022 Digital Security segment benefited from strong customer demand in nearly all sectors and especially with customers in Turkey and Challenger Banks after the COVID-19 affected years of 2020 and 2021. Dealing with the global shortage of chips and the global supply chain bottlenecks, our operations and sourcing teams have proven their resourcefulness and have managed to achieve a record output of payment cards and thus a strong growth in revenues. For Information Management 2022 was a record year as well supported by the the successful implementation of a major security printing project related for the election process that took place in Kenya in August 2022. Additionally, to the above Information Management is continuing its path to become a partner of choice for digital transformation and digital solutions in CEE increasing the contribution of these solutions in the portfolio.

Both segments have been affected by price increases of suppliers and higher energy costs. To mitigate resulting negative effects the Group is implementing measures to improve operating efficiency, has started the process to implement photovoltaics installations in Romania, Austria and Greece whereas the installation in Romania is already operating and the projects in Austria and Greece are expected be completed within 2023 and in addition proceeds to price increases for its products and services to the extent possible.

### **3.2.2. Merger and acquisitions**

In March 2022, INFORM LYKOS ROMANIA increased its stake in the share capital of NEXT DOCS and NEXT DOCS CONFIDENTIAL S.R.L., to 100% by acquiring the shares held by the remaining minority shareholders, thus becoming the sole shareholder of both NEXT DOCS and NEXT DOCS CONFIDENTIAL S.R.L.

On 3 October 2022, TERRANE LIMITED entered into an investment and cooperation agreement with Derivat Investment Holding S.R.L. and PB Delivery Express S.R.L.<sup>1</sup>, the latter being companies operating in the postal and courier services sectors in the market of Romania. The aim of such agreement is to generate synergies on the postal and courier services and related activities of the parties and to increase operational efficiency within the value chain by combining the parties' lines of business. Subject to the fulfilment of several conditions precedent under the Investment Agreement, TERRANE LIMITED and the other parties to the Investment Agreement shall incorporate a joint venture company acting as the holding of an operational subsidiary carrying out activities through the assets transferred to it by TERRANE LIMITED, Derivat Investment S.R.L. and PB Delivery Express S.R.L. The joint venture company shall be jointly controlled by TERRANE LIMITED, Derivat Investment Holding S.R.L. and PB Delivery Express S.R.L., with TERRANE LIMITED having a 50.1% share capital participation and Derivat Investment S.R.L. and PB Delivery Express S.R.L. having jointly of the shares of the operational subsidiary that will be established. It is envisaged that the operational subsidiary that will be established shall take over a significant part of INFORM LYKOS ROMANIA's existing postal services activity which is currently carried out by the company's third party partners. The antitrust clearance for the joint venture was obtained in December 2022 and the closing of the transaction is expected to occur in the first quarter of 2023 and will be financed by operating cashflow and available credit facilities.

### **3.2.3. Group reorganization, capital increase and listing**

With the target to aligning the interests of all major shareholders of the Group, group management started in 2022 a project that comprises (a) the contribution of AUSTRIACARD GmbH shares held by non-controlling interest, (b) the application of the Company's shares to the stock exchanges of Athens and Vienna and (c) the implementation of a cross-border merger of the Company as absorbing entity with its subsidiary INFORM P. LYKOS HOLDINGS S.A. as absorbed entity:

At the extraordinary general meeting of the Company on 19 October 2022, a capital increase against contribution in kind was resolved in which all minority shareholders of AUSTRIACARD GmbH contributed their entire

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<sup>1</sup> Both Derivat Investment Holding S.R.L. and PB Delivery Express S.R.L. are holding companies and will have jointly 49.9% of the shares of the operational subsidiary that will be established.

shareholding to the Company as a contribution in kind and the Company now holds 100% of the shares in AUSTRIACARD GmbH. At the same time the minority shareholders of AUSTRIACARD GmbH received new shares in the Company created by way of a capital increase with a nominal value of EUR 1.00 each at an issue price of EUR 13.37 per share. As part of this capital increase against contribution in kind, the Company's equity was increased by a total of € 29,735,067.18 (corresponding to the issue price of the new shares), of which € 2,224,014.00 (corresponding to the nominal increase amount) was issued as new share capital and the remaining difference of EUR 27,511,053.18 (premium) was allocated to appropriated additional paid-in capital. The share capital of the Company was thus increased from € 14,638,053.00 by € 2,224,014.00 to € 16,862,067.00 against contribution in kind by issuing 2,224,014 new shares.

On the other hand, as a consequence of this transaction existing put option rights of these minority shareholders of AUSTRIACARD GmbH to sell their shares to the Company have expired and the corresponding liabilities were released and directly captured in equity as a debt-equity swap increasing retained earnings with an amount of € 11.4m.

In order to present the share capital and capital reserves in accordance with the company's statutory financial statements, a reclassification within in equity between share capital as well as capital reserves and retained earnings in the amount of € 29.7 million was made.

On Friday 21 October 2022, the Board of Directors of the Greek holding company, listed on the Athens Exchange, INFORM P. LYKOS HOLDINGS S.A. and the Supervisory Board of AUSTRIACARD HOLDINGS AG, decided to commence a cross-border merger procedure by absorption of INFORM HOLDINGS by AUSTRIACARD HOLDINGS ( "Cross-border Merger"), pursuant to the Austrian law on cross-border mergers of limited liability companies in the European Union (EU-Verschmelzungsgesetz) (the "Austrian Cross-border Merger Law"), the Greek law 3777/2009 on cross-border mergers of limited liability companies and, additionally, in accordance with articles 7-21 and 30-34 of Greek Law 4601/2019 on corporate transformations. The rationale underlying this cross-border merger and listing is to create a larger group with a listed parent (top holding company) which, in particular, is expected to:

- i. facilitate the access to international financial markets and international investors, taking into consideration the increased transparency and visibility required by its presence on two European stock exchanges, and provide the AUSTRIACARD HOLDINGS with enhanced growth prospects;
- ii. increase the liquidity of the Absorbing Company's shares by creating a larger group with a higher market capitalization and more free float which shall benefit all shareholders;
- iii. contribute to an improved group profile with increased geographical and product reach, broader cross-selling opportunities and increased economies of scale, facilitating the Information Management segment's penetration in wider geographic areas in which the Digital Security segment is already active.

In the fourth quarter 2022 the Company started preparing the necessary documents and especially the prospectus necessary for successfully applying for a dual listing at Athens and Vienna stock exchange. In this connection the Company incurred costs of approximately € 1.5m.

### 3.3. Business performance of Group

#### actual Business performance

|                                             | 2022               | 2021               | D '22-'21          | D '22-'21 %   |
|---------------------------------------------|--------------------|--------------------|--------------------|---------------|
| <b>Revenues</b>                             | <b>314,720,360</b> | <b>177,954,895</b> | <b>136,765,465</b> | <b>76.9%</b>  |
| Costs of material & mailing                 | (174,573,077)      | (97,217,221)       | (77,355,856)       | 79.6%         |
| <b>Gross profit I</b>                       | <b>140,147,283</b> | <b>80,737,674</b>  | <b>59,409,609</b>  | <b>73.6%</b>  |
| <i>Gross margin I</i>                       | <i>44.5%</i>       | <i>45.4%</i>       | <i>-0.8%</i>       |               |
| Production costs                            | (66,133,432)       | (39,837,444)       | (26,295,988)       | 66.0%         |
| <b>Gross profit II</b>                      | <b>74,013,851</b>  | <b>40,900,230</b>  | <b>33,113,621</b>  | <b>81.0%</b>  |
| <i>Gross margin II</i>                      | <i>23.5%</i>       | <i>23.0%</i>       | <i>0.5%</i>        |               |
| Other income                                | 2,926,434          | 3,607,838          | (681,404)          | -18.9%        |
| Selling and distribution expenses           | (21,157,712)       | (14,424,372)       | (6,733,341)        | 46.7%         |
| Administrative expenses                     | (20,911,316)       | (13,459,669)       | (7,451,647)        | 55.4%         |
| Research and development expenses           | (6,254,468)        | (6,011,699)        | (242,770)          | 4.0%          |
| Other expenses                              | (3,770,840)        | (1,184,722)        | (2,586,117)        | 218.3%        |
| Result from associated companies            | 125,385            | 418,287            | (292,902)          | -70.0%        |
| + Depreciation, amortization and impairment | 14,408,256         | 11,967,787         | 2,440,469          | 20.4%         |
| <b>adjusted EBITDA</b>                      | <b>39,379,589</b>  | <b>21,813,680</b>  | <b>17,565,909</b>  | <b>80.5%</b>  |
| <i>adjusted EBITDA margin</i>               | <i>12.5%</i>       | <i>12.3%</i>       | <i>0.3%</i>        |               |
| - Depreciation, amortization and impairment | (14,408,256)       | (11,967,787)       | (2,440,469)        | 20.4%         |
| <b>adjusted EBIT</b>                        | <b>24,971,333</b>  | <b>9,845,893</b>   | <b>15,125,440</b>  | <b>153.6%</b> |
| Financial income                            | 72,018             | 97,857             | (25,838)           | -26.4%        |
| Financial expenses                          | (4,374,826)        | (2,810,035)        | (1,564,791)        | 55.7%         |
| <b>Net finance costs</b>                    | <b>(4,302,808)</b> | <b>(2,712,178)</b> | <b>(1,590,630)</b> | <b>58.6%</b>  |
| <b>adjusted Profit (Loss) before tax</b>    | <b>20,668,525</b>  | <b>7,133,715</b>   | <b>13,534,810</b>  | <b>189.7%</b> |
| Adjustments                                 | (11,570,538)       | 5,153,204          | (16,723,742)       | -324.5%       |
| <b>Profit (Loss) before tax</b>             | <b>9,097,987</b>   | <b>12,286,919</b>  | <b>(3,188,931)</b> | <b>-26.0%</b> |
| Income tax expense                          | (3,563,194)        | (2,246,400)        | (1,316,794)        | 58.6%         |
| <b>Profit (Loss) after tax</b>              | <b>5,534,793</b>   | <b>10,040,519</b>  | <b>(4,505,725)</b> | <b>-44.9%</b> |
| <b>adjusted Profit (Loss) after tax</b>     | <b>17,105,331</b>  | <b>4,887,315</b>   | <b>12,218,017</b>  | <b>250.0%</b> |

AUSTRIACARD HOLDINGS Group revenues reached € 314.7m increasing by € 136.8m or 76.9% compared to 2021. The main drivers of this revenue increase are attributed to the strong growth of payment products and solutions, the provision of security printing forms and ballots for the elections in Kenya and the first time consolidation of TAG Systems UK (formerly Nitecrest Ltd. and Tag Nitecrest Ltd.). From regional perspective, this increase is due to good business development in the core markets in Europe and Turkey as well as to our expansion in the US market.

| Revenues by region                    | 2022               | 2021               | D '22-'21          | D '22-'21 %  |
|---------------------------------------|--------------------|--------------------|--------------------|--------------|
| Western Europe, Austria & Scandinavia | 107,238,619        | 58,535,161         | 48,703,458         | 83.2%        |
| Central & Eastern Europe              | 123,437,069        | 94,967,345         | 28,469,724         | 30.0%        |
| Turkey, MEA & others                  | 59,781,787         | 18,128,361         | 41,653,426         | 229.8%       |
| Americas                              | 24,262,884         | 6,324,028          | 17,938,856         | 283.7%       |
| <b>Total</b>                          | <b>314,720,360</b> | <b>177,954,895</b> | <b>136,765,465</b> | <b>76.9%</b> |

Gross profit I increased by € 59.4m or 73.6% to € 140.1m in 2022 as a result of the strong increase in revenues while the Gross margin I decreased by 0.8 percentage points to 44.5% due mainly due to a change in sales mix.

Gross profit II increased by € 33.1m or 81.0% to € 74.0m in 2022 and Gross margin II increased by 0.5 percentage points to 23.5% due to revenue growth and economies of scale.

| Operating expenses excl. D,A&I               | 2022                 | 2021                | D '22-'21           | D '22-'21 %  |
|----------------------------------------------|----------------------|---------------------|---------------------|--------------|
| Production costs                             | (66,133,432)         | (39,837,444)        | (26,295,988)        | 66.0%        |
| Selling and distribution expenses            | (21,157,712)         | (14,424,372)        | (6,733,341)         | 46.7%        |
| Administrative expenses                      | (20,911,316)         | (13,459,669)        | (7,451,647)         | 55.4%        |
| Research and development expenses            | (6,254,468)          | (6,011,699)         | (242,770)           | 4.0%         |
| + Depreciation, amortization and impairment  | 14,408,256           | 11,306,922          | 3,101,335           | 27.4%        |
| <b>Total</b>                                 | <b>(100,048,672)</b> | <b>(62,426,262)</b> | <b>(37,622,411)</b> | <b>60.3%</b> |
| <b>Operating expenses as a % of Revenues</b> | <b>31.8%</b>         | <b>35.1%</b>        |                     |              |

Operating expenses excluding depreciation, amortization and impairment (OPEX) surged by € 37.6m or 60.3% from € 62.4m to € 100.0m in 2022 as the OPEX in both segments increased due to higher business activity as well as due to the investment related to the expansion in the US market, the first time consolidation of TAG Systems UK and as a result of the costs related to the group reorganization and listing. More specifically this increase in OPEX is attributable mostly to higher personnel expenses (€ +14.5m) related to a higher number of employees and salary raises, transportation costs mostly related to the election project in Kenya (€ +8.5m), third party services (€ +3.8m) and a price-driven increase in energy costs (€ +2.2m). As percentage of revenues Operating expenses reduced from 35.1% to 31.8% in 2022.

Other income decreased by € 0.7m to € 2.9m in 2022 due to lower capitalization of internal development effort as well as to lower releases of accruals & provisions. Other expenses were increased by € 2.6m to € 3.8m in 2022 mainly due to impairments of receivables with customers in the US market (€ +0.9m) and higher allowances for obsolete inventory (€ +0.5m) and other obsolete assets (€ +0.6m). The Result from associated companies decreased by 0.3m as a result of the first time full consolidation of TAG Systems UK.

Adjusted EBITDA increased by € 17.6m or 80.5% from € 21.8m to € 39.4m in 2022 essentially as a result of the strong operating performance and the first time consolidation of TAG Systems UK (previously Nitecrest Ltd. and TAG Nitecrest Ltd, UK) with an effect of approx. € 4m. Adjusted EBIT surged by € 15.1m or 153.6% as the increase in adjusted EBITDA was partially compensated by higher depreciation & amortization mainly related to acquired customer contracts (€ +1.0m). Adjusted Profit before tax increased by € 13.5m or 189.7% as the surge in adjusted EBIT was partially offset by higher interest expenses related to the higher average balance of outstanding loans and borrowings.

Profit after tax decreased by € 4.5m or 44.9% from € 10.0 million to € 5.5m mainly to a negative balance of Adjustments amounting to € -11.6m in 2022 compared to a positive balance of € 5.2m in 2021. In 2022 the balance of Adjustments essentially relates to non-cash, expenses for management participation programs amounting to € 7.5m, expenses due to the revaluation of put options for shares in a subsidiary amounting to € 3.0m and negative effects of hyperinflation accounting for the subsidiary in Turkey (€ 0.7m) and foreign exchange (€ 0.4m).

As a result of the strong operating performance adjusted Profit after tax increased by € 12.2m or 250% from € 4.9m to € 17.1m.

## Annual financial report 2022 (translated)

| Adjustments                                                                        | included in       | 2022                | 2021             | D '22-'21           | D '22-'21      |
|------------------------------------------------------------------------------------|-------------------|---------------------|------------------|---------------------|----------------|
| Gain from adjustment of a defined benefit plan                                     | EBITDA            | 0                   | 500,843          | (500,843)           | -100.0%        |
| Income from step-acquisition of TAG NITECREST                                      | EBITDA            | 0                   | 6,623,435        | (6,623,435)         | -100.0%        |
| Income from release of Put Option for shares of a subsidiary                       | EBITDA            | 0                   | 2,138,044        | (2,138,044)         | -100.0%        |
| Foreign exchange gains                                                             | Profit before tax | 0                   | 28,802           | (28,802)            | -100.0%        |
| Income from Financial assets at fair value through profit or loss                  | Profit before tax | 3,586               | 3,687            | (101)               | -2.7%          |
| Management participation programs                                                  | EBITDA            | (7,375,796)         | (1,518,000)      | (5,857,796)         | 385.9%         |
| Expense from granting a Put Option for shares of a subsidiary                      | EBITDA            | 0                   | (2,138,044)      | 2,138,044           | -100.0%        |
| Effect from application of IAS 29 Hyperinflation                                   | Profit before tax | (720,737)           | 0                | (720,737)           | n/a            |
| Foreign exchange losses                                                            | Profit before tax | (377,279)           | 0                | (377,279)           | n/a            |
| Impairment of intangible & tangible assets                                         | EBIT              | 0                   | (415,036)        | 415,036             | -100.0%        |
| Expense from Financial assets and liabilities at fair value through profit or loss | Profit before tax | (3,100,312)         | (70,526)         | (3,029,786)         | 4296.0%        |
| <b>Total</b>                                                                       |                   | <b>(11,570,538)</b> | <b>5,153,204</b> | <b>(16,723,742)</b> | <b>-324.5%</b> |

### 3.4. Report on segments

#### 3.4.1. Digital Security

| Business performance                      | 2022               | 2021               | D '22-'21          | D '22-'21 %   |
|-------------------------------------------|--------------------|--------------------|--------------------|---------------|
| <b>Revenues</b>                           | <b>206,988,314</b> | <b>108,064,629</b> | <b>98,923,685</b>  | <b>91.5%</b>  |
| Costs of material & mailing               | (114,261,914)      | (55,741,903)       | (58,520,011)       | 105.0%        |
| <b>Gross profit I</b>                     | <b>92,726,400</b>  | <b>52,322,726</b>  | <b>40,403,674</b>  | <b>77.2%</b>  |
| <i>Gross margin I</i>                     | <i>44.8%</i>       | <i>48.4%</i>       | <i>-3.6%</i>       |               |
| Production costs                          | (39,041,985)       | (24,665,428)       | (14,376,557)       | 58.3%         |
| <b>Gross profit II</b>                    | <b>53,684,415</b>  | <b>27,657,298</b>  | <b>26,027,118</b>  | <b>94.1%</b>  |
| <i>Gross margin II</i>                    | <i>25.9%</i>       | <i>25.6%</i>       | <i>0.3%</i>        |               |
| Other income                              | 2,075,504          | 3,023,988          | (948,485)          | -31.4%        |
| Selling and distribution expenses         | (15,607,760)       | (9,376,703)        | (6,231,057)        | 66.5%         |
| Administrative expenses                   | (13,108,468)       | (7,983,559)        | (5,124,910)        | 64.2%         |
| Research and development expenses         | (5,892,104)        | (5,519,444)        | (372,660)          | 6.8%          |
| Other expenses                            | (1,872,428)        | (596,647)          | (1,275,781)        | 213.8%        |
| Result from associated companies          | 125,385            | 418,287            | (292,902)          | -70.0%        |
| + Depreciation, amortization & impairment | 9,742,135          | 7,451,979          | 2,290,156          | 30.7%         |
| <b>adjusted EBITDA</b>                    | <b>29,146,678</b>  | <b>15,075,199</b>  | <b>14,071,479</b>  | <b>93.3%</b>  |
| <i>adjusted EBITDA margin</i>             | <i>14.1%</i>       | <i>14.0%</i>       | <i>0.1%</i>        |               |
| - Depreciation, amortization & impairment | (9,742,135)        | (7,451,979)        | (2,290,156)        | 30.7%         |
| <b>adjusted EBIT</b>                      | <b>19,404,543</b>  | <b>7,623,220</b>   | <b>11,781,324</b>  | <b>154.5%</b> |
| Financial income                          | 71,622             | 97,629             | (26,007)           | -26.6%        |
| Financial expenses                        | (2,177,969)        | (1,350,016)        | (827,952)          | 61.3%         |
| <b>Net finance costs</b>                  | <b>(2,106,347)</b> | <b>(1,252,387)</b> | <b>(853,960)</b>   | <b>68.2%</b>  |
| <b>adjusted Profit (Loss) before tax</b>  | <b>17,298,197</b>  | <b>6,370,833</b>   | <b>10,927,364</b>  | <b>171.5%</b> |
| Adjustments                               | (7,937,265)        | 5,293,534          | (13,230,799)       | -249.9%       |
| <b>Profit (Loss) before tax</b>           | <b>9,360,931</b>   | <b>11,664,366</b>  | <b>(2,303,435)</b> | <b>-19.7%</b> |

The Digital Security segment recorded revenues of € 207.0m in 2022 increasing by € 98.9m or 91.5% compared to 2021. This increase results mainly from the first time full consolidation of TAG Systems UK in the Income statement with an effect of approx. € 20m and strong growth of demand for payment products as well as personalization and related services with an effect of approx. € 75m. Key drivers of this increase was the increased contribution in revenue from the Neo/ Challenger Banks contributing approx. € 36m overall through base growth and cyclical renewals as well as the US (approx. € +17m) and the Turkish market (approx. € +12m). Overall the number of sold cards increased by 38.9m or 43.8% from 88.8m in 2021 to 127.7m in 2022

Gross profit I increased by € 40.4 million or 77.2% from € 52.3m to € 92.7m in 2022 while Gross margin I dipped by 3.6 percentage points to 44.8%. This margin decrease relates mainly to outsourcing, an increase in sales of lower margin products and services such as transportation services and chip wafers etc. as well as to material costs increases.

Gross profit II increased by € 26.0m or 94.1% from € 27.7m to € 53.7m and the Gross margin II by 0.3 percentage points from 25.6% to 25.9% due to economies of scale.

| Operating expenses excl. D,A&I               | 2022                | 2021                | D '22-'21           | D '22-'21 %  |
|----------------------------------------------|---------------------|---------------------|---------------------|--------------|
| Production costs                             | (39,041,985)        | (24,665,428)        | (14,376,557)        | 58.3%        |
| Selling and distribution expenses            | (15,607,760)        | (9,376,703)         | (6,231,057)         | 66.5%        |
| Administrative expenses                      | (13,108,468)        | (7,983,559)         | (5,124,910)         | 64.2%        |
| Research and development expenses            | (5,892,104)         | (5,519,444)         | (372,660)           | 6.8%         |
| + Depreciation, amortization & impairment    | 9,742,135           | 6,791,112           | 2,951,021           | 43.5%        |
| <b>Total</b>                                 | <b>(63,908,183)</b> | <b>(40,754,021)</b> | <b>(23,154,162)</b> | <b>56.8%</b> |
| <b>Operating expenses as a % of Revenues</b> | <b>30.9%</b>        | <b>37.7%</b>        |                     |              |

Operating expenses as presented above increased by € 23.2m or 56.8% in 2022 due to the first time consolidation of TAG Systems UK with effect of approx. € 8m, due to the continued ramp up of the new personalization center in the US with an effect of approx. € 4m as well as generally higher operating costs necessary to cope with the strong demand. As percentage of revenues Operating expenses reduced from 37.7% to 30.9% in 2022.

Adjusted EBITDA increased by € 14.1m or 93.3% to € 29.1m and adjusted EBIT by € 11.8m or 155% to € 19.4m as the growth in operating results was partially reduced by higher allowances for trade receivables included in Other expenses as well as by the reduction in Result from associates which is related to the first time consolidation of TAG Systems UK. Depreciation & amortization increased mainly due to the amortization of customers contracts related to the acquisition of TAG Systems UK (previously Nitecrest Ltd. and TAG Nitecres Ltd, UK).

Net finance costs increased by € 0.9m mainly due to a higher balance of outstanding financial liabilities. Adjusted Profit before tax increased by € 10.9m or 172% to € 17.3m. Considering Adjustments amounting to € -7.9m, Profit before tax came in at € 9.4m. Adjustments relate essentially to non-cash costs related to a management participation program for senior group management, foreign exchange effects and the application of hyperinflation accounting for Turkey.

## 3.4.2. Information Management

## Business performance

2022

2021

D '22-'21

D '22-'21 %

|                                             |                    |                    |                   |               |
|---------------------------------------------|--------------------|--------------------|-------------------|---------------|
| <b>Revenues</b>                             | <b>116,335,209</b> | <b>74,980,809</b>  | <b>41,354,401</b> | <b>55.2%</b>  |
| Costs of material & mailing                 | (69,694,487)       | (46,134,464)       | (23,560,023)      | 51.1%         |
| <b>Gross profit I</b>                       | <b>46,640,723</b>  | <b>28,846,344</b>  | <b>17,794,378</b> | <b>61.7%</b>  |
| <i>Gross margin I</i>                       | 40.1%              | 38.5%              | 1.6%              |               |
| Production costs                            | (25,943,166)       | (15,436,689)       | (10,506,477)      | 68.1%         |
| <b>Gross profit II</b>                      | <b>20,697,557</b>  | <b>13,409,656</b>  | <b>7,287,901</b>  | <b>54.3%</b>  |
| <i>Gross margin II</i>                      | 17.8%              | 17.9%              | -0.1%             |               |
| Other income                                | 2,000,553          | 1,451,528          | 549,025           | 37.8%         |
| Selling and distribution expenses           | (6,039,404)        | (5,302,967)        | (736,437)         | 13.9%         |
| Administrative expenses                     | (6,079,786)        | (5,154,615)        | (925,170)         | 17.9%         |
| Research and development expenses           | (362,365)          | (466,384)          | 104,019           | -22.3%        |
| Other expenses                              | (2,818,543)        | (1,141,811)        | (1,676,732)       | 146.8%        |
| + Depreciation, amortization and impairment | 4,593,488          | 4,432,235          | 161,253           | 3.6%          |
| <b>adjusted EBITDA</b>                      | <b>11,991,501</b>  | <b>7,227,642</b>   | <b>4,763,859</b>  | <b>65.9%</b>  |
| <i>adjusted EBITDA margin</i>               | 10.3%              | 9.6%               | 0.7%              |               |
| - Depreciation, amortization and impairment | (4,593,488)        | (4,432,235)        | (161,253)         | 3.6%          |
| <b>adjusted EBIT</b>                        | <b>7,398,013</b>   | <b>2,795,407</b>   | <b>4,602,606</b>  | <b>164.6%</b> |
| Financial income                            | 412                | 853                | (441)             | -51.7%        |
| Financial expenses                          | (1,840,813)        | (1,312,663)        | (528,151)         | 40.2%         |
| <b>Net finance costs</b>                    | <b>(1,840,401)</b> | <b>(1,311,809)</b> | <b>(528,592)</b>  | <b>40.3%</b>  |
| <b>adjusted Profit (Loss) before tax</b>    | <b>5,557,612</b>   | <b>1,483,598</b>   | <b>4,074,014</b>  | <b>274.6%</b> |
| Adjustments                                 | (621,136)          | (590,931)          | (30,205)          | n/a           |
| <b>Profit (Loss) before tax</b>             | <b>4,936,476</b>   | <b>892,667</b>     | <b>4,043,809</b>  | <b>453.0%</b> |

The Information Management segment recorded revenues of € 116.3m increasing by € 41.4m or 55.2% compared to 2021. The significant increase in turnover is mainly due to the implementation of the security forms and ballots project for the elections in Kenya in August 2022 with an effect of approx. € +25m, higher sold volumes and sales prices of digital printing and postal services (approx. € +6m) as well as of printed forms (€ +6m).

Gross profit I increased by € 17.8 million or 61.7% as a result of higher revenues and the Gross margin I improved by 1.6 percentage points from 38.5% to 40.1% mainly because of a better sales mix and sales price increases which cumulatively more than compensated material price increases.

Gross profit II increased by € 7.3m or 54.3% from € 13.4m to € 20.7m and the Gross margin II essentially stayed stable at 17.8% as Production related transportation costs for the Kenya elections partially compensated the increase in Gross margin I.

## Operating expenses excl. D&amp;A

2022

2021

D '22-'21

D '22-'21 %

|                                              |                     |                     |                     |              |
|----------------------------------------------|---------------------|---------------------|---------------------|--------------|
| Production costs                             | (25,943,166)        | (15,436,689)        | (10,506,477)        | 68.1%        |
| Selling and distribution expenses            | (6,039,404)         | (5,302,967)         | (736,437)           | 13.9%        |
| Administrative expenses                      | (6,079,786)         | (5,154,615)         | (925,170)           | 17.9%        |
| Research and development expenses            | (362,365)           | (466,384)           | 104,019             | -22.3%       |
| + Depreciation, amortization and impairment  | 4,593,488           | 4,432,235           | 161,253             | 3.6%         |
| <b>Total</b>                                 | <b>(33,831,232)</b> | <b>(21,928,420)</b> | <b>(11,902,812)</b> | <b>54.3%</b> |
| <b>Operating expenses as a % of Revenues</b> | <b>29.1%</b>        | <b>29.2%</b>        |                     |              |

Operating expenses as presented in the table above increased by € 11.9m or 54.3% to € 33.8 million to the increase in transportation costs by € 7.8m mainly related to the production of election material for Kenya, higher production activity in general and continued investment in the area of digital transformation solutions as well as due to higher energy costs. As percentage of revenues Operating expenses slightly reduced from 29.2% to 29.1% in 2022.

Adjusted EBITDA increased by 65.9% or € 4.8m and adjusted EBIT by 165% or € 4.6m to € 12.0m respectively € 7.4m as the increased Gross profit exceeded higher Operating expenses and was only partially compensated by higher Other expenses.

Adjusted Profit before tax increased by € 4.1m from € 1.5m to € 5.6m due to the increase in adjusted EBITDA while Net finance costs increased by 0.5m to € 1.8m mainly as a result of a higher average balance of loans and borrowings. Deducting Adjustments mainly related to the costs of a management participation program for senior group management, Profit before tax came in at € 4.9 million compared to € 0.9 million in 2021.

### 3.5. Financial position

| Statement of financial position     | 31/12/2022         | 31/12/2021         | D '22-'21         | D '22-'21 %  |
|-------------------------------------|--------------------|--------------------|-------------------|--------------|
| Non-current assets                  | 153,722,615        | 145,339,505        | 8,383,109         | 5.8%         |
| Current assets                      | 116,430,601        | 81,045,570         | 35,385,031        | 43.7%        |
| <b>Total assets</b>                 | <b>270,153,216</b> | <b>226,385,076</b> | <b>43,768,140</b> | <b>19.3%</b> |
| Total Equity                        | 83,663,531         | 68,434,431         | 15,229,100        | 22.3%        |
| Non-current liabilities             | 88,470,448         | 95,792,787         | (7,322,339)       | -7.6%        |
| Current Liabilities                 | 98,019,237         | 62,157,858         | 35,861,379        | 57.7%        |
| <b>Total Equity and Liabilities</b> | <b>270,153,216</b> | <b>226,385,076</b> | <b>43,768,140</b> | <b>19.3%</b> |

Total assets increased by € 43.8m from € 226.4m to € 270.2m as of 31 December 2022 which is mainly related to increases in current assets and liabilities, additions to property, plant and equipment as well as to the positive fair value of interest rate swaps for hedging purposes. The reduction in non-current liabilities relates mainly to the usual maturing of long-term loans and the derecognition of put option liabilities for shares in a subsidiary which was partially offset by the increase in long-term liabilities for management participation plans. As a result of the generated Profit and the increase in Total assets, the Group's equity ratio increased from 30.2% to 31.0% as of 31 December 2022.

| Working Capital            | 31/12/2022        | 31/12/2021        | D '22-'21          | D '22-'21 %   |
|----------------------------|-------------------|-------------------|--------------------|---------------|
| Inventories                | 36,074,378        | 23,187,892        | 12,886,486         | 55.6%         |
| Contract assets            | 10,852,463        | 8,692,836         | 2,159,627          | 24.8%         |
| Current tax assets         | 337,521           | 387,421           | (49,901)           | -12.9%        |
| Trade receivables          | 40,037,312        | 29,266,953        | 10,770,358         | 36.8%         |
| Other receivables          | 7,500,524         | 8,026,225         | (525,701)          | -6.5%         |
|                            | 94,802,197        | 69,561,328        | 25,240,869         | 36.3%         |
| Current tax liabilities    | (3,528,716)       | (1,644,924)       | (1,883,793)        | 114.5%        |
| Trade payables             | (43,969,030)      | (24,279,428)      | (19,689,602)       | 81.1%         |
| Other payables             | (12,380,054)      | (11,143,748)      | (1,236,306)        | 11.1%         |
| Contract liabilities       | (7,072,840)       | (4,157,584)       | (2,915,255)        | 70.1%         |
| Deferred income            | (3,405,841)       | (132,162)         | (3,273,679)        | 2477.0%       |
|                            | (70,356,481)      | (41,357,845)      | (28,998,636)       | 70.1%         |
| <b>Net Working Capital</b> | <b>24,445,716</b> | <b>28,203,482</b> | <b>(3,757,767)</b> | <b>-13.3%</b> |

As of 31 December 2022, Net working capital decreased by € 3.8m or 13.3% to € 24.4 million due to the high level of Trade payables, Deferred income and Contract liabilities which more than compensated the increase in Inventory and Trade receivables. Net working capital requirements as a percentage of revenues decreased from 15.8% to 7.8% as of 31 December 2022.

| Statement of cash flows                                                     | 2022                | 2021                | D '22-'21           | D '22-'21 %     |
|-----------------------------------------------------------------------------|---------------------|---------------------|---------------------|-----------------|
| Cash flows from operating activities                                        | 40,874,498          | 13,122,048          | 27,752,450          | 211.5%          |
| Cash flows from investing activities                                        | (17,354,930)        | (24,717,514)        | 7,362,584           | -29.8%          |
| Cash flows from financing activities                                        | (12,773,281)        | 12,400,661          | (25,173,942)        | -203.0%         |
| <b>Net increase (decrease) in cash and cash equivalents</b>                 | <b>10,746,288</b>   | <b>805,195</b>      | <b>9,941,093</b>    | <b>1,234.6%</b> |
| <b>Capital expenditure incl. right-of-use assets, excl. M&amp;A (CAPEX)</b> | <b>(21,632,740)</b> | <b>(10,759,775)</b> | <b>(10,872,965)</b> | <b>101.1%</b>   |

The Group's cash flow from operating activities increased by € 27.8m or 211.5% from € 13.1m to € 40.9m in 2022. This increase is essentially linked improvement of the operating result as well as to the stabilization of Net working capital.

Net cash flow from investing activities was a net outflow of € 17.4m which mainly relates to investments in tangible and intangible assets as well as to the payment of the remaining consideration for the acquisition of TAG Systems UK amounting to € 2.9m. Additions to tangible and intangible assets including right-of-use assets (CAPEX) increased from € 10.8m in 2021 to 21.6m in 2022. CAPEX mainly relates to the relocation and expansion of our personalization site in the USA, additional production and personalization machinery as well as to the development of software and chip operating systems.

Net cash flow from financing activities was a net outflow of € 12.8m in 2022 compared to a net inflow of € 12.4m in 2021 and mostly relates to the repayment of loans and borrowings, interest payments 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. amounting to € 3.1m.

| Net Debt                  | 31/12/2022        | 31/12/2021        | D '22-'21          | D '22-'21 %   |
|---------------------------|-------------------|-------------------|--------------------|---------------|
| Cash and cash equivalents | (21,628,404)      | (11,484,243)      | (10,144,162)       | 88.3%         |
| Loans and borrowings      | 98,225,542        | 96,579,875        | 1,645,667          | 1.7%          |
| <b>Net Debt</b>           | <b>76,597,138</b> | <b>85,095,633</b> | <b>(8,498,495)</b> | <b>-10.0%</b> |

Net Debt decreased by € 8.5 million from € 85.1 million as of 31 December 2021 to € 76.6 million as of 31 December 2022 due to the positive cash-flow and the resulting increase in cash and cash equivalents. The increase in loans and borrowings is mostly due to the increase of lease liabilities in connection with right-of-use assets. The net debt / adjusted EBITDA ratio decreased from 3.9 in 2021 to 1.9 as of 31 December 2022.

### 3.6. Financial performance indicators

| Key performance indicators                               | 2022        | 2021        | D '22-'21   | D '22-'21 % |
|----------------------------------------------------------|-------------|-------------|-------------|-------------|
| Revenue                                                  | 314,720,360 | 177,954,895 | 136,765,465 | 76.9%       |
| Gross profit I                                           | 140,147,283 | 80,737,674  | 59,409,609  | 73.6%       |
| Gross profit I margin                                    | 44.5%       | 45.4%       | -0.8%       | n/a         |
| OPEX excluding depreciation and impairment               | 100,048,672 | 62,426,262  | 37,622,411  | 60.3%       |
| OPEX excluding depreciation and impairment as % on sales | 31.8%       | 35.1%       | -3.3%       | n/a         |
| Gross profit II                                          | 74,013,851  | 40,900,230  | 33,113,621  | 81.0%       |
| Gross profit II margin                                   | 23.5%       | 23.0%       | 0.5%        | n/a         |
| adjusted EBITDA                                          | 39,379,589  | 21,813,680  | 17,565,909  | 80.5%       |
| adjusted EBITDA margin                                   | 12.5%       | 12.3%       | 0.3%        | n/a         |
| adjusted EBIT                                            | 24,971,333  | 9,845,893   | 15,125,440  | 153.6%      |
| adjusted EBIT margin                                     | 7.9%        | 5.5%        | 2.4%        | n/a         |
| adjusted Profit before tax                               | 20,668,525  | 7,133,715   | 13,534,810  | 189.7%      |
| adjusted Profit before tax margin                        | 6.6%        | 4.0%        | 2.6%        | n/a         |
| adjusted Profit after tax                                | 17,105,331  | 4,887,315   | 12,218,017  | 250.0%      |
| adjusted Profit after tax margin                         | 5.4%        | 2.7%        | 2.7%        | n/a         |
| Net Equity / Total Assets                                | 31.0%       | 30.2%       | 0.8%        | n/a         |
| Operating Cash Flow                                      | 40,874,498  | 13,122,048  | 27,752,450  | 211.5%      |
| Operating Cash Flow as % on sales                        | 13.0%       | 7.4%        | 5.6%        |             |
| Net Working Capital                                      | 24,445,716  | 28,203,482  | (3,757,767) | -13.3%      |
| Net Working Capital as % on sales                        | 7.8%        | 15.8%       | -8.0%       |             |
| Net Debt / adjusted EBITDA                               | 1.9         | 3.9         | (2.0)       |             |
| Total Liabilities / Net Equity                           | 2.2         | 2.3         | (0.1)       |             |
| Net interest expenses                                    | 3,483,343   | 2,215,148   | 1,268,195   | 57.3%       |
| adjusted EBITDA / Net interest expenses                  | 11.3        | 9.8         | 1.5         |             |

### 3.7. Non-financial performance indicators

| Non-financial performance indicators               | 2022          | 2021        | D '21-'20  | D '21-'20 % |
|----------------------------------------------------|---------------|-------------|------------|-------------|
| Number of sold cards                               | 127,724,914   | 88,842,940  | 38,881,974 | 43.8%       |
| Transactional printing - variable A4 sides printed | 1,010,752,681 | 943,162,246 | 67,590,435 | 7.2%        |

## 4. FUTURE DEVELOPMENT AND RISKS

### 4.1. Future development

The Group's strategy going forward is to enhance its position as a Leading provider for payment solutions, as well as digital transformation technologies. Based on the high expertise in its field and strong data security and software development capabilities AUSTRIACARD HOLDINGS will leverage its diversified client base and longstanding relationships in addressing their business need and be an enabler for their growth. In this context, the Group's main strategy pillar is increasing its market share and creating a more balanced product portfolio by implementing actions such as:

A. Market penetration and market development through:

- i. Expanding its geographical presence in markets where it is underrepresented or has not reached maturity level. The focus markets/ regions are US, UK, Turkey, Middle East and Africa.
- ii. Increasing the contribution of digital services and solutions in the markets of its current operation, by making the Group's combined product and solutions portfolio available initially to its existing clientele.
- iii. Increasing its client base starting from the banking sector by serving the rapidly growing Challenger Banks in existing and new markets, exploiting its track record and references on how to serve the needs of this different client base.

B. Product portfolio development and diversification through:

- i. Enhancing the Group's product portfolio, which is serving the banking sector, focusing on solutions like biometric payment cards as a service and on end-to-end solutions for digital and neo-banks
- ii. Providing additional formats of payment cards addressing the client's needs and recent technical trends (like fingerprint cards, metal cards, eco-friendly cards, wearables, micro tags stickers)
- iii. Continue investing in owned developed software for digitalization solutions using machine learning and AI technologies. Also advancing in data analytics providing tools for trends understanding and management decisions

In the fast-moving market place the Group is operating in, it has decided to grow its presence and offering also by means of "acquiring" from the market already established solutions that are usually at the early stage of development and deployment. In this direction, the Group has already had some M&A activity in recent years that have enabled it to enrich its product offering and geographical footprint.

Additionally, in order for AUSTRIACARD HOLDINGS to maintain and to further increase its competitiveness, it needs to innovate constantly. Developing the right technology at the right time and having the necessary organizational structures in place is crucial. We seek to follow and cautiously anticipate market developments through carefully targeted investments. Maintaining and improving our R&D capabilities is mandatory for our future growth.

## 4.2. Outlook

Despite the weakened outlook the global and European economy for 2023, we expect continued growth. The rationale behind this growth expectation can be associated with the following three main drivers: a) continued growth of the challenger banks which we serve in Europe, b) continued customer acquisition in the US market and c) significant increase in the turnover from digital transformation solutions in the SEE region.

Overall, we expect an increase in revenues and adjusted EBITDA for 2023. Of course, forward-looking statements involve risks and uncertainties, since they are made on the basis of current knowledge and assumptions, so actual results may vary from expected performance.

## 4.3. Significant risks and uncertainties

By striving for sustained and profitable growth, AUSTRIACARD HOLDINGS is exposed to risks. We seek to limit our exposure solely to unavoidable risks and closely monitor the effects of such exposure to limit the overall risk. Therefore, risk management is a fundamental part of our planning process and the implementation of our strategy. Risk policies and internal control and risk management were determined by management and are apparent in our monthly reporting. Monthly results are closely analysed; adequate measures to manage risks are determined and monitored in management meetings.

The markets in which both segments, Digital Security and Information Management operate are characterized by a high degree of competition. We respond to the intensive pricing pressure resulting from the competitive market situation with ongoing measures to increase efficiency and reduce cost, whilst in parallel we are continuously addressing new upselling opportunities, through the introduction of new innovative products & services and expansion of our footprint in new geographies.

As a result of the COVID-19 pandemic, the previously prevailing trend of decreasing purchase prices (especially for chips) began to reverse, and purchase prices for important input materials, such as chips, plastic films, paper and others, started to increase significantly. At the same time, ensuring timely availability of these materials is a challenge as a result of capacity bottlenecks at suppliers and logistics service providers. The situation on the procurement and logistics markets is therefore monitored on an ongoing basis and taken into account accordingly in planning and - where possible - also in sales prices.

## 4.4. Financial instruments, risks and strategies

The Group uses financial instruments for commercial, financing and investment purposes. The main risks arising from the financial instruments of the Group are, basically, the following:

- Market risk (exchange rate risk and interest rate risk)
- Credit risk
- Liquidity risk

### 4.4.1. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group is using derivative financial instruments to manage currency risk.

#### *Currency risk*

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily the Euro (EUR), RON (Romania), GBP (UK) and USD (USA). The currencies in which the Group's transactions are denominated are mainly Euro and RON and to a lesser extent GBP (British Pound), USD (US Dollar), TRY (Turkey), ALL (Albania), PLN (Poland) and others.

Exposure to currency fluctuations arises also from converting the financial information of the Group's subsidiaries in Romania, Turkey, Albania, Poland, UK and USA from functional (local) to presentation currency and its incorporation in the Group's financial statements.

Management continuously monitors the development of relevant foreign exchange rates for current or upcoming transactions. In order to limit exposure to foreign exchange variances the Group aims at invoicing its customers and receiving invoices from suppliers as well as borrowing financial debt in the functional currency of the respective group component. As most costs of the Group accrue in Euro the Group also aims at fixing Euro sales prices for deliveries invoiced local currency. Where deemed useful, the Group uses foreign currency derivatives to hedge future transactions, trade receivables and liabilities.

### *Interest rate risk*

The Group is essentially financed using borrowings and loans with variable interest rates which are mostly linked to the Euribor. If the Group would not use derivatives for hedging, interest charges would – given the same level of net debt – increase if the Euribor increases. Management continuously monitors the development of net debt and interest rates.

In order to reduce the Group's interest rate risk, an interest rate swaps have been concluded to change the variable interest rate to a fixed interest rate for the long-term acquisition loans concluded in 2021 and in early 2022.

### **4.4.2. Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Credit risk is managed through credit examinations, credit limits and verification routines. If counterparty's credit-worthiness is questionable, advance payments or Letter of Credits are requested. The Group's main customers are banks and utility companies with sound credit ratings which reduces the Group's overall credit risk. In order to further decrease credit risk, the Group uses non-recourse factoring for certain customers.

### **4.4.3. Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages its liquidity needs by monitoring the contractual payments for long-term and short-term financial debt as well as the working capital requirements. Liquidity needs are monitored on a monthly basis and based on 90 to 180 day forecasts. Net cash requirements are compared to available borrowing limits, to identify surpluses or deficiencies in liquidity.

## 5. PERSONNEL

The measures to improve efficiency and adjusting production capacities to current market conditions in both segments, Digital Security and Information Management, in the last years represented large challenges for AUSTRIACARD HOLDINGS. Successfully managing difficult market conditions and achieving operating growth has only been possible thanks to the strong contribution made by every single employee.

In 2020 the COVID-19 pandemic started in Europe continuing also in 2022 and reminded everyone that health is the most important and cannot be taken for granted. In order to protect our employees, we have implemented various measures to increase hygiene and avoiding close contacts at all factories of the Group.

Our employees' knowledge, capacity for innovation and high motivation are preconditions for the further internationalization and success of AUSTRIACARD HOLDINGS Group. Therefore, the Group aims to promote team spirit and motivation through initiatives such as the AUSTRIACARD Academy which is aimed at continued internal education and at improving internal cooperation.

As it is key that all employees understand and are aligned with the Group's objectives and work effectively together to reach these goals, a part of the annual remuneration of employees in management positions consists of variable performance components which are tied to meeting Group targets (adjusted EBITDA and adjusted Profit before tax target per segment) and personal goals depending on the field of responsibility which are agreed on an annual basis.

In total, the Group's headcount has increased from 1,398 as of 31/12/2021 to 1,589 as of 31/12/2022 mainly as a result of operating growth.

| Number of employees    | 31/12/2022   | 31/12/2021   | D '22-'21  | D '22-'22 %  |
|------------------------|--------------|--------------|------------|--------------|
| Digital Security       | 1,088        | 890          | 198        | 22.2%        |
| Information Management | 501          | 508          | (7)        | -1.4%        |
| <b>Total</b>           | <b>1,589</b> | <b>1,398</b> | <b>191</b> | <b>13.7%</b> |

The average number of employees counted as full-time-equivalents was increased by 231 FTE from 1,203 FTE in 2021 to 1,434 FTE in 2022.

## 6. ENVIRONMENTAL MANAGEMENT

AUSTRIACARD HOLDINGS prevents any pollution caused during production as far as possible by means of an effective environmental management system. This management system is based on statutory provisions and requirements. Additionally, Austria Card GmbH, TAG Systems SAU, TAG Systems Smart Solutions SLU and TAG SYSTEMS UK Limited of the Digital Security segment and INFORM LYKOS (HELLAS) S.A., INFORM LYKOS ROMANIA and NEXT DOCS of the Information Management segment comply with ISO 14001:2015 (Environmental management systems). AUSTRIACARD GmbH also complies with EMAS (Eco Management and Audit Scheme) and INFORM LYKOS (HELLAS) S.A., INFORM LYKOS ROMANIA and TAG SYSTEMS UK Limited comply with FSC (Forest Stewardship Council). The managers of the respective production and business premises are responsible for complying with these provisions. Furthermore, there are clear regulations governing the responsibilities for environmental protection issues in all countries where the Group operates.

## 7. RESEARCH AND DEVELOPMENT

The Group's research and development activities ("R&D") are decentralized and allocated to the respective operating entities. Once fully developed the Group aims at deploying the newly developed products, services and solutions to other entities of the Group.

With the key development teams being located in Andorra, Poland, Spain and Austria, the R&D focus areas of the Digital Security segment are the following:

- Continuous development and improvement of our payment and ID card chip operating systems ACOS and ACOS ID
- Development of our in-house personalization software solutions, such as ATLAS our operating system for personalization centers which supports managing internal workflows, customer interfaces, warehouse management as well as the reporting to customers.
- Biometric payment cards and associated services and end to end solutions providing increased security and convenience for our customers
- Improvement of manufacturing processes for special feature products and products based on recycled materials

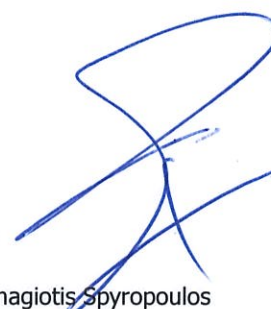
With the key development teams being located in Greece and Romania, the R&D focus areas of the Information Management segment are especially developing higher value-added services, such as CCM services or enterprise document management and scanning & archiving services, as well as providing highly specialized and technologically advanced digitalization solutions such as DoB, OCR / data capture solutions, process automation using ML, RPA, NLU and Cognitive Analytics Solutions.

Additionally, the Group through its team members that are assigned to Nautilus, a research department of the Group focused on IoT solutions, is active primarily in relevant European research programs that have to do with MtM with strong device authentication and encryption solutions. The applications of these solutions have already been commercialized in manufacturing companies.

Vienna, 20 March 2023



Nikolaos Lykos  
Chairman of the Management Board



Panagiotis Spyropoulos  
Vice Chairman & Group CEO

## B) CONSOLIDATED FINANCIAL STATEMENTS

## Consolidated statement of financial position

|                                                       | Note | 31 December 2022   | 31 December 2021<br>adjusted |
|-------------------------------------------------------|------|--------------------|------------------------------|
| <b>Assets</b>                                         |      |                    |                              |
| Property, plant and equipment and right of use assets | 14   | 90,417,978         | 82,955,114                   |
| Intangible assets and goodwill                        | 15   | 57,165,908         | 60,650,884                   |
| Equity-accounted investees                            | 16   | 291,790            | 260,000                      |
| Other receivables                                     | 18   | 4,533,021          | 634,484                      |
| Other long-term assets                                | 7    | 318,187            | 500,008                      |
| Deferred tax assets                                   | 13   | 995,731            | 339,015                      |
| <b>Non-current assets</b>                             |      | <b>153,722,615</b> | <b>145,339,505</b>           |
| Inventories                                           | 17   | 36,074,378         | 23,187,892                   |
| Contract assets                                       | 7    | 10,852,463         | 8,692,836                    |
| Current income tax assets                             |      | 337,531            | 387,421                      |
| Trade receivables                                     | 18   | 40,037,312         | 29,266,953                   |
| Other receivables                                     | 18   | 7,500,523          | 8,026,225                    |
| Cash and cash equivalents                             | 19   | 21,628,404         | 11,484,243                   |
| <b>Current assets</b>                                 |      | <b>116,430,601</b> | <b>81,045,570</b>            |
| <b>Total assets</b>                                   |      | <b>270,153,216</b> | <b>226,385,076</b>           |
| <b>Equity</b>                                         |      |                    |                              |
| Share capital                                         | 20   | 16,862,067         | 14,638,053                   |
| Share premium                                         | 20   | 34,510,986         | 6,999,933                    |
| Other reserves                                        |      | 7,246,817          | 6,449,833                    |
| Retained earnings                                     |      | 13,360,308         | 27,305,791                   |
| <b>Equity attributable to owners of the Company</b>   |      | <b>71,980,179</b>  | <b>55,393,609</b>            |
| Non-controlling interests                             | 26   | 11,683,352         | 13,040,822                   |
| <b>Total Equity</b>                                   |      | <b>83,663,531</b>  | <b>68,434,431</b>            |
| <b>Liabilities</b>                                    |      |                    |                              |
| Loans and borrowings                                  | 22   | 70,625,737         | 75,842,814                   |
| Employee benefits                                     | 11   | 10,896,992         | 4,531,729                    |
| Other payables                                        | 23   | 11,332             | 8,644,733                    |
| Deferred tax liabilities                              | 13   | 6,936,386          | 6,773,511                    |
| <b>Non-current liabilities</b>                        |      | <b>88,470,448</b>  | <b>95,792,787</b>            |
| Current income tax liabilities                        |      | 3,528,716          | 1,644,924                    |
| Loans and borrowings                                  | 22   | 27,599,805         | 20,737,061                   |
| Trade payables                                        | 23   | 43,969,030         | 24,279,428                   |
| Other payables                                        | 23   | 12,380,054         | 11,143,748                   |
| Contract liabilities                                  | 7    | 7,072,840          | 4,157,584                    |
| Deferred income                                       |      | 3,405,841          | 132,162                      |
| Provisions                                            |      | 62,951             | 62,951                       |
| <b>Current Liabilities</b>                            |      | <b>98,019,237</b>  | <b>62,157,858</b>            |
| <b>Total Liabilities</b>                              |      | <b>186,489,685</b> | <b>157,950,645</b>           |
| <b>Total Equity and Liabilities</b>                   |      | <b>270,153,216</b> | <b>226,385,076</b>           |

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

## Consolidated income statement

The income statement of the Group for the year 1/1 – 31/12/2022 and the respective comparative figures of the previous year are the following:

|                                             | Note   | 2022               | 2021               |
|---------------------------------------------|--------|--------------------|--------------------|
| Revenues                                    | 7      | 314,720,360        | 177,954,895        |
| Cost of sales                               |        | (240,706,508)      | (137,469,701)      |
| <b>Gross profit</b>                         |        | <b>74,013,851</b>  | <b>40,485,194</b>  |
| Other income                                | 8      | 2,926,434          | 12,870,160         |
| Selling and distribution expenses           | 8      | (21,157,712)       | (14,424,372)       |
| Administrative expenses                     | 8      | (28,287,112)       | (14,977,669)       |
| Research and development expenses           | 8      | (6,254,468)        | (6,011,699)        |
| Other expenses                              | 8      | (3,770,840)        | (3,322,766)        |
| Result from associated companies            | 16     | 125,385            | 418,287            |
| + Depreciation, amortization and impairment | 14, 15 | 14,408,256         | 11,721,958         |
| <b>EBITDA</b>                               |        | <b>32,003,793</b>  | <b>26,759,093</b>  |
| - Depreciation, amortization and impairment | 14, 15 | (14,408,256)       | (11,721,958)       |
| <b>EBIT</b>                                 |        | <b>17,595,537</b>  | <b>15,037,135</b>  |
| Financial income                            | 9      | 75,604             | 130,344            |
| Financial expenses                          | 9      | (8,573,153)        | (2,880,561)        |
| <b>Net finance costs</b>                    |        | <b>(8,497,549)</b> | <b>(2,750,217)</b> |
| <b>Profit (Loss) before tax</b>             |        | <b>9,097,988</b>   | <b>12,286,918</b>  |
| Income tax expense                          | 13     | (3,563,194)        | (2,246,400)        |
| <b>Profit (Loss)</b>                        |        | <b>5,534,794</b>   | <b>10,040,518</b>  |
| <b>Profit (Loss) attributable to:</b>       |        |                    |                    |
| Owners of the Company                       |        | 4,687,217          | 9,228,426          |
| Non-controlling interests                   |        | 847,577            | 812,092            |
|                                             |        | <b>5,534,794</b>   | <b>10,040,518</b>  |
| <b>Earnings (loss) per share</b>            |        |                    |                    |
| Basic and diluted                           | 10     | <b>0.31</b>        | <b>0.63</b>        |

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

## Consolidated statement of comprehensive income

|                                                                | Note | 2022             | 2021               |
|----------------------------------------------------------------|------|------------------|--------------------|
| <b>Profit (Loss)</b>                                           |      | <b>5,534,794</b> | <b>10,040,518</b>  |
| <b>Other comprehensive income</b>                              |      |                  |                    |
| <b>Items that will never be reclassified to profit or loss</b> |      |                  |                    |
| Revaluation of property, plant and equipment                   | 14   | 31,338           | (398,708)          |
| Related tax                                                    | 13   | 33,710           | 64,998             |
| Revaluation of defined benefit liability                       | 11   | 233,425          | (78,193)           |
| Related tax                                                    | 13   | (31,304)         | (31,328)           |
|                                                                |      | <b>267,170</b>   | <b>(443,230)</b>   |
| <b>Items that are reclassified to profit or loss</b>           |      |                  |                    |
| Cash flow hedges                                               | 24   | 3,118,728        | (235,582)          |
| Related tax                                                    |      | (715,016)        | 58,070             |
| Foreign currency translation differences                       |      | (2,000,119)      | (1,240,285)        |
|                                                                |      | <b>403,593</b>   | <b>(1,417,797)</b> |
| <b>Other comprehensive income, net of tax</b>                  |      | <b>670,763</b>   | <b>(1,861,027)</b> |
| <b>Total comprehensive income</b>                              |      | <b>6,205,557</b> | <b>8,179,491</b>   |
| <b>Total comprehensive income attributable to:</b>             |      |                  |                    |
| Owners of the Company                                          |      | 5,484,201        | 7,513,521          |
| Non-controlling interests                                      |      | 721,356          | 665,970            |
|                                                                |      | <b>6,205,557</b> | <b>8,179,491</b>   |

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

## Consolidated statement of changes in equity

|                                                                  | Note | For the year ended 31 December 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 adjusted                               |      | 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                       | 4,687,217         | 4,687,217   | 847,577                   | 5,534,794    |
| Other comprehensive income                                       |      | 0                                     | 0             | (1,880,270)         | 65,049              | 208,493        | 2,403,713               | 0                 | 796,984     | (126,221)                 | 670,763      |
| Total comprehensive income                                       |      | 0                                     | 0             | (1,880,270)         | 65,049              | 208,493        | 2,403,713               | 4,687,217         | 5,484,201   | 721,356                   | 6,205,557    |
| Capital increase                                                 | 20A  | 2,224,014                             | 27,511,053    | 0                   | 0                   | 0              | 0                       | (17,256,023)      | 11,408,044  | (1,071,000)               | 11,408,044   |
| Distribution of dividends                                        |      | 0                                     | 0             | 0                   | 0                   | 0              | 0                       | 0                 | 0           | (433,112)                 | (433,112)    |
| Share based payment through equity instruments                   |      | 0                                     | 0             | 0                   | 0                   | 0              | 0                       | 0                 | 0           | 602,796                   | 602,796      |
| Acquisition of non-controlling interests without loss of control |      | 0                                     | 0             | 0                   | 0                   | 0              | 0                       | (2,305,265)       | (2,305,265) | (1,236,779)               | (3,542,044)  |
| Effect hyperinflation IAS 29                                     |      | 0                                     | 0             | 0                   | 0                   | 0              | 0                       | 928,589           | 928,589     | 59,270                    | 987,861      |
| Balance at 31 December 2022                                      |      | 16,862,067                            | 34,510,986    | (7,725,890)         | 13,135,120          | (391,913)      | 2,229,503               | 13,360,308        | 71,980,179  | 11,683,352                | 83,663,531   |

|                                                                  | For the year ended 31 December 2021 adjusted |                  |                     |                     |                  |                         |                   |                           |                   |                    |
|------------------------------------------------------------------|----------------------------------------------|------------------|---------------------|---------------------|------------------|-------------------------|-------------------|---------------------------|-------------------|--------------------|
|                                                                  | 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 |                   |                           |                   |                    |
| <b>Balance at 1 January 2021</b>                                 | <b>14,638,053</b>                            | <b>6,999,933</b> | <b>(4,770,665)</b>  | <b>13,403,471</b>   | <b>(478,811)</b> | <b>0</b>                | <b>18,928,480</b> | <b>48,711,461</b>         | <b>12,479,449</b> | <b>60,692,602</b>  |
| Profit (Loss)                                                    | 0                                            | 0                | 0                   | 0                   | 0                | 0                       | 9,228,426         | <b>5,148,050</b>          | 812,092           | <b>10,040,518</b>  |
| Other comprehensive income                                       | 0                                            | 0                | (1,075,375)         | (333,400)           | (112,598)        | (174,210)               | 0                 | <b>(1,695,582)</b>        | (146,122)         | <b>(1,841,704)</b> |
| <b>Total comprehensive income</b>                                | <b>0</b>                                     | <b>0</b>         | <b>(1,075,375)</b>  | <b>(333,400)</b>    | <b>(112,598)</b> | <b>(174,210)</b>        | <b>9,228,426</b>  | <b>7,532,844</b>          | <b>665,970</b>    | <b>8,198,814</b>   |
| Distribution of dividends                                        | 0                                            | 0                | 0                   | 0                   | 0                | 0                       | 0                 | <b>0</b>                  | (904,374)         | <b>(904,374)</b>   |
| Share based payment through equity instruments                   | 0                                            | 0                | 0                   | 0                   | 0                | 0                       | 811,060           | <b>811,060</b>            | 706,940           | <b>1,518,000</b>   |
| Acquisition of non-controlling interests without loss of control | 0                                            | 0                | 0                   | 0                   | 0                | 0                       | (1,404,913)       | <b>(1,404,913)</b>        | 563,228           | <b>(841,685)</b>   |
| Other movements                                                  | 0                                            | 0                | 420                 | 0                   | 0                | 0                       | (257,262)         | <b>(256,842)</b>          | 27,916            | <b>(228,926)</b>   |
| <b>Balance at 31 December 2021 adjusted</b>                      | <b>14,638,053</b>                            | <b>6,999,933</b> | <b>(5,845,620)</b>  | <b>13,070,071</b>   | <b>(600,409)</b> | <b>(174,210)</b>        | <b>27,305,791</b> | <b>55,393,609</b>         | <b>13,040,822</b> | <b>68,434,431</b>  |

## Consolidated statement of cash flows

The statement of cash flows of the Group for the year 1/1 – 31/12/2022 and the respective comparative figures of the previous year are the following:

|                                                                               | Note   | 2022                | 2021                |
|-------------------------------------------------------------------------------|--------|---------------------|---------------------|
| <b>Cash flows from operating activities</b>                                   |        |                     |                     |
| Profit (Loss) before tax                                                      |        | 9,097,988           | 12,286,918          |
| <b>Adjustments for:</b>                                                       |        |                     |                     |
| -Depreciation, amortization and impairment                                    | 14, 15 | 14,408,256          | 11,721,958          |
| -Net finance cost                                                             | 9      | 8,497,549           | 2,750,217           |
| -Net gain or loss on disposal of non-current assets                           |        | (684,994)           | (326)               |
| -Result from associated companies                                             |        | (125,385)           | (418,287)           |
| -Change in provisions                                                         | 11     | 6,365,263           | (2,088,205)         |
| -Other non-cash transactions                                                  |        | 2,317,651           | (5,545,482)         |
|                                                                               |        | 39,876,328          | 18,706,793          |
| <b>Changes in:</b>                                                            |        |                     |                     |
| -Inventories                                                                  | 17     | (12,886,486)        | (2,591,706)         |
| -Contract assets                                                              | 7      | (2,159,627)         | 1,177,994           |
| -Trade and other receivables                                                  | 18     | (10,791,059)        | (6,755,487)         |
| -Contract liabilities                                                         | 7      | 2,915,255           | 2,362,860           |
| -Trade and other liabilities                                                  | 23     | 25,549,588          | 1,803,730           |
| -Taxes paid                                                                   |        | (1,629,501)         | (1,582,136)         |
| <b>Net cash from (used in) operating activities</b>                           |        | <b>40,874,498</b>   | <b>13,122,048</b>   |
| <b>Cash flows from investment activities</b>                                  |        |                     |                     |
| Interest received                                                             |        | 72,019              | 97,710              |
| Proceeds from sale of property, plant and equipment                           |        | 12,024              | 301,715             |
| Dividends received from associated companies                                  |        | 13,746              | 762,713             |
| Payments for acquisition of subsidiaries and business, net of cash acquired   | 15     | (2,904,723)         | (16,844,929)        |
| Payments for acquisition of property, plant and equipment & intangible assets | 14, 15 | (14,502,996)        | (9,034,724)         |
| Payments for acquisition of equity of other companies                         |        | (45,000)            | 0                   |
| <b>Net cash from (used in) investing activities</b>                           |        | <b>(17,354,930)</b> | <b>(24,717,514)</b> |
| <b>Cash flows from financing activities</b>                                   |        |                     |                     |
| Interest paid                                                                 |        | (4,169,113)         | (2,518,605)         |
| Acquisition of non-controlling interests                                      |        | (3,095,044)         | (8,121,956)         |
| Proceeds from loans and borrowings                                            | 22     | 12,769,998          | 36,319,458          |
| Repayment of borrowings                                                       | 22     | (14,047,341)        | (9,676,120)         |
| Payment of lease liabilities                                                  | 22     | (3,798,668)         | (2,724,768)         |
| Dividends paid to non-controlling interest                                    |        | (433,112)           | (877,347)           |
| <b>Net cash from (used in) financing activities</b>                           |        | <b>(12,773,281)</b> | <b>12,400,661</b>   |
| <b>Net increase (decrease) in cash and cash equivalents</b>                   |        | <b>10,746,288</b>   | <b>805,195</b>      |
| <b>Cash and cash equivalents at 1 January</b>                                 |        | <b>11,484,243</b>   | <b>11,010,746</b>   |
| Effect of movements in exchange rates on cash held                            |        | (602,126)           | (331,698)           |
| <b>Cash and cash equivalents at 31 December</b>                               |        | <b>21,628,404</b>   | <b>11,484,243</b>   |

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

## Notes to the consolidated 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, 2014 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 accompanying consolidated financial statements (hereinafter "financial statements") have been prepared by Management pursuing §245a of the Austrian Commercial Code in accordance with the International Financial Reporting Standards (hereinafter «IFRS») as adopted by the European Union (EU). The financial statements have been prepared on historic costs basis, as modified following the adjustment of certain assets and liabilities at fair values. These financial statements are presented in euro, which is the functional currency of the Company.

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

Details of the Group's accounting policies and methods, including changes during the year are included in Notes 31 and 32.

#### 3. Use of judgments and estimates

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses and the notes to the financial statements. Actuals may differ from these estimates.

Judgments, estimates and assumptions are based on the experience from previous years and other factors, included the expectations of future events that are considered reasonable under the particular conditions. Management considers the following accounting estimates and assumptions discussed below to be its critical accounting estimates.

##### i. Testing for impairment of goodwill and non-current other assets

Management tests at least annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on the higher between value-in-use calculations and fair value less costs to sell. The preparation of these calculations requires the use of estimates, as for example planning of future cash flows and derivation of the discount rate.

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If an impairment indicator is identified, the fair value of the non-financial asset is appraised – if necessary by an external appraiser – and compared with the carrying amount. If the carrying amount exceeds the fair value, impairment is recognized.

##### ii. Acquisition of subsidiaries: Determination of Fair Values of the identifiable assets and liabilities acquired

When companies were acquired in the past, customer relationships were identified as the main identifiable intangible assets. There were determined using the "Multi-Period-Excess-Earnings" method. These calculations require the use of estimates, such as planning future revenues and expenses, as well as deriving the discount rate. In 2022 there have been no acquisitions under IFRS 3.

##### iii. Valuation of management participation programs

In 2021 and 2022, Group companies adopted management participation programs for Group executives. In this context, on the one hand, it is necessary to assess whether the programs are balanced by equity instruments or cash-settled. On the other hand, in the case of programs settled by equity instruments at the time of introduction and in the case of cash-settled programs, the programs launched must be assessed annually and accounted for accordingly over the course of the programs. These valuations require the use of estimates, such as planning future revenue and expenses, and deriving the discount rate.

#### 4. First time application of 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).

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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 31.12.2022. 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 31.12.2022 was 1128.45. 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%           |
| 31.07.2022        | 1001.03        | 2.4%           |
| 31.08.2022        | 1015.65        | 1.5%           |
| 30.09.2022        | 1046.89        | 3.1%           |
| 31.10.2022        | 1084.00        | 3.5%           |
| 30.11.2022        | 1115.26        | 2.9%           |
| <b>31.12.2022</b> | <b>1128.45</b> | <b>1.2%</b>    |

### 5. 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.

| Consolidated statement of financial position        | 31 December 2021<br>adjusted | adjustment       | 31 December 2021<br>previous year report |
|-----------------------------------------------------|------------------------------|------------------|------------------------------------------|
| Retained earnings                                   | 27,305,791                   | (561,373)        | 27,867,163                               |
| <b>Equity attributable to owners of the Company</b> | <b>55,393,609</b>            | <b>(561,373)</b> | <b>55,954,982</b>                        |
| Non-controlling interests                           | 13,040,822                   | 561,373          | 12,479,449                               |

### Performance of the year

#### 6. Operating segments

##### i. Basis for segmentation

The identification of reportable segments is based on information that is regularly used by the Group's chief decision maker to allocate resources and assess performance. The CEO is the Group's chief decision maker. The Group's CEO reviews the internal report on a monthly and year to date basis. The financial information that forms the basis for internal reporting is based on the accounting policies of IFRSs. In internal reporting, various adjustments are made in order to present non-operating earnings separately.

Internal reporting to the CEO is based on business areas which comprise two strategic segments, which are the reportable segments, the Digital Security segment and the Information Management segment. These segments offer different products and services, and are managed separately because they require different technology and marketing strategies.

##### ii. Intersegment transactions

Transactions between the segments involve mainly the sale of goods and provision of services and are eliminated in the column "Eliminations". Intragroup transactions between the segments generally reflect ordinary market conditions.

##### iii. Information about reportable segments

Information related to each reportable segment is set out below. Segment adjusted EBITDA is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments.

| Reportable segments           | Operations                                                                                                                                                                                                                                                                                                           |
|-------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Digital Security</b>       | Production, development and personalization of Smart Cards for Banks, Public Organizations and Retail chains holding international certificates by, among others, Visa and MasterCard.                                                                                                                               |
| <b>Information Management</b> | Printing management, production of secured documents, production of prepaid cards and business process outsourcing, services of printing and posting statements, electronic presentation of statements and printing management for Banks, Telecommunication companies, Public sector and Industrial/Trade companies. |

Income and expenses as well as assets and liabilities that are not attributable to one of the operating segments presented above are summarized in column "Corporate". Assets and liabilities being used by both operating segments are allocated proportionally based on use.

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| 2022                                        | Reportable Segments |                        |                           | Corporate          | Eliminations       | Total              |
|---------------------------------------------|---------------------|------------------------|---------------------------|--------------------|--------------------|--------------------|
|                                             | Digital Security    | Information Management | Total reportable segments |                    |                    |                    |
| Revenues                                    | 201,139,928         | 113,580,432            | 314,720,360               | 0                  | 0                  | 314,720,360        |
| Intersegment revenues                       | 5,848,386           | 2,754,778              | 8,603,164                 | 0                  | (8,603,164)        | 0                  |
| <b>Segment revenues</b>                     | <b>206,988,314</b>  | <b>116,335,209</b>     | <b>323,323,524</b>        | <b>0</b>           | <b>(8,603,164)</b> | <b>314,720,360</b> |
| Costs of material & mailing                 | (114,261,914)       | (69,694,487)           | (183,956,401)             | 0                  | 9,383,324          | (174,573,077)      |
| <b>Gross profit I</b>                       | <b>92,726,400</b>   | <b>46,640,723</b>      | <b>139,367,123</b>        | <b>0</b>           | <b>780,160</b>     | <b>140,147,283</b> |
| Production costs                            | (39,041,985)        | (25,943,166)           | (64,985,151)              | 0                  | (1,148,281)        | (66,133,432)       |
| <b>Gross profit II</b>                      | <b>53,684,415</b>   | <b>20,697,557</b>      | <b>74,381,972</b>         | <b>0</b>           | <b>(368,120)</b>   | <b>74,013,851</b>  |
| Other income                                | 2,075,504           | 2,000,553              | 4,076,057                 | 7,495              | (1,157,118)        | 2,926,434          |
| Selling and distribution expenses           | (15,607,760)        | (6,039,404)            | (21,647,164)              | 0                  | 489,451            | (21,157,712)       |
| Administrative expenses                     | (13,108,468)        | (6,079,786)            | (19,188,254)              | (1,778,707)        | 55,644             | (20,911,316)       |
| Research and development expenses           | (5,892,104)         | (362,365)              | (6,254,468)               | 0                  | 0                  | (6,254,468)        |
| Other expenses                              | (1,872,428)         | (2,818,543)            | (4,690,971)               | (60,010)           | 980,141            | (3,770,840)        |
| Result from associated companies            | 125,385             | 0                      | 125,385                   | 0                  | 0                  | 125,385            |
| + Depreciation, amortization and impairment | 9,742,135           | 4,593,488              | 14,335,623                | 71,856             | 777                | 14,408,256         |
| <b>adjusted EBITDA</b>                      | <b>29,146,678</b>   | <b>11,991,501</b>      | <b>41,138,179</b>         | <b>(1,759,366)</b> | <b>776</b>         | <b>39,379,589</b>  |
| - Depreciation, amortization and impairment | (9,742,135)         | (4,593,488)            | (14,335,623)              | (71,856)           | (777)              | (14,408,256)       |
| <b>adjusted EBIT</b>                        | <b>19,404,543</b>   | <b>7,398,013</b>       | <b>26,802,557</b>         | <b>(1,831,222)</b> | <b>(1)</b>         | <b>24,971,333</b>  |
| Financial income                            | 71,622              | 412                    | 72,034                    | 0                  | (16)               | 72,018             |
| Financial expenses                          | (2,177,969)         | (1,840,813)            | (4,018,782)               | (356,044)          | 0                  | (4,374,826)        |
| <b>Net finance costs</b>                    | <b>(2,106,347)</b>  | <b>(1,840,401)</b>     | <b>(3,946,748)</b>        | <b>(356,044)</b>   | <b>(16)</b>        | <b>(4,302,808)</b> |
| <b>adjusted Profit (Loss) before tax</b>    | <b>17,298,197</b>   | <b>5,557,612</b>       | <b>22,855,809</b>         | <b>(2,187,266)</b> | <b>(17)</b>        | <b>20,668,525</b>  |
| Adjustments                                 | (7,937,265)         | (621,136)              | (8,558,401)               | (3,012,137)        | 0                  | (11,570,538)       |
| <b>Profit (Loss) before tax</b>             | <b>9,360,931</b>    | <b>4,936,476</b>       | <b>14,297,408</b>         | <b>5,199,403</b>   | <b>(17)</b>        | <b>9,097,988</b>   |
| Income tax expense                          | (2,581,666)         | (909,104)              | (3,490,770)               | (72,424)           | -                  | (3,563,194)        |
| <b>Profit (Loss)</b>                        | <b>6,779,266</b>    | <b>4,027,372</b>       | <b>10,806,638</b>         | <b>5,271,828</b>   | <b>(17)</b>        | <b>5,534,794</b>   |
| Segment assets                              | 179,572,996         | 89,506,282             | 269,079,278               | 91,249,277         | (90,175,339)       | 270,153,216        |
| Segment liabilities                         | 125,375,880         | 54,280,704             | 179,656,584               | 11,083,118         | (4,250,017)        | 186,489,686        |
| Capital expenditure incl. RoU, M&A          | 15,391,124          | 6,033,744              | 21,424,868                | 1,150              | 0                  | 21,427,018         |
| Depreciation                                | 9,742,135           | 4,593,488              | 14,335,623                | 71,856             | 777                | 14,408,256         |
| Impairment on Non-current assets            | 0                   | 0                      | 0                         | 0                  | 0                  | 0                  |

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| 2021                                        | Reportable Segments |                        |                           | Corporate        | Eliminations       | Total              |
|---------------------------------------------|---------------------|------------------------|---------------------------|------------------|--------------------|--------------------|
|                                             | Digital Security    | Information Management | Total reportable segments |                  |                    |                    |
| Revenues                                    | 104,447,629         | 73,507,266             | 177,954,895               | 0                | 0                  | 177,954,895        |
| Intersegment revenues                       | 3,617,000           | 1,473,543              | 5,090,543                 | 0                | (5,090,543)        | 0                  |
| <b>Segment revenues</b>                     | <b>108,064,629</b>  | <b>74,980,809</b>      | <b>183,045,438</b>        | <b>0</b>         | <b>(5,090,543)</b> | <b>177,954,895</b> |
| Costs of material & mailing                 | (55,741,903)        | (46,134,464)           | (101,876,367)             | 0                | 4,659,147          | (97,217,221)       |
| <b>Gross profit I</b>                       | <b>52,322,726</b>   | <b>28,846,344</b>      | <b>81,169,070</b>         | <b>0</b>         | <b>(431,396)</b>   | <b>80,737,674</b>  |
| Production costs                            | (24,665,428)        | (15,436,689)           | (40,102,117)              | 0                | 264,673            | (39,837,444)       |
| <b>Gross profit II</b>                      | <b>27,657,298</b>   | <b>13,409,656</b>      | <b>41,066,954</b>         | <b>0</b>         | <b>(166,723)</b>   | <b>40,900,230</b>  |
| Other income                                | 3,023,988           | 1,451,528              | 4,475,516                 | 0                | (867,678)          | 3,607,838          |
| Selling and distribution expenses           | (9,376,703)         | (5,302,967)            | (14,679,670)              | 0                | 255,298            | (14,424,372)       |
| Administrative expenses                     | (7,983,559)         | (5,154,615)            | (13,138,174)              | (420,691)        | 99,196             | (13,459,669)       |
| Research and development expenses           | (5,519,444)         | (466,384)              | (5,985,828)               | (137,486)        | 111,615            | (6,011,699)        |
| Other expenses                              | (596,647)           | (1,141,811)            | (1,738,458)               | (14,556)         | 568,291            | (1,184,722)        |
| Result from associated companies            | 418,287             | 0                      | 418,287                   | 0                | 0                  | 418,287            |
| + Depreciation, amortization and impairment | 7,451,979           | 4,432,235              | 11,884,214                | 83,572           | 2                  | 11,967,787         |
| <b>adjusted EBITDA</b>                      | <b>15,075,199</b>   | <b>7,227,642</b>       | <b>22,302,841</b>         | <b>(489,161)</b> | <b>(0)</b>         | <b>21,813,680</b>  |
| - Depreciation, amortization and impairment | (7,451,979)         | (4,432,235)            | (11,884,214)              | (83,572)         | (2)                | (11,967,787)       |
| <b>adjusted EBIT</b>                        | <b>7,623,220</b>    | <b>2,795,407</b>       | <b>10,418,627</b>         | <b>(572,733)</b> | <b>(2)</b>         | <b>9,845,893</b>   |
| Financial income                            | 97,629              | 853                    | 98,482                    | (626)            | 0                  | 97,857             |
| Financial expenses                          | (1,350,016)         | (1,312,663)            | (2,662,679)               | (147,356)        | 0                  | (2,810,035)        |
| <b>Net finance costs</b>                    | <b>(1,252,387)</b>  | <b>(1,311,809)</b>     | <b>(2,564,197)</b>        | <b>(147,982)</b> | <b>0</b>           | <b>(2,712,178)</b> |
| <b>adjusted Profit (Loss) before tax</b>    | <b>6,370,833</b>    | <b>1,483,598</b>       | <b>7,854,431</b>          | <b>(720,714)</b> | <b>(2)</b>         | <b>7,133,715</b>   |
| Adjustments                                 | 5,293,534           | (590,931)              | 4,702,603                 | 0                | 450,601            | 5,153,204          |
| <b>Profit (Loss) before tax</b>             | <b>11,664,366</b>   | <b>892,667</b>         | <b>12,557,033</b>         | <b>(720,714)</b> | <b>450,599</b>     | <b>12,286,919</b>  |
| Income tax expense                          | (1,807,554)         | (433,596)              | (2,241,150)               | (5,250)          | 0                  | (2,246,400)        |
| <b>Profit (Loss)</b>                        | <b>9,856,812</b>    | <b>459,071</b>         | <b>10,315,884</b>         | <b>(725,964)</b> | <b>450,599</b>     | <b>10,040,519</b>  |
| Segment assets                              | 151,388,244         | 67,804,828             | 219,193,072               | 67,218,205       | (56,946,202)       | 229,465,076        |
| Segment liabilities                         | 101,915,861         | 42,174,150             | 144,090,011               | 9,301,541        | 7,639,093          | 161,030,645        |
| Capital expenditure incl. RoU, M&A          | 28,234,779          | 3,827,345              | 32,062,125                | 5,650            | 0                  | 32,067,775         |
| Depreciation & Amortization                 | 6,791,113           | 4,432,235              | 11,223,348                | 83,572           | 2                  | 11,306,922         |
| Impairment on Non-current assets            | 1,475,611           | 0                      | 0                         | 1,475,611        | 0                  | 1,475,611          |

### iv. Geographic Information

| Non-current assets by country | 2022               | 2021               |
|-------------------------------|--------------------|--------------------|
| Greece                        | 24,940,831         | 23,840,597         |
| Romania                       | 33,543,100         | 32,898,364         |
| Austria                       | 31,229,266         | 29,110,968         |
| United Kingdom                | 29,005,321         | 31,183,394         |
| Andorra                       | 19,458,636         | 19,528,290         |
| USA                           | 7,432,312          | 1,228,643          |
| Cyprus                        | 3,359,538          | 3,279,054          |
| Poland                        | 2,166,600          | 1,903,516          |
| Other countries               | 2,662,246          | 2,366,678          |
| <b>Total</b>                  | <b>153,722,615</b> | <b>145,339,505</b> |

## v. Adjustment

| Adjustment                                                                         | included in       | 2022                | 2021             |
|------------------------------------------------------------------------------------|-------------------|---------------------|------------------|
| Gain from adjustment of a defined benefit plan                                     | EBITDA            | 0                   | 500,843          |
| Income from step-acquisition of TAG NITECREST                                      | EBITDA            | 0                   | 6,623,435        |
| Income from release of Put Option for shares of a subsidiary                       | EBITDA            | 0                   | 2,138,044        |
| Foreign exchange gains                                                             | Profit before tax | 0                   | 28,802           |
| Income from Financial assets at fair value through profit or loss                  | Profit before tax | 3,586               | 3,687            |
| Management participation program                                                   | EBITDA            | (7,375,796)         | (1,518,000)      |
| Expense from granting a Put Option for shares of a subsidiary                      | EBITDA            | 0                   | (2,138,044)      |
| Effect hyperinflation IAS 29                                                       | Profit before tax | (720,737)           | 0                |
| Foreign exchange losses                                                            | Profit before tax | (377,279)           | 0                |
| Impairment of intangible & tangible assets                                         | EBIT              | 0                   | (415,036)        |
| Expense from Financial assets and liabilities at fair value through profit or loss | Profit before tax | (3,100,312)         | (70,526)         |
| <b>Total</b>                                                                       |                   | <b>(11,570,538)</b> | <b>5,153,204</b> |

Adjustments include effects from accounting of management participation programs, effects from restructuring measures and restructuring related write-downs (impairments), gains and losses from foreign exchange differences as well as gains and losses from fair value and hyperinflation accounting.

## 7. Revenues

## A. Revenues from contracts with customers

| 2022                                        | Digital Security   | Information Management | Eliminations       | Total              |
|---------------------------------------------|--------------------|------------------------|--------------------|--------------------|
| <b>Revenues by region</b>                   |                    |                        |                    |                    |
| Western Europe, Austria & Scandinavia       | 112,473,058        | 1,494,533              | (6,728,971)        | 107,238,619        |
| Central & Eastern Europe                    | 35,776,173         | 89,535,089             | (1,874,192)        | 123,437,069        |
| Turkey, MEA & others                        | 34,476,199         | 25,305,588             | 0                  | 59,781,787         |
| Americas                                    | 24,262,884         | 0                      | 0                  | 24,262,884         |
|                                             | <b>206,988,314</b> | <b>116,335,209</b>     | <b>(8,603,164)</b> | <b>314,720,360</b> |
| <b>Type of revenue</b>                      |                    |                        |                    |                    |
| Revenues from sale of goods                 | 141,644,237        | 59,212,631             | 189,853            | 201,046,721        |
| Revenues from services                      | 21,978,723         | 12,771,434             | (1,021,396)        | 33,728,761         |
| Revenues from licenses & royalties          | 14,363             | 71,475                 | 0                  | 85,538             |
| Revenues from sale of merchandise           | 25,716,573         | 11,462,160             | (6,155,167)        | 31,023,566         |
| Revenues from transportation services       | 17,634,419         | 32,817,509             | (1,616,454)        | 48,835,474         |
|                                             | <b>206,988,314</b> | <b>116,335,209</b>     | <b>(8,603,164)</b> | <b>314,720,360</b> |
| <b>Timing of revenue recognition</b>        |                    |                        |                    |                    |
| Products and services transferred over time | 181,271,741        | 104,873,050            | (2,447,997)        | 283,696,794        |
| Products transferred at a point of time     | 25,716,573         | 11,462,160             | (6,155,167)        | 31,023,566         |
|                                             | <b>206,988,314</b> | <b>116,335,209</b>     | <b>(8,603,164)</b> | <b>314,720,360</b> |

| 2021                                        | Digital Security   | Information Management | Eliminations       | Total              |
|---------------------------------------------|--------------------|------------------------|--------------------|--------------------|
| <b>Revenues by region</b>                   |                    |                        |                    |                    |
| Western Europe, Austria & Scandinavia       | 58,050,888         | 808,267                | (323,994)          | 58,535,161         |
| Central & Eastern Europe                    | 25,382,283         | 73,924,955             | (4,339,894)        | 94,967,345         |
| Turkey, MEA & others                        | 18,402,422         | 247,587                | (521,648)          | 18,128,361         |
| Americas                                    | 6,229,035          | 0                      | 94,993             | 6,324,028          |
|                                             | <b>108,064,629</b> | <b>74,980,809</b>      | <b>(5,090,543)</b> | <b>177,954,895</b> |
| <b>Type of revenue</b>                      |                    |                        |                    |                    |
| Revenues from sale of goods                 | 77,073,611         | 24,250,531             | 558,434            | 101,882,576        |
| Revenues from services                      | 9,923,549          | 11,216,277             | (383,041)          | 20,756,785         |
| Revenues from licenses & royalties          | 39,201             | 155,644                | 0                  | 194,845            |
| Revenues from sale of merchandise           | 13,518,863         | 10,266,481             | (4,270,283)        | 19,515,060         |
| Revenues from transportation services       | 7,509,404          | 29,091,876             | (995,652)          | 35,605,628         |
|                                             | <b>108,064,629</b> | <b>74,980,809</b>      | <b>(5,090,543)</b> | <b>177,954,895</b> |
| <b>Timing of revenue recognition</b>        |                    |                        |                    |                    |
| Products and services transferred over time | 94,545,766         | 64,714,328             | (820,259)          | 158,439,835        |
| Products transferred at a point of time     | 13,518,863         | 10,266,481             | (4,270,283)        | 19,515,060         |
|                                             | <b>108,064,629</b> | <b>74,980,809</b>      | <b>(5,090,543)</b> | <b>177,954,895</b> |

#### B. Contract assets and receivables

|                   | 2022              | 2021              |
|-------------------|-------------------|-------------------|
| Trade receivables | 40,037,312        | 29,268,194        |
| Contract assets   | 10,852,463        | 8,692,836         |
|                   | <b>50,889,775</b> | <b>37,961,030</b> |

The contract assets relate to the Group's rights to consideration for work completed but not billed at the reporting date on made-to-order printing and payment products.

#### C. Contract liabilities

|                                           | 2022             | 2021             |
|-------------------------------------------|------------------|------------------|
| <b>Balance at 1 January</b>               | <b>4,157,584</b> | <b>1,794,724</b> |
| Prepayments received                      | 7,525,148        | 3,824,987        |
| Recognition as revenue                    | (4,329,507)      | (1,337,247)      |
| Acquisition through business combinations | 0                | 0                |
| Effect of movements in exchange rates     | (280,382)        | (124,880)        |
| <b>Balance at 31 December</b>             | <b>7,072,840</b> | <b>4,157,584</b> |

Contract liabilities essentially relate to prepayments received for the delivery of customer-specific printing and payment products.

#### D. Costs to fulfill a contract

|                                                    | 2022           | 2021           |
|----------------------------------------------------|----------------|----------------|
| <b>Balance at 1 January</b>                        | <b>500,008</b> | <b>681,829</b> |
| Costs to fulfil a contract accrued during the year | 0              | 0              |
| Realized as an expense                             | (181,821)      | (181,821)      |
| Transfer                                           | 0              | 0              |
| Effect of movements in exchange rates              | 0              | 0              |
| <b>Balance at 31 December</b>                      | <b>318,187</b> | <b>500,008</b> |

Costs to fulfill a contract are included in Other long-term assets in the Statement of financial position.

## 8. Income and expenses

### A. Other Income

|                                                              | 2022             | 2021              |
|--------------------------------------------------------------|------------------|-------------------|
| Government grants                                            | 54,088           | 231,467           |
| Gain on sale of equipment                                    | 12,024           | 22,182            |
| Rental income from property leases                           | 79,802           | 76,754            |
| Reversal of accruals                                         | 382,689          | 1,130,279         |
| Income from step-acquisition of TAG NITECREST                | 0                | 6,623,435         |
| Income from release of Put Option for shares of a subsidiary | 0                | 2,138,044         |
| Capitalised development expenses                             | 2,149,204        | 2,469,194         |
| Other income                                                 | 248,627          | 178,805           |
| <b>Total</b>                                                 | <b>2,926,434</b> | <b>12,870,160</b> |

### B. Other Expenses

|                                                               | 2022             | 2021             |
|---------------------------------------------------------------|------------------|------------------|
| Contract penalties                                            | 31,525           | 209,365          |
| Impairment loss on trade receivables and contract assets      | 1,185,487        | 78,559           |
| Losses from write-downs of inventories                        | 939,530          | 427,277          |
| Loss on disposal of non-current assets                        | 576,058          | 0                |
| Expense from granting a Put Option for shares of a subsidiary | 0                | 2,138,044        |
| Property and other taxes                                      | 198,682          | 64,352           |
| Bank charges                                                  | 180,753          | 140,037          |
| Re-invoiced expenses                                          | 112,366          | 85,138           |
| Other expenses                                                | 516,438          | 179,994          |
| <b>Total</b>                                                  | <b>3,770,840</b> | <b>3,322,766</b> |

### 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.

|                                            | 2022               | 2021               |
|--------------------------------------------|--------------------|--------------------|
| Employee compensation and expenses         | 62,392,599         | 40,561,046         |
| Costs of inventories recognized as expense | 131,073,299        | 65,867,683         |
| Mailing costs                              | 43,499,778         | 31,349,537         |
| Third party fees                           | 11,364,658         | 7,521,521          |
| Commissions paid                           | 2,834,577          | 1,102,128          |
| Utilities and maintenance expenses         | 10,438,239         | 6,551,283          |
| Rentals from property and machinery        | 745,076            | 468,532            |
| Tax and duties                             | 685,911            | 546,971            |
| Transportation expenses                    | 11,232,781         | 2,762,776          |
| Inks and similar consumable materials      | 3,498,584          | 2,228,439          |
| Depreciation, amortization and impairment  | 14,408,256         | 11,721,958         |
| Other expenses                             | 4,232,043          | 2,141,568          |
| <b>Total</b>                               | <b>296,405,801</b> | <b>172,883,440</b> |

Employee compensation and expenses include management participation program expense amounting to € 7.4 million (2021: € 1.5m), see note 11.

## 9. Net Finance costs

|                                                                                                  | 2022               | 2021               |
|--------------------------------------------------------------------------------------------------|--------------------|--------------------|
| Interest income under the effective interest method                                              | 72,019             | 97,780             |
| Financial assets at fair value through profit or loss – net change in fair value                 | 3,585              | 3,686              |
| Foreign exchange gains                                                                           | 0                  | 28,802             |
| Dividend income                                                                                  | 0                  | 76                 |
| <b>Finance income</b>                                                                            | <b>75,604</b>      | <b>130,344</b>     |
| Interest expense on Financial liabilities measured at amortized cost                             | (3,555,362)        | (2,312,928)        |
| Commissions of letters of guarantee                                                              | (205,714)          | (179,027)          |
| Foreign exchange losses                                                                          | (377,279)          | 0                  |
| Effect hyperinflation IAS 29                                                                     | (720,737)          |                    |
| Financial assets and liabilities at fair value through profit or loss – net change in fair value | (3,100,311)        | (70,526)           |
| Other financial expenses                                                                         | (613,751)          | (318,079)          |
| <b>Finance costs</b>                                                                             | <b>(8,573,153)</b> | <b>(2,880,561)</b> |
| <b>Net finance costs recognized in profit or loss</b>                                            | <b>(8,497,549)</b> | <b>(2,750,217)</b> |

Interest expenses were calculated using the effective interest method.

## 10. Earnings per share

### A. Basic and diluted earnings or (losses)

|                                                         | 2022      | 2021      |
|---------------------------------------------------------|-----------|-----------|
| Profit (loss) attributable to the owners of the Company | 4,687,217 | 9,228,426 |

### B. Weighted-average number of ordinary shares

|                                                                               | 2022              | 2021              |
|-------------------------------------------------------------------------------|-------------------|-------------------|
| Issued ordinary shares at 1 January                                           | 14,638,053        | 14,638,053        |
| Effects in the year                                                           | 2,224,014         | 0                 |
| <b>Total number of ordinary shares at 31<sup>st</sup> December</b>            | <b>16,862,067</b> | <b>14,638,053</b> |
| <b>Weighted-average number of ordinary shares at 31<sup>st</sup> December</b> | <b>15,008,722</b> | <b>14,638,053</b> |

For changes of year 2022 see details in note 20 A.

### Employee Benefits

#### 11. Employee benefits

- **Greece**

Obligations resulting from this program concern compensation of staff retirement arising from the provisions of Law 2112/20, as amended by Law 4093/12. According to Greek legislation, establishing and funding is not provided in the form of contributions, specific fund (reserve) to cover the severance compensation laws 2112/20 and 3026/54, as amended by Law 4093/12, and for other related benefits. As a result, a special fund is not created, from which the settlement of the liability could be made. The compensation provided by the laws 2112/20 and 3026/54, as amended by Law 4093/12 are exclusively one-off indemnities which are given only in cases of normal retirement, redundancy and for those subject to Law 3026/54, in death and voluntary retirement under conditions. There are no funding requirements. Employers are not required to contribute to the plan.

Effect of adjustment due to the change in International Accounting Standard (IAS) 19 "Employee benefits". : The International Financial Reporting Standards Interpretations Committee issued a final agenda decision in May 2021, under the title "Attributing Benefits to Periods of Service" (IAS 19), which includes explanatory material regarding the attribution of benefits in periods of service regarding a specific defined benefit plan analogous to that defined in Article 8 of Greek Law 3198/1955 regarding provision of compensation due to retirement (the "Labor Law Defined Benefit Plan"). This explanatory information differentiates the way in which the basic principles and regulations of IAS 19 have been applied in Greece in the previous years, and therefore, according to what is defined in the "IASB Due Process Handbook (par 8.6)", entities that prepare their financial statements in accordance with IFRS are required to amend their Accounting Policy accordingly. Based on the above, the aforementioned decision is implemented as a change in accounting policy.

In these consolidated financial statements, this change has been corrected on a current basis through profit & loss and not retrospectively due to immateriality.

- **Austria**

#### *Pension plans*

The company provides unfunded defined pension plans for one person, who is retired and receives a percentage of his former salary on monthly basis. In case of death, the widow of the employee receives 60% of the benefit.

#### *Severance*

Severance benefit obligations for employees hired before 1 January 2003 are covered by defined benefit plans. Upon termination by the Group or retirement, eligible employees receive severance payments equal to a multiple of their monthly compensation which comprises fixed compensation plus variable elements such as overtime or bonuses. Maximum severance is equal to a multiple of twelve times the eligible monthly compensation.

Contribution-based termination benefits exist for employees whose employment started after 31 December 2002. These obligations for termination benefits are fulfilled by regular contributions to an employee benefit fund. In 2022 € 146,689 were paid to the employee benefit fund (2021: € 134,317). Except for this, there are no further obligations for the Group and hence the recognition of a provision is not necessary.

#### *Jubilee*

According to a company agreement dated on 1 December 2013, employees of a subsidiary who have been with the company for 10, 20 or 30 years receive a one-off anniversary payment, staggered according to the amount of these anniversaries.

## A. Provisions for employee benefits

|                                   | 2022              | 2021             |
|-----------------------------------|-------------------|------------------|
| Post employment benefits          | 3,931,339         | 4,272,758        |
| Other long-term employee benefits | 192,653           | 258,971          |
| Management participation programs | 6,773,000         | 0                |
|                                   | <b>10,896,992</b> | <b>4,531,729</b> |

The provisions for management participation programs relate to the Digital Security segment and are explained in more detail in Note 11.E.

## B. Movement in Severance, Pension and Jubilee plans

|                                                | Defined benefit obligation |                  |
|------------------------------------------------|----------------------------|------------------|
|                                                | 2022                       | 2021             |
| <b>Balance at 1 January</b>                    | <b>4,531,729</b>           | <b>5,249,949</b> |
| <b>Included in profit or loss</b>              |                            |                  |
| Current service cost                           | 190,983                    | 198,296          |
| Gain from adjustment of a defined benefit plan | (31,147)                   | (500,843)        |
| Actuarial gains of Jubilee plans               | (72,564)                   | 0                |
| Settlement/Curtailment/Termination loss/(gain) | (51,605)                   | (149,289)        |
| Interest cost (income)                         | 50,820                     | 40,087           |
|                                                | <b>(86,487)</b>            | <b>(411,749)</b> |
| <b>Included in OCI</b>                         |                            |                  |
| Remeasurement loss (gain):                     |                            |                  |
| – Actuarial loss (gain) arising from:          |                            |                  |
| - demographic assumptions                      | 91,501                     | 42,120           |
| - financial assumptions                        | (425,566)                  | 147,471          |
| - experience adjustment                        | 100,641                    | (111,398)        |
|                                                | <b>(233,425)</b>           | <b>78,193</b>    |
| <b>Sum</b>                                     | <b>(146,937)</b>           | <b>(718,221)</b> |
| <b>Other</b>                                   |                            |                  |
| Benefits paid                                  | (260,799)                  | (384,664)        |
|                                                | <b>(260,799)</b>           | <b>(384,664)</b> |
| <b>Balance at 31 December</b>                  | <b>4,123,992</b>           | <b>4,531,729</b> |

## C. Actuarial assumptions

The following were the principal actuarial assumptions at each reporting date (expressed as weighted averages).

- *Post-employment define benefit plans in Greece*

|                        | 2022 | 2021 |
|------------------------|------|------|
| Discount rate          | 3.8% | 1.0% |
| Future salary increase | 3.5% | 2.0% |

The weighted-average duration of the defined benefit obligation for the fiscal year 2020/20 was:

|       | 2022 | 2021 |
|-------|------|------|
| Years | 7.7  | 7.3  |

- *Post-employment define benefit plans in Austria*

|                        | 2022 | 2021 |
|------------------------|------|------|
| Discount rate          | 3.5% | 1.0% |
| Future salary increase | 3.2% | 2.2% |

The weighted-average duration of the defined benefit obligation for the fiscal year 2020 was:

|       | 2022 | 2021 |
|-------|------|------|
| Years | 7.1  | 8.5  |

## D. Sensitivity analysis

Reasonable possible changes at the reporting (and comparative) date to one of the relevant actuarial assumptions holding other assumptions constant would affect Define Benefit obligation as shown below:

| Effect in euro                                | 31 December 2022 |           | 31 December 2021 |           |
|-----------------------------------------------|------------------|-----------|------------------|-----------|
|                                               | Increase         | Decrease  | Increase         | Decrease  |
| Discount rate (1 percentage point movement)   | (185,184)        | 189,917   | (196,758)        | 198,057   |
| Salary increase (1 percentage point movement) | 193,934          | (173,594) | 192,987          | (194,463) |

## E. Management participation programs

### i. Management Participation Program 2021

In 2021, the Group adopted two management participation programs, each of which was based on certain operational and strategic target achievements in relation to the Digital Security segment and the Information Management segment, respectively. If the targets of the DS segment are achieved, the Group's management acquires the right to purchase a capital share in the amount of € 75,000 in AUSTRIACARD GmbH, Vienna, free of charge. Under the Information Management Segment program, the Group's management acquires the right to purchase 300,000 shares in INFORM P. LYKOS HOLDINGS SA free of charge.

Due to the full achievement of the target, all share options were issued and exercised at the exercise price of EUR 0 per share for the acquisition of a share in the share capital of two Group companies. The fair value of the shares acquired amounted to € 1,518,000 at grant date and was recognized in the income statement in 2021 in personnel expenses and in retained earnings. The fair values of the shares were determined based on current business valuations and, in the case of the Information Management segment, based on the share price.

In the case of AUSTRIACARD GmbH, the shares were still transferred to the Group management in 2021. In the case of INFORM P. LYKOS HOLDINGS SA, treasury shares were transferred from INFORM to the Group management in 2022.

### ii. Digital Security Management Participation Program 2022 - 2025

On December 23, 2021, the Group introduced a management participation program entitling selected members of senior management of the Digital Security segment to acquire shares in AUSTRIACARD GmbH, Vienna (ACV). According to this program, the holders of exercisable options have the right to acquire shares free of charge within a certain period after their grant in the financial year 2026. The following contractual terms and conditions underlie the granted stock option programs.

The total number of options to be granted is dependent on the return on invested capital ('ROIC') achieved in fiscal year 2025 compared to the fair value of the Digital Security segment as of December 31, 2020. ROIC is calculated using a defined formula based on the audited consolidated financial statements for fiscal year 2025.

| Options in % of share capital | Minimum yearly net ROIC |
|-------------------------------|-------------------------|
| 0%                            | < 8.4%                  |
| 2%                            | 8.4%                    |
| 4%                            | 11.8%                   |
| 6%                            | 14.9%                   |
| 8%                            | 17.6%                   |
| 10%                           | 20.1%                   |

Starting on January 1, 2022, 25% of the options will vest at the end of each of the calendar years 2022, 2023, 2024 and 2025, whereby the number of options granted will not be determined until 2026 and may also be 0. If program participants leave as defined 'bad leavers' before the end of 2025, then they will lose all options. If program participants leave as good leavers, they retain the options that have vested by then, but the remaining unvested options are canceled without consideration.

Program participants have been granted a put option for the options granted in the event that the shares of ACV are not listed on a public stock exchange at the time the options are granted. In any event, ACV has a call option to purchase the granted options from the Program Participants. Both the value of the put option of the program participants and the value of the call option of ACV are calculated according to a defined formula based on the consolidated financial statements as of December 31, 2025.

Because AUSTRIACARD GmbH has become unlikely to become a public listed company, the management participation program can no longer be considered an equity-settled plan. Therefore, this management participation program had to be revalued as of December 31, 2022 and the present value is reported in provisions for employee benefits as of the reporting date.

The fair value of this management participation program, determined based on the current corporate planning, amounts to € 27.1 million as of December 31, 2022 (Fair value at grant date in 2021: € 8.1 million), of which the vested portion of € 6.8 million was recognized in personnel expenses in 2022 (previous year: € 0.0 million).

### iii. Information Management Participation Program 2022 - 2025

On October 5, 2022, the Group introduced a management participation program that entitles selected members of the senior management of the Information Management segment to acquire shares in INFORM P. LYKOS HOLDINGS S.A., Athens (ILG). Under this program, holders of exercisable options have the right to purchase shares free of charge within a specified period after their grant in fiscal year 2026. The following terms and conditions form the basis of the promised management participation programs.

The total number of options to be granted depends on the return on invested capital ("ROIC") achieved in fiscal year 2025 compared to the fair value of the Information Management segment as of 31.12.2020. The ROIC is calculated using a defined formula based on the audited consolidated financial statements for fiscal year 2025.

| Options in % of share capital | Minimum yearly net ROIC |
|-------------------------------|-------------------------|
| 0%                            | < 8.4%                  |
| 2%                            | 8.4%                    |
| 4%                            | 11.8%                   |
| 6%                            | 14.9%                   |
| 8%                            | 17.6%                   |
| 10%                           | 20.1%                   |

Starting on 1 January 2022, the options will vest at 25% each at the end of the calendar years 2022, 2023, 2024 and 2025, whereby the number of options granted will not be determined until 2026 and may also be 0. If program participants are eliminated as defined 'bad leavers' before the end of 2025, they will lose all options. If program participants are eliminated as 'Good Leavers', they will retain the options that have not yet vested, but the remaining options that have not yet vested will be cancelled without consideration.

The fair value of the options determined on the basis of corporate planning at grant date amounts to € 2.4 million, of which the vested portion of € 0.6 million was recognized in the income statement in 2022 (previous year: € 0.0 million). This stock option plan has been classified as an equity-settled program.

## 12. Employee expenses

|                                                            | 2022              | 2021              |
|------------------------------------------------------------|-------------------|-------------------|
| Wages and salaries                                         | 46,019,880        | 31,529,523        |
| Social security contributions                              | 6,865,771         | 5,841,933         |
| Other expenses for personnel                               | 2,030,789         | 1,475,943         |
| Management participation program expense                   | 7,375,796         | 1,518,000         |
| Gain on defined benefit plan adjustment                    | 0                 | (500.843)         |
| Expenses related to defined benefit and contribution plans | 100,362           | 195,647           |
| <b>Total</b>                                               | <b>62,392,599</b> | <b>40,561,046</b> |

### 13. Income taxes

|                                    | 2022               | 2021               |
|------------------------------------|--------------------|--------------------|
| Current taxes                      | (4,546,477)        | (1,810,092)        |
| Deferred taxes                     | 983,283            | (436,308)          |
| <b>Income tax income (expense)</b> | <b>(3,563,194)</b> | <b>(2,246,400)</b> |

No deferred taxes were recognized for loss carryforwards of € 8,990,633. Loss carryforwards of € 204,123 will expire in 2023.

#### A. Income tax reconciliation

|                                                                                    |       | 2022               |       | 2021               |
|------------------------------------------------------------------------------------|-------|--------------------|-------|--------------------|
| <b>Earnings before tax</b>                                                         |       | <b>9,097,988</b>   |       | <b>12,286,918</b>  |
| Tax using the Company's domestic tax rate                                          | 25.0% | (5,126,508)        | 25.0% | (3,071,730)        |
| Effect of tax rates in foreign jurisdictions                                       |       | 2,392,273          |       | 875,185            |
| Change of tax rates                                                                |       | 67,174             |       | (6,086)            |
| Result from associated companies                                                   |       | 31,346             |       | 104,572            |
| Non-deductible expenses                                                            |       | (3,310,423)        |       | (660,984)          |
| Tax-exempt income                                                                  |       | 233,320            |       | 1,991,447          |
| Tax incentives                                                                     |       | 201,005            |       | 10,704             |
| Current-year losses for which no deferred tax asset is recognized                  |       | (1,232,692)        |       | (853,076)          |
| Recognition of previously unrecognised deferred tax asset on previously tax losses |       | 477,624            |       | 0                  |
| Other effects                                                                      |       | (148,325)          |       | (636,433)          |
| <b>Income taxes</b>                                                                |       | <b>(3,563,194)</b> |       | <b>(2,246,400)</b> |

In Austria, a tax reform was adopted on 20 January 2022 by the Parliament. Among other things, it provides for a gradual reduction of the corporate tax rate from 25% to 23% (2023: 24%, 2024: 23%). As a result, deferred tax assets decreased by € 67,174 in 2022. This decrease was recognized in the income statements

Other comprehensive income includes a decrease of an amount of € 69,029 for future adjustment of tax rates in financial year 2022.

#### B. Movement in deferred tax balances

|                                              | 31/12/2022       |                  | 31/12/2021       |                  |
|----------------------------------------------|------------------|------------------|------------------|------------------|
|                                              | Assets           | Liabilities      | Assets           | Liabilities      |
| Property, plant and equipment                | 466,836          | 3,156,162        | 485,656          | 3,356,378        |
| Intangible assets                            | 0                | 3,792,945        | 0                | 3,958,850        |
| Receivables                                  | 191,928          | 16,201           | 198,565          | (23,834)         |
| Other assets                                 | 175,529          | 486,175          | 62,477           | 587,327          |
| Loans and borrowings                         | 0                | 0                | 0                | (2,554)          |
| Employee benefits                            | 725,040          | 0                | 738,753          | 2,803            |
| Deferred income                              | 15,270           | 61,401           | 40,170           | 85,425           |
| Contract assets                              | 0                | 349,783          | 0                | 464,715          |
| Contract liabilities                         | 40,371           | 0                | 22,776           | 0                |
| Other liabilities                            | 178,703          | 1,161,595        | 171,996          | 733,149          |
| Tax loss carry-forwards                      | 1,289,927        | 0                | 1,004,680        | 0                |
| <b>Deferred tax assets / liabilities</b>     | <b>3,083,606</b> | <b>9,024,261</b> | <b>2,725,074</b> | <b>9,162,258</b> |
| Set-off of tax                               | (2,087,875)      | (2,087,875)      | (2,386,059)      | (2,388,747)      |
| <b>Net deferred tax assets / liabilities</b> | <b>995,731</b>   | <b>6,936,386</b> | <b>339,015</b>   | <b>6,773,511</b> |

Deferred tax assets were not recognized on tax loss carryforwards of € 8,990,633 (31/12/2021: € 4,136,968) as of 31 December 2022. Deferred tax assets on tax loss carryforwards have been capitalized up to the extent that they are covered with expected usable tax profits in a given time frame. The time frame is five to seven years or shorter depending on the tax jurisdiction.

## Assets

## 14. Property, plant and equipment and right of use assets

## A. Reconciliation of carrying amount

|                                                       | Land and buildings | Plant and equipment | Fixtures and fittings | Under construction | Total              |
|-------------------------------------------------------|--------------------|---------------------|-----------------------|--------------------|--------------------|
| <b>Cost</b>                                           |                    |                     |                       |                    |                    |
| <b>Balance at 1 January 2021</b>                      | <b>91,141,545</b>  | <b>90,072,782</b>   | <b>18,965,406</b>     | <b>633,485</b>     | <b>200,813,218</b> |
| Additions                                             | 548,955            | 2,920,320           | 1,051,793             | 697,318            | 5,218,386          |
| Disposals                                             | (1,077,287)        | (636,774)           | (528,687)             | (556,557)          | (2,799,305)        |
| Transfers                                             | 0                  | (593,987)           | 717,614               | (123,628)          | 0                  |
| Acquisitions through business combinations            | 3,633,705          | 21,247,701          | 2,816,629             | 0                  | 27,698,035         |
| Effect of movements in exchange rates                 | (444,250)          | (399,451)           | (174,910)             | (6,141)            | (1,024,752)        |
| <b>Balance at 31 December 2021</b>                    | <b>93,802,668</b>  | <b>112,610,590</b>  | <b>22,847,846</b>     | <b>644,476</b>     | <b>229,905,581</b> |
| <b>Balance at 1 January 2022</b>                      | <b>93,802,668</b>  | <b>112,610,590</b>  | <b>22,847,846</b>     | <b>644,476</b>     | <b>229,905,581</b> |
| Effect IAS 29 beginning of period                     | 101,606            | 261,479             | 230,036               | 0                  | 593,120            |
| Additions                                             | 5,264,598          | 6,423,643           | 2,107,503             | 4,002,052          | 17,797,796         |
| Disposals                                             | (251,337)          | (5,250,755)         | (1,828,644)           | (942,375)          | (8,273,111)        |
| Transfers                                             | 85,261             | 2,007,820           | 164,996               | (2,258,077)        | 0                  |
| Effect IAS 29 reporting period                        | 212,695            | 286,841             | 189,374               | 0                  | 688,910            |
| Effect of movements in exchange rates                 | (246,965)          | (1,036,693)         | (199,518)             | (5,722)            | (1,488,899)        |
| <b>Balance at 31 December 2022</b>                    | <b>98,968,526</b>  | <b>115,302,925</b>  | <b>23,511,593</b>     | <b>1,440,354</b>   | <b>239,223,397</b> |
| <b>Accumulated amortization and impairment losses</b> |                    |                     |                       |                    |                    |
| <b>Balance at 1 January 2021</b>                      | <b>39,808,694</b>  | <b>65,574,603</b>   | <b>15,815,232</b>     | <b>0</b>           | <b>121,198,529</b> |
| Depreciation                                          | 1,586,728          | 4,453,667           | 1,049,730             | 0                  | 7,090,125          |
| Impairment                                            | 158,857            | 256,180             | 0                     | 0                  | 415,037            |
| Transfers                                             | 0                  | (430,759)           | 430,759               | 0                  | 0                  |
| Disposals                                             | (392,855)          | (713,638)           | (524,188)             | 0                  | (1,630,681)        |
| Acquisitions through business combinations            | 2,054,297          | 16,163,378          | 2,149,692             | 0                  | 20,367,367         |
| Effect of movements in exchange rates                 | (88,315)           | (271,004)           | (130,591)             | 0                  | (489,910)          |
| <b>Balance at 31 December 2021</b>                    | <b>43,127,406</b>  | <b>85,032,427</b>   | <b>18,790,634</b>     | <b>0</b>           | <b>149,950,467</b> |
| <b>Balance at 1 January 2022</b>                      | <b>43,127,406</b>  | <b>85,032,427</b>   | <b>18,790,634</b>     | <b>0</b>           | <b>149,950,467</b> |
| Effect IAS 29 beginning of period                     | 45,937             | 194,426             | 206,543               | 0                  | 446,906            |
| Depreciation                                          | 2,072,186          | 5,232,024           | 1,355,781             | 0                  | 8,659,991          |
| Impairment                                            | 0                  | 0                   | 0                     | 0                  | 0                  |
| Transfers                                             | 0                  | 0                   | 0                     | 0                  | 0                  |
| Disposals                                             | (159,723)          | (4,571,757)         | (1,776,139)           | 0                  | (6,507,619)        |
| Effect IAS 29 reporting period                        | 23,870             | 275,198             | 203,328               | 0                  | 502,697            |
| Effect of movements in exchange rates                 | (154,073)          | (887,515)           | (205,434)             | 0                  | (1,247,022)        |
| <b>Balance at 31 December 2022</b>                    | <b>44,955,602</b>  | <b>85,275,104</b>   | <b>18,574,713</b>     | <b>0</b>           | <b>148,805,419</b> |
| <b>Carrying amounts</b>                               |                    |                     |                       |                    |                    |
| At 1 January 2021                                     | 51,332,852         | 24,498,179          | 3,150,174             | 633,485            | 79,614,688         |
| <b>At 31 December 2021</b>                            | <b>50,675,262</b>  | <b>27,578,163</b>   | <b>4,057,213</b>      | <b>644,476</b>     | <b>82,955,114</b>  |
| <b>At 31 December 2022</b>                            | <b>54,012,924</b>  | <b>30,027,821</b>   | <b>4,939,880</b>      | <b>1,440,354</b>   | <b>90,417,978</b>  |

## B. Right of use assets

Property, plant and equipment and right-of-use-assets include assets owned by the group as well as assets the group is obliged to use on base of contractual agreements (lease contracts in accordance with IFRS 16) and which are therefore recognised. Right-of-use-assets defined as "Investment property" do not exist in the group.

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The group leases building spaces, company flats, technical equipment, machines and cars. Following right of use assets are recognized in balance per 31/12/2022:

|                                      | Land and buildings | Plant and equipment | Fixtures and fittings | Total             |
|--------------------------------------|--------------------|---------------------|-----------------------|-------------------|
| <b>Carrying amounts</b>              |                    |                     |                       |                   |
| <b>Balance at 01 January 2021</b>    | <b>1,798,711</b>   | <b>8,360,840</b>    | <b>112,023</b>        | <b>10,271,574</b> |
| Additions cost                       | 1,485,900          | 1,109,657           | 18,562                | 2,614,119         |
| Disposal cost                        | 0                  | (1,632,006)         | 0                     | (1,632,006)       |
| Depreciations                        | (334,957)          | (1,456,092)         | (40,997)              | (1,986,182)       |
| <b>Balance at 31 December 2021</b>   | <b>2,949,654</b>   | <b>6,381,703</b>    | <b>89,589</b>         | <b>9,420,945</b>  |
| Adjustments previous year            | (233,711)          | 566,560             | 41,557                | 374,405           |
| Additions cost                       | 4,051,897          | 2,460,398           | 16,084                | 6,528,379         |
| Disposal cost                        |                    | (126,298)           | 0                     | (126,298)         |
| Depreciations                        | (593,773)          | (1,615,533)         | (58,255)              | (2,267,560)       |
| Effect IAS 29 hyperinflation         | 253,814            | 0                   | 12,025                | 265,840           |
| Effect of movement in exchange rates | 0                  | 98,381              | 0                     | 98,381            |
| <b>Balance at 31 December 2022</b>   | <b>6,427,881</b>   | <b>7,765,210</b>    | <b>101,000</b>        | <b>14,294,091</b> |

Short-term leases, (lease term < 12 months) and leases for which the underlying asset is of low value are not recognized in the group. Lease payments associated with those leases of € 1,157,803 (31/12/2021: € 356,440) were recognized directly as an expense in business year 2022. The previous year's figure has been corrected by fixed asset values incorrectly shown as rights of use in this table. Acquisition costs for plant and equipment as well as fixtures and fittings were overstated in this figure by € 614,496 in the previous year. Depreciation for buildings, plant and equipment as well as fixtures and fittings were overstated by € 988,901.

### C. Measurement of fair values

#### i. Fair value hierarchy

The fair value of land and buildings is determined regularly by external independent appraisers, who have recognized professional qualifications and recent experience in the location and category of property assessed. If the difference of fair value compared to carrying amount is material, a revaluation is recognized. Based on data taken into account in the valuation technique, the measurement of fair value for these properties is at Level 3.

#### ii. Valuation technique and significant unobservable inputs

The carrying amount of the property using the cost model would have been € 31.8 million as at 31/12/2022 (31/12/2021: € 31.8 million).

#### *Land and buildings used for production in Greece*

The fair value of real estate in Greece amounts to € 11.4 million (2021: € 11.4 million). Given that there were no significant changes in 2022, the last revaluation was carried out as of 31/12/2020. The study conducted by the independent appraiser based on market indications on similar properties, incorporating adjustments for factors specific to the property for revaluation, such as size of land and buildings, use, location and any encumbrances. The main input factors for the valuation are the fair value of land per square meter which was appraised at € 179 on average and the replacement cost per square meter which were appraised at € 309/m<sup>2</sup> on average. If these parameters were increased or decreased by 10% then the fair value would have changed +/- € 1.5 million.

#### *Land and buildings used for production in Romania*

The fair value of real estate in Romania amounts to € 5.7 million (2021: € 5.7 million). The last revaluation was carried out as of 31/12/2022 and resulted in an immaterial adjustment. For the valuation of the Group's property in Romania was used the same valuation technique, as that was used and described for the properties in Greece. The main input factors for the valuation are the fair value of land per square meter which was appraised at € 143 and the construction cost per square meter which were appraised at € 376 on average after adjustments for current condition of the real estate and market conditions. If these parameters were increased or decreased by 10% then the fair value would have changed +/- € 1.6 million.

#### *Land and buildings used for production in Austria*

The fair value of real estate in Greece amounts to € 14.7 million (2021: € 14.7 million). The last revaluation was carried out as of 31/12/2020. The valuation was performed by an independent expert using the gross-rental method which comprises the land on which a building is located as well as the building and all related facilities. The valuation of the building and related facilities is based on the yearly attainable income, including the factors that influence value (e.g. impairment due to age and maintenance condition) whereas the valuation of land is based on recent transactions of similar real estates. The main input factors for the valuation are the fair value of land per square meter which was appraised at € 330 and the yield value per square meter which was appraised at € 6.5/m<sup>2</sup> on average. In relation to the present rental space of 12,334 m<sup>2</sup>, this means a market value of rounded € 1,190,- per m<sup>2</sup> of rental space. An increase or decrease of this market value by 10% would change the fair value by +/- € 1.5 million.

### D. Encumbrances

There are encumbrances on the Group's fixed assets for an amount of € 16,600,000 (31/12/2021: € 16,600,000), entirely attributable to land and building located in Austria with a carrying amount of € 14,680,000 (31/12/2021: € 14,680,000). Carrying amount of loans securitized with pledge as at December 31<sup>st</sup> 2022 is € 59,878,412 (31/12/2021: € 47,422,036).

## 15. Intangible assets and goodwill

## A. Reconciliation of carrying amount

|                                                       | Goodwill          | Software,<br>patents,<br>licenses | Internal<br>development | Customer<br>contracts | Total             |
|-------------------------------------------------------|-------------------|-----------------------------------|-------------------------|-----------------------|-------------------|
| <b>Cost</b>                                           |                   |                                   |                         |                       |                   |
| <b>Balance at 1 January 2021</b>                      | <b>10,988,026</b> | <b>28,163,260</b>                 | <b>7,558,123</b>        | <b>13,667,179</b>     | <b>60,376,588</b> |
| Additions                                             | 0                 | 3,454,055                         | 2,174,857               | (8)                   | 5,628,912         |
| Disposals                                             | 0                 | (103,213)                         | 0                       | 0                     | (103,213)         |
| Acquisitions through business combinations            | 19,223,286        | 694,538                           | 0                       | 8,648,327             | 28,566,151        |
| Effect of movements in exchange rates                 | (8,671)           | (87,691)                          | (4,384)                 | (41,679)              | (142,425)         |
| <b>Balance at 31 December 2021</b>                    | <b>30,202,641</b> | <b>32,120,949</b>                 | <b>9,728,596</b>        | <b>22,273,827</b>     | <b>94,326,013</b> |
| <b>Balance at 1 January 2022</b>                      | <b>30,202,641</b> | <b>32,120,949</b>                 | <b>9,728,596</b>        | <b>22,273,827</b>     | <b>94,326,013</b> |
| Effect IAS 29 beginning of period                     | 0                 | 51,547                            | 0                       | 0                     | 51,547            |
| Additions                                             | 0                 | 1,611,288                         | 2,017,934               | 0                     | 3,629,22          |
| Disposals                                             | (310,528)         | (523,220)                         | 0                       | 0                     | (833,748)         |
| Effect IAS 29 reporting period                        | 0                 | 85,158                            | 0                       | 0                     | 85,158            |
| Effect of movements in exchange rates                 | (1,072,743)       | (53,961)                          | 50                      | 365                   | (1,126,290)       |
| <b>Balance at 31 December 2022</b>                    | <b>28,819,370</b> | <b>33,291,760</b>                 | <b>11,746,579</b>       | <b>22,274,192</b>     | <b>96,131,900</b> |
| <b>Accumulated amortization and impairment losses</b> |                   |                                   |                         |                       |                   |
| <b>Balance at 1 January 2021</b>                      | <b>0</b>          | <b>24,327,234</b>                 | <b>3,095,456</b>        | <b>1,575,884</b>      | <b>28,998,573</b> |
| Amortization                                          | 0                 | 1,215,921                         | 1,248,093               | 1,440,200             | 3,904,213         |
| Impairment                                            | 0                 | 0                                 | 399,709                 | 0                     | 399,709           |
| Disposals                                             | 0                 | (71,809)                          | 0                       | 0                     | (71,809)          |
| Acquisitions through business combinations            | 0                 | 517,271                           | 0                       | 0                     | 517,271           |
| Effect of movements in exchange rates                 | 0                 | (66,386)                          | (1,306)                 | (5,136)               | (72,828)          |
| <b>Balance at 31 December 2021</b>                    | <b>0</b>          | <b>25,922,230</b>                 | <b>4,741,951</b>        | <b>3,010,948</b>      | <b>33,675,129</b> |
| <b>Balance at 1 January 2022</b>                      | <b>0</b>          | <b>25,922,230</b>                 | <b>4,741,951</b>        | <b>3,010,948</b>      | <b>33,675,129</b> |
| Effect IAS 29 beginning of period                     | 0                 | 39,217                            | 0                       | 0                     | 39,217            |
| Amortization                                          | 0                 | 1,694,058                         | 1,566,860               | 2,486,572             | 5,747,490         |
| Impairment                                            | 0                 | 0                                 | 0                       | 0                     | 0                 |
| Disposals                                             | 0                 | (520,471)                         | 0                       | 0                     | (520,471)         |
| Effect IAS 29 reporting period                        | 0                 | 71,622                            | 0                       | 0                     | 71,622            |
| Effect of movements in exchange rates                 | 0                 | (46,230)                          | (270)                   | (494)                 | (46,993)          |
| <b>Balance at 31 December 2022</b>                    | <b>0</b>          | <b>27,160,426</b>                 | <b>6,308,541</b>        | <b>5,497,026</b>      | <b>38,965,884</b> |
| <b>Carrying amounts</b>                               |                   |                                   |                         |                       |                   |
| At 1 January 2021                                     | 10,988,026        | 3,836,027                         | 4,462,667               | 12,091,295            | 31,378,015        |
| <b>At 31 December 2021</b>                            | <b>30,202,641</b> | <b>6,198,719</b>                  | <b>4,986,644</b>        | <b>19,262,879</b>     | <b>60,650,884</b> |
| <b>At 31 December 2022</b>                            | <b>28,819,370</b> | <b>6,131,334</b>                  | <b>5,438,038</b>        | <b>16,777,166</b>     | <b>57,165,908</b> |

The change in goodwill is primarily due to the adjustment of goodwill for TAG Systems UK Ltd. (formerly Nitecrest Ltd.). In the course of the purchase price allocation as of 31.12.2021, which was based on preliminary reporting figures of the company, goodwill of € 18.3 million was identified. In 2022 this preliminary goodwill was adjusted due to changes in the closing balance sheet as of 31.12.2021 and due to a higher than anticipated contingent consideration and as a result reduced by € 0.2 million. The contingent consideration was paid to the sellers in 2022 and is presented in the cash-flow from investing activities in the section Payments for acquisition of subsidiaries and business. The remaining disposal of goodwill amounting to € 0.1m results from disposal of goodwill for a subsidiary in Albania.

## B. Impairment test

Impairment tests were performed for cash-generating units (CGU) which goodwill was allocated to.

| Cash-generating units and allocated goodwill | 31/12/2022        | 31/12/2021        |
|----------------------------------------------|-------------------|-------------------|
| INFORM Romania                               | 1,997,105         | 1,997,105         |
| TAG SYSTEMS Group                            | 24,880,742        | 26,174,750        |
| Other                                        | 1,941,523         | 2,030,786         |
| <b>Total</b>                                 | <b>28,819,370</b> | <b>30,202,641</b> |

For other fixed assets no impairments (previous year: € 1,475,611) were made in the financial year.

### INFORM Romania

As at 31 December 2022 the estimated amount of INFORM Romania exceeded its carrying amount by approximately € 9.5 million (2021: € 7.5 million). The following tables show key assumptions as well as the value by which key assumptions (discount rate and EBITDA growth rate) would need to change individually for the estimated recoverable amount following the value-in-use method to be equal to the carrying amount. The used discount rate represents the weighted cost of capital for the CGU. The assumed EBITDA growth rate for the next five years is based on internal budgets.

| Key assumptions                                                        | 2022  | 2021  |
|------------------------------------------------------------------------|-------|-------|
| Discount rate                                                          | 11.4% | 9.6%  |
| Growth rate residual value                                             | 1.5%  | 1.5%  |
| Forecast EBITDA growth rate (average 5 years)                          | 10.7% | 0.7%  |
| <b>Change required for carrying amount to equal recoverable amount</b> |       |       |
| Sensitivity analysis                                                   | 2022  | 2021  |
| <i>(in percentage points)</i>                                          |       |       |
| Discount rate                                                          | 8.1   | 4.7   |
| Budgeted EBITDA growth rate                                            | (8.3) | (4.6) |

### TAG Systems

As at 31 December 2021 the estimated amount of CGU TAG Systems exceeded its carrying amount by € 223.5 million (2021: €148.0 million). The following tables show key assumptions as well as the value by which key assumptions (discount rate and EBITDA growth rate) would need to change individually for the estimated recoverable amount following the value-in-use method to be equal to the carrying amount. The used discount rate represents the weighted cost of capital for the CGU. The assumed EBITDA growth rate for the next five years is based on internal budgets.

| Key assumptions                                                        | 2022   | 2021   |
|------------------------------------------------------------------------|--------|--------|
| Discount rate                                                          | 9.8%   | 8.4%   |
| Growth rate residual value                                             | 0.0%   | 1.0%   |
| Forecast EBITDA growth rate (average 5 years)                          | 18.0%  | 16.8%  |
| <b>Change required for carrying amount to equal recoverable amount</b> |        |        |
| Sensitivity analysis                                                   | 2022   | 2021   |
| <i>(in percentage points)</i>                                          |        |        |
| Discount rate                                                          | 30.5   | 13.5   |
| Budgeted EBITDA growth rate                                            | (25.2) | (17.5) |

## 16. Equity-accounted investees

TAG Cadena SAS, a company accounted for using the equity method, was already in liquidation as of balance sheet date and was deconsolidated in the financial year 2022. The liquidation was completed in early 2023. The final financial statements 2022 of the only remaining company accounted for using the equity method were not yet available as of the balance sheet date.

### Summarised financial information

|                                         | Seglan SL<br>31/12/2022 preliminary |
|-----------------------------------------|-------------------------------------|
| <b>Percentage ownership interest</b>    | <b>25.00 %</b>                      |
| Non-current assets                      | 1,610,890                           |
| Current assets                          | 1,767,252                           |
| Non-current liabilities                 | (14,336)                            |
| Current liabilities                     | (427,278)                           |
| <b>Net assets (100%)</b>                | <b>2,936,528</b>                    |
| Group's share of net assets 31.12.20221 | 734,132                             |
| Revenues                                | 1,976,808                           |
| Total Profit (100 %)                    | 219,626                             |

### Reconciliation of carrying amount

|                                                                  | Seglan SL<br>31/12/2022 |
|------------------------------------------------------------------|-------------------------|
| <b>Percentage ownership interest</b>                             | <b>25.00%</b>           |
| <b>Carrying amount of interest in associate as of 1.1.2022</b>   | <b>260,000</b>          |
| Group's share of profit registered in 2022                       | 45,536                  |
| Dividends received                                               | (13,746)                |
| <b>Carrying amount of interest in associate as of 31.12.2022</b> | <b>291,790</b>          |
| thereof goodwill from acquisition                                | 0                       |

## 17. Inventory

|                                  | 31/12/2022        | 31/12/2021        |
|----------------------------------|-------------------|-------------------|
| Raw materials and consumables    | 31,797,278        | 19,278,603        |
| Work in progress                 | 51,531            | 68,835            |
| Finished and semi-finished goods | 1,249,605         | 1,960,140         |
| Merchandise                      | 1,658,653         | 864,767           |
| Goods in transit                 | 1,317,311         | 1,015,997         |
| <b>Total</b>                     | <b>36,074,378</b> | <b>23,187,892</b> |

In 2022, inventories of amount € 107,408,704 (2021: € 54,114,841) were recognized as cost during the period and included in "Cost of Sales". Expenses due to inventories having been written down to net realizable value amount to € 803,163 (2021: € 427,277). As at 31<sup>st</sup> December 2022, the carrying amount of inventories which were depreciated as a result of the measurement at net realizable value is € 2,838,442 (31/12/2021: € 2,540,037).

## 18. Trade and other receivables

|                                                      | 31/12/2022        | 31/12/2021        |
|------------------------------------------------------|-------------------|-------------------|
| Trade receivables                                    | 42,637,792        | 30,835,461        |
| Minus: Allowance for doubtful accounts               | (2,600,480)       | (1,568,508)       |
|                                                      | <b>40,037,312</b> | <b>29,266,953</b> |
| Advance payments                                     | 547,334           | 447,670           |
| Personnel prepayments and loans                      | 136,541           | 122,465           |
| VAT and other Tax related receivables                | 2,404,581         | 1,484,022         |
| Deferred expenses                                    | 1,308,405         | 1,157,765         |
| Deposits                                             | 115,447           | 77,647            |
| Other non-financial receivables and assets           | 1,635,693         | 140,907           |
| <i>Other receivables - non financial instruments</i> | <i>6,148,001</i>  | <i>3,430,476</i>  |
| Securities at fair value through profit & loss       | 504,607           | 788,902           |
| Factoring receivables                                | 610,720           | 3,211,987         |
| Financial instruments at fair value through OCI      | 3,018,754         | 0                 |
| Other financial receivables and assets               | 1,751,462         | 1,229,344         |
| <i>Other receivables - financial instruments</i>     | <i>5,885,543</i>  | <i>5,230,234</i>  |
| <b>Other receivables</b>                             | <b>12,033,544</b> | <b>8,660,709</b>  |
| <b>Total</b>                                         | <b>52,070,857</b> | <b>37,927,663</b> |
| Non-current                                          | 4,533,021         | 634,484           |
| Current                                              | 47,537,835        | 37,293,178        |
|                                                      | <b>52,070,857</b> | <b>37,927,663</b> |

## 19. Cash and cash equivalents

|               | 31/12/2022        | 31/12/2021        |
|---------------|-------------------|-------------------|
| Cash at hand  | 38,831            | 16,941            |
| Bank balances | 21,589,574        | 11,467,302        |
| <b>Total</b>  | <b>21,628,404</b> | <b>11,484,243</b> |

## Equity and Liabilities

### 20. Capital and additional paid in capital

#### A. Share capital and additional paid in capital

At the extraordinary general meeting of the Company on 19.10.2022, a capital increase against contribution in kind was resolved in which all minority shareholders of AUSTRIACARD GmbH contributed their entire shareholding to the Company as a contribution in kind and the Company now holds 100% of the shares in Austria Card GmbH. At the same time the minority shareholders of AUSTRIACARD GmbH received new shares in the Company created by way of a capital increase with a nominal value of EUR 1.00 each at an issue price of EUR 13.37 per share. As part of this capital increase against contribution in kind, the Company's equity was increased by a total of € 29,735,067.18 (corresponding to the issue price of the new shares), of which € 2,224,014.00 (corresponding to the nominal increase amount) was issued as new share capital and the remaining difference of EUR 27,511,053.18 (premium) was allocated to appropriated additional paid-in capital. The share capital of the Company was thus increased from € 14,638,053.00 by € 2,224,014.00 to € 16,862,067.00 against contribution in kind by issuing 2,224,014 new shares. The share capital is divided into 16,862,067 shares with a nominal value of EUR 1 each.

In order to present share capital and share premium in accordance with the Company's statutory financial statements, share capital as well as capital reserves have been increased as described above and retained earnings have been decreased in the total amount of € 29.7 million.

As a consequence of this transaction, existing put option rights of these minority shareholders of AUSTRIACARD GmbH to sell their shares to the company also expired. The related liabilities were revalued and the resulting expense of € 3.0m was recognised in financial expenses and subsequently the entire revalued liability was derecognised and the related income of € 11.4m was recognised directly in accumulated results in equity. Also due to this transaction non-controlling interest related to AUSTRIACARD GmbH amounting to € 1.1m was transferred to the equity attributable to the owners of the Company and increased retained earnings.

#### B. Authorized capital

At the Extraordinary General Meeting on 30 November 2022 the following key resolutions were passed:

1. In preparation for the intended stock exchange listing, the company's shares were converted from registered shares into bearer shares;
2. The Management Board was authorized to increase the share capital with the approval of the Supervisory Board – also in several tranches – by 30.11.2027 an amount of up to € 8,431,033 by issuing up to 8,431,033 par value bearer shares with voting rights against contribution in cash and/or in kind, whereby the issue price and the issue conditions shall be determined by the Management Board with the approval of the Supervisory Board. Furthermore the Management Board is with approval of the Supervisory Board authorized to fully or partly exclude the subscription rights of the shareholders (exclusion of the subscription rights) (i) if the capital increase is effected against cash contribution and the total portion of the Company's share capital represented by the shares issued against cash contribution under exclusion of the subscription rights does not exceed 10% (ten percent) of the Company's share capital at the time the authorization is granted, (ii) if the capital increase is effected against contribution in kind, or (iii) for the settlement of fractional amounts.

### 21. Capital management

The Group's policy is to maintain a strong capital base so as to maintain a high level of confidence of shareholders, creditors and the market, as well as to sustain future development of the business. Management monitors the return on capital and aims at a medium-term performance of dividends to shareholders.

The board of directors tries to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital base. The Group monitors capital using a gearing ratio.

This ratio is calculated as adjusted total liabilities divided by total equity.

|                                                   | 31/12/2022         | 31/12/2021         |
|---------------------------------------------------|--------------------|--------------------|
| Total liabilities                                 | 186,489,686        | 161,030,645        |
| Minus: Cash and cash equivalents                  | (21,628,404)       | (11,484,243)       |
| <b>Adjusted total liabilities</b>                 | <b>164,861,282</b> | <b>149,546,402</b> |
| <b>Total equity</b>                               | <b>83,663,531</b>  | <b>68,434,431</b>  |
| <b>Adjusted total liabilities to Total equity</b> | <b>1.97</b>        | <b>2.19</b>        |

## 22. Loans and Borrowings

|                                | 31/12/2022        | 31/12/2021        |
|--------------------------------|-------------------|-------------------|
| <b>Non-current liabilities</b> |                   |                   |
| Secured bank loans             | 34,242,061        | 37,576,761        |
| Unsecured bank loans           | 21,667,986        | 24,730,615        |
| Bonds                          | 6,112,500         | 9,987,500         |
| Lease liabilities              | 8,603,190         | 3,547,938         |
|                                | <b>70,625,737</b> | <b>75,842,814</b> |
| <b>Current liabilities</b>     |                   |                   |
| Secured bank loans             | 12,167,764        | 9,845,276         |
| Unsecured bank loans           | 8,246,628         | 4,151,671         |
| Bank overdraft                 | 0                 | 972,833           |
| Bonds                          | 4,875,000         | 1,275,000         |
| Lease liabilities              | 2,310,413         | 4,492,282         |
|                                | <b>27,599,805</b> | <b>20,737,061</b> |
| <b>Total</b>                   | <b>98,225,542</b> | <b>96,579,875</b> |

## A. Terms and maturity

|                      | Currency | Interest rate fixed/<br>variable | Range                               |                  | Carrying amount in Euro |                   |
|----------------------|----------|----------------------------------|-------------------------------------|------------------|-------------------------|-------------------|
|                      |          |                                  | Nominal interest rate               | Year of maturity | 31/12/2022              | 31/12/2021        |
| Secured bank loans   | EUR      | variabel                         | EURIBOR + 1.45% - 5.00%             | 2023-2028        | 42,317,487              | 43,379,291        |
|                      | EUR      | fixed                            | 1.50%-1.70%                         | 2024             | 409,631                 | 1,497,552         |
|                      | USD      | fixed                            | 10%                                 | 2026             | 42,865                  | 0                 |
|                      | RON      | variabel                         | ROBOR 3M + 2 %<br>EURIBOR 3M +3.25% | 2023             | 3,985,200               | 2,545,194         |
|                      |          |                                  |                                     |                  | <b>46,755,183</b>       | <b>47,422,036</b> |
| Unsecured bank loans | EUR      | variable                         | EURIBOR + 1.35% - 3.50%             | 2023-2028        | 27,705,710              | 27,237,130        |
|                      | EUR      | fixed                            | 1.53%                               | 2025             | 748,443                 | 1,085,971         |
|                      | USD      | fixed                            | 3.00%                               | 2026             | 1,437,590               | 559,185           |
|                      | RON      | fixed                            | ROBOR 3M +3.25%                     | 2023             | 180,733                 | 0                 |
|                      |          |                                  |                                     |                  | <b>30,000,476</b>       | <b>28,882,286</b> |
| Bonds                | EUR      | variable                         | EURIBOR + 2.50%-3.60%               | 2023-2027        | <b>10,987,500</b>       | <b>11,262,500</b> |
| <b>Total</b>         |          |                                  |                                     |                  | <b>87,743,158</b>       | <b>87,566,822</b> |

Securities have been provided for liabilities to banks in the amount of EUR 46,409,825 (previous year: EUR 47,422,036). The material securities are a pledge on a land and building and pledges on shares in three subsidiaries.

## B. Lease liabilities

|                            | Future minimum lease payments |                  | Interest         |                | Present value of minimum lease payments |                  |
|----------------------------|-------------------------------|------------------|------------------|----------------|-----------------------------------------|------------------|
|                            | 2022                          | 2021             | 2022             | 2021           | 2022                                    | 2021             |
| Less than one year         | 3,236,783                     | 3,571,376        | 347,035          | 240,453        | 2,889,747                               | 3,330,924        |
| Between one and five years | 6,821,342                     | 4,369,482        | 681,211          | 222,438        | 6,140,131                               | 4,147,045        |
| More than five years       | 1,963,844                     | 581,165          | 80,119           | 18,913         | 1,883,725                               | 562,252          |
|                            | <b>12,021,969</b>             | <b>8,522,024</b> | <b>1,108,365</b> | <b>481,804</b> | <b>10,913,604</b>                       | <b>8,040,220</b> |

### C. Reconciliation of loans and borrowings

|                                                                   | Secured Loans & Borrowings | Unsecured Loans & Borrowings | Bank overdraft   | Bonds             | Leasing            | Total              |
|-------------------------------------------------------------------|----------------------------|------------------------------|------------------|-------------------|--------------------|--------------------|
| <b>1 January 2022</b>                                             | <b>47,422,036</b>          | <b>28,882,286</b>            | <b>972,833</b>   | <b>11,262,500</b> | <b>8,040,220</b>   | <b>96,579,875</b>  |
| Proceeds from loans and borrowings                                | 6,517,462                  | 4,052,536                    | 1,200,000        | 1,000,000         | 0                  | 12,769,998         |
| Repayment of loans and borrowings                                 | (7,529,057)                | (3,070,451)                  | (2,172,833)      | (1,275,000)       | 0                  | (14,047,341)       |
| Repayment of lease liabilities                                    | 0                          | 0                            | 0                | 0                 | (3,798,668)        | (3,798,668)        |
| <b>Sum of changes due to cash flows from financing activities</b> | <b>(1,011,595)</b>         | <b>982,085</b>               | <b>(972,833)</b> | <b>(275,000)</b>  | <b>(3,798,668)</b> | <b>(5,076,011)</b> |
| <b>Changes in consolidation scope</b>                             | <b>0</b>                   | <b>0</b>                     | <b>0</b>         | <b>0</b>          | <b>0</b>           | <b>0</b>           |
| <b>Changes in exchange rate</b>                                   | <b>(616)</b>               | <b>50,243</b>                | <b>0</b>         | <b>0</b>          | <b>(166,283)</b>   | <b>(116,656)</b>   |
| New lease liabilities                                             | 0                          | 0                            | 0                | 0                 | 7,174,289          | 7,174,289          |
| Interest expenses                                                 | 0                          | 0                            | 0                | 0                 | (335,955)          | (335,955)          |
| <b>31 December 2022</b>                                           | <b>46,409,825</b>          | <b>29,914,614</b>            | <b>0</b>         | <b>10,987,500</b> | <b>10,913,602</b>  | <b>98,225,542</b>  |

|                                                                   | Secured Loans & Borrowings | Unsecured Loans & Borrowings | Bank overdraft | Bonds             | Leasing            | Total             |
|-------------------------------------------------------------------|----------------------------|------------------------------|----------------|-------------------|--------------------|-------------------|
| <b>1 January 2021</b>                                             | <b>39,498,010</b>          | <b>12,242,687</b>            | <b>0</b>       | <b>9,500,000</b>  | <b>7,598,167</b>   | <b>68,838,864</b> |
| Proceeds from loans and borrowings                                | 13,711,966                 | 20,587,865                   | 972,833        | 3,200,000         | 146,794            | 38,619,458        |
| Repayment of loans and borrowings                                 | (5,798,887)                | (4,231,288)                  | 0              | (1,437,500)       | 0                  | (11,976,120)      |
| Repayment of lease liabilities                                    | 0                          | 0                            | 0              | 0                 | (2,724,768)        | (2,724,768)       |
| <b>Sum of changes due to cash flows from financing activities</b> | <b>7,913,078</b>           | <b>15,848,133</b>            | <b>972,833</b> | <b>1,762,500</b>  | <b>(2,577,974)</b> | <b>23,918,569</b> |
| <b>Changes in consolidation scope</b>                             | <b>0</b>                   | <b>559,185</b>               | <b>0</b>       | <b>0</b>          | <b>2,470,892</b>   | <b>3,030,078</b>  |
| <b>Changes in exchange rate</b>                                   | <b>10,948</b>              | <b>232,282</b>               | <b>0</b>       | <b>0</b>          | <b>(131,446)</b>   | <b>111,784</b>    |
| New lease liabilities                                             | 0                          | 0                            | 0              | 0                 | 881,092            | 881,092           |
| Interest expenses                                                 | 0                          | 0                            | 0              | 0                 | (200,511)          | (200,511)         |
| <b>31 December 2021</b>                                           | <b>47,422,036</b>          | <b>28,882,286</b>            | <b>972,833</b> | <b>11,262,500</b> | <b>8,040,220</b>   | <b>96,579,875</b> |

### 23. Trade and other payables

|                                                   | 31/12/2022        | 31/12/2021        |
|---------------------------------------------------|-------------------|-------------------|
| <b>Trade payables</b>                             | <b>43,969,030</b> | <b>24,279,428</b> |
| Social security                                   | 1,488,269         | 1,226,578         |
| Wages and salaries payable                        | 474,684           | 311,250           |
| Accruals – personnel related                      | 2,417,549         | 1,651,007         |
| VAT payable and other taxes                       | 4,056,833         | 3,027,820         |
| Other non-financial payables                      | 123,748           | 283,540           |
| <b>Other payables - non financial instruments</b> | <b>8,561,084</b>  | <b>6,500,466</b>  |
| Dividends payable                                 | 20,498            | 32,332            |
| Other financial payables                          | 3,809,803         | 13,255,683        |
| <b>Other payables - financial instruments</b>     | <b>3,830,301</b>  | <b>13,288,015</b> |
| <b>Other payables</b>                             | <b>12,391,386</b> | <b>19,788,481</b> |
| <b>Total</b>                                      | <b>56,360,416</b> | <b>44,067,909</b> |
| Non-current                                       | 11,332            | 8,611,733         |
| Current                                           | 56,349,084        | 35,423,175        |
|                                                   | <b>56,360,416</b> | <b>44,067,909</b> |

For details on changes in other long-term financial liabilities see note 20 A.

## Financial instruments

## 24. Financial instruments – Fair values and risk management

## A. Accounting classifications and fair values

The financial instruments carried at fair value through profit and loss concerns an investment in a quoted mixed fund consisting of a mix of securities and equity investments as well as interest rate swaps and put options granted for non-controlling interests in a subsidiary. The fair value of all financial instruments approximates the carrying amount and corresponds to a Level 2 fair value according to IFRS 13.

| 31 December 2022          | At amortized cost  | FVTPL          | FVTOCI           | Non-financial instruments | Total              |
|---------------------------|--------------------|----------------|------------------|---------------------------|--------------------|
| <b>Assets</b>             |                    |                |                  |                           |                    |
| Trade receivables         | 40,037,313         | 0              | 0                | 0                         | <b>40,037,313</b>  |
| Other receivables         | 2,362,182          | 504,607        | 3,018,754        | 6,148,001                 | <b>12,033,544</b>  |
| Cash and cash equivalents | 21,628,404         | 0              | 0                | 0                         | <b>21,628,404</b>  |
| <b>Total</b>              | <b>64,027,899</b>  | <b>504,607</b> | <b>3,017,754</b> | <b>6,148,001</b>          | <b>73,699,261</b>  |
| <b>Liabilities</b>        |                    |                |                  |                           |                    |
| Loans and borrowings      | 98,225,542         | 0              | 0                | 0                         | <b>98,225,542</b>  |
| Trade payables            | 43,969,030         | 0              | 0                | 0                         | <b>43,969,030</b>  |
| Other payables            | 3,830,301          | 0              | 0                | 8,561,084                 | <b>12,391,386</b>  |
| <b>Total</b>              | <b>146,024,874</b> | <b>0</b>       | <b>0</b>         | <b>8,561,084</b>          | <b>154,585,958</b> |

As of 31.12.2022, the positive fair values of the interest rate swaps are recognised in other receivables at fair value through OCI.

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

As of 31.12.2021, the negative fair values of the interest rate swaps were recognised in other payables at fair value through OCI.

### i. Derivative financial instruments and hedges

For risk management purposes, the Group holds interest rate swaps for material non-current financial liabilities, which are designated in hedging relationships to hedge cash flows. The variable amounts of the interest rate swaps are linked to the Euribor. The Group's derivative instruments are governed by contracts and preferably concluded with those banks with which the underlying financial liability exists.

The fair value of the interest rate swaps is determined as the present value of the estimated future cash flows. Estimates of future cash flows from variable interest payments are based on quoted swap rates, future prices and interbank interest rates. The estimated cash flows are discounted using a yield curve constructed from a similar source that reflects the relevant comparative interbank interest rate as used by market participants in the pricing of interest rate swaps.

The hedging relationship may become ineffective if the nominal value of the underlying transactions falls below that of the derivative. If a hedging relationship is no longer effective, rebalancing must restore effectiveness. The Group's derivatives were fully effective as of 31.12.2022 and as of 31.12.2021, there was no rebalancing.

The following table shows the value of the derivative financial instruments held by the Group as of 31 December 2022. The financial instruments, which were recorded as a cash flow hedge, form a valuation unit with the secured loans:

| Financial institution      | Derivative         | Beginning  | End        | Nominal value loan | Fixed interest rate | Market value 31/12/2022 |
|----------------------------|--------------------|------------|------------|--------------------|---------------------|-------------------------|
| Unicredit Bank Austria AG  | Interest Rate Swap | 30/06/2020 | 31/03/2027 | 14,300,000         | 0%                  | 796,656                 |
| Unicredit Bank Austria AG  | Interest Rate Swap | 27/10/2021 | 30/09/2028 | 21,000,000         | 0.15%               | 1,768,474               |
| National Bank of Greece SA | Interest Rate Swap | 30/12/2022 | 29/12/2028 | 3,800,000          | 0.685%              | 327,113                 |

The receivable from positive market values is reported as non-current other receivable in the balance sheet as of 31.12.2022.

The following table shows the value of the derivative financial instruments as of 31 December 2021, which were recorded as a cash flow hedge:

| Financial institution     | Derivative         | Beginning  | End        | Reference value GBP | Fixed interest rate | Market value 31/12/2021 |
|---------------------------|--------------------|------------|------------|---------------------|---------------------|-------------------------|
| Unicredit Bank Austria AG | Interest Rate Swap | 30/06/2020 | 31/03/2027 | 14,300,000          | 0%                  | -57,500                 |
| Unicredit Bank Austria AG | Interest Rate Swap | 27/10/2021 | 30/09/2028 | 21,000,000          | 0.15%               | -178,081                |

The liability from negative fair values was reported as a non-current financial liability in the balance sheet as of 31.12.2021.

## B. Risk Management

Risk management is coordinated at group level by the Board of Directors in close cooperation with Financial Directors of the Group's segments. It is focused primarily on ensuring short and medium-term cash inflows and solvency. The Group has exposure to various risks arising from financial instruments. The main types of these risks are the following:

- Credit risk
- Liquidity risk
- Market risk

### i. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Credit risk is managed through credit examinations, credit limits and verification routines. If counterparty's credit-worthiness is questionable, advance payments or Letter of Credits are requested. The Group's main customers are banks and utility companies with sound credit ratings which reduces the Group's overall credit risk. In order to further decrease credit risk the Group uses non-recourse factoring for certain customers. The carrying amount of financial assets and contract assets represents the maximum credit exposure.

Based on the empirical values of bad debts from five previous years, default probabilities are calculated in the Group, which are used to determine 'expected credit loss'.

| Trade receivables and Contract assets per country | 31/12/2022        | 31/12/2021        |
|---------------------------------------------------|-------------------|-------------------|
| Greece                                            | 4,896,591         | 4,199,824         |
| Albania                                           | 34,488            | 64,870            |
| Romania                                           | 13,405,712        | 9,307,357         |
| Austria                                           | 6,008,370         | 4,837,602         |
| Turkey                                            | 1,703,923         | 2,413,903         |
| United Kingdom                                    | 8,002,197         | 5,326,417         |
| United States of America                          | 4,135,723         | 2,266,326         |
| Other countries                                   | 12,702,770        | 9,543,490         |
| <b>Total</b>                                      | <b>50,889,775</b> | <b>37,959,789</b> |

| Credit risk for Trade receivables and Contract assets | 31/12/2022                 |                   |                           | 31/12/2021                 |                   |                           |
|-------------------------------------------------------|----------------------------|-------------------|---------------------------|----------------------------|-------------------|---------------------------|
|                                                       | Weighted average loss rate | Gross amount 2022 | Impairment loss allowance | Weighted average loss rate | Gross amount 2021 | Impairment loss allowance |
| Current - not past due                                | 1.7%                       | 36,167,317        | (625,778)                 | 0.1%                       | 27,600,364        | (24,178)                  |
| Past due 1 - 30 days                                  | 1.2%                       | 8,750,838         | (107,865)                 | 0.2%                       | 5,313,680         | (12,494)                  |
| Past due 31-90 days                                   | 0.9%                       | 4,289,839         | (40,650)                  | 0.1%                       | 3,161,200         | (2,335)                   |
| Past due 91-120 days                                  | 9.9%                       | 1,947,944         | (193,179)                 | 0.4%                       | 671,454           | (2,785)                   |
| Past due more than 121 days – credit impaired         |                            | 2,349,801         | (1,645,492)               |                            | 2,781,600         | (1,533,191)               |
| <b>Total</b>                                          |                            | <b>53,502,740</b> | <b>(2,612,964)</b>        |                            | <b>39,528,298</b> | <b>(1,574,983)</b>        |

For trade receivables and contract assets up to a maturity of 120 days an expected credit loss is calculated, for trade receivables and contract assets with a maturity of more than 121 days specific valuation allowances are made.

Allowance for impairment of Trade receivables and Contract assets

|                                               |                    |
|-----------------------------------------------|--------------------|
| <b>Balance at 1 January 2021</b>              | <b>(1,601,241)</b> |
| Addition to allowance                         | (4,567)            |
| Disposal of allowance for amounts written off | 28,166             |
| <b>Balance at 31 December 2021</b>            | <b>(1,568,508)</b> |
| Addition to allowance                         | (1,185,487)        |
| Disposal of allowance for amounts written off | 153,515            |
| <b>Balance at 31 December 2022</b>            | <b>(2,600,480)</b> |

### ii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Contractual maturities of long-term bank loans are contingent on the Group's compliance with contractual covenants. These covenants concern, among others, financial ratios such as Net Debt / EBITDA and Total equity / Total liabilities which are verified on an annual basis. Group management monitors these ratios closely as in case of non-compliance, long-term loans could be called due by the lending financial institutions.

The Group manages its liquidity needs by monitoring the contractual payments for long-term and short-term financial debt as well as the working capital requirements. Liquidity needs are monitored regularly and based on a 90-180 days forecast. Net cash requirements are compared to available borrowing limits, to identify surpluses or deficiencies in liquidity.

#### Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are undiscounted and include estimated interest payments.

| 31 December 2022                       | Carrying amount    | Total              | 1 year or less    | 1–2 years         | 2–5 years         | More than 5 years |
|----------------------------------------|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
| Secured bank loans                     | 46,409,825         | <b>50,188,564</b>  | 13,865,528        | 20,346,508        | 13,873,965        | 2,102,564         |
| Unsecured bank loans                   | 29,914,614         | <b>31,875,184</b>  | 8,858,187         | 5,173,129         | 14,317,618        | 3,526,250         |
| Bonds                                  | 10,987,500         | <b>11,587,231</b>  | 5,109,719         | 1,829,944         | 4,628,869         | 18,700            |
| Lease liabilities                      | 10,913,603         | <b>12,079,530</b>  | 3,289,022         | 2,281,988         | 3,811,274         | 2,697,247         |
| Trade payables                         | 43,969,030         | <b>43,969,030</b>  | 43,969,030        | 0                 | 0                 | 0                 |
| Other payables – financial instruments | 3,830,301          | <b>3,830,301</b>   | 3,830,301         | 0                 | 0                 | 0                 |
|                                        | <b>146,024,874</b> | <b>153,529,841</b> | <b>78,921,786</b> | <b>29,631,569</b> | <b>36,631,725</b> | <b>8,344,761</b>  |

| 31 December 2021                       | Carrying amount    | Total              | 1 year or less    | 1–2 years         | 2–5 years         | More than 5 years |
|----------------------------------------|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
| Secured bank loans                     | 47,422,036         | <b>50,782,543</b>  | 10,964,331        | 18,081,641        | 17,100,749        | 4,635,823         |
| Unsecured bank loans                   | 28,882,286         | <b>30,708,060</b>  | 4,131,048         | 7,425,007         | 12,033,005        | 7,119,000         |
| Bonds                                  | 11,262,500         | <b>12,155,825</b>  | 1,587,294         | 4,109,719         | 4,740,113         | 1,718,700         |
| Bank overdraft                         | 972,833            | <b>972,833</b>     | 0                 | 972,833           | 0                 | 0                 |
| Lease liabilities                      | 8,040,220          | <b>8,522,016</b>   | 3,571,460         | 2,050,140         | 2,161,646         | 738,770           |
| Trade payables                         | 24,279,428         | <b>24,279,428</b>  | 24,279,428        | 0                 | 0                 | 0                 |
| Other payables – financial instruments | 13,288,015         | <b>13,288,015</b>  | 4,657,389         | 0                 | 8,395,044         | 0                 |
|                                        | <b>134,147,318</b> | <b>140,708,720</b> | <b>38,462,201</b> | <b>14,557,699</b> | <b>27,329,808</b> | <b>9,576,470</b>  |

### iii. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group is using derivative financial instruments to manage market risk.

#### Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily the euro (EUR) and RON (Romania). The currencies in which the Group's transactions are denominated are mainly Euro, RON and to a lesser extent GBP (British Pound), USD (US Dollar), TRY (Turkey), ALL (Albania), PLN (Poland) and others.

Exposure to currency fluctuations arises also from converting the financial information of the Group's subsidiaries in Romania, Turkey, United Kingdom and Poland from functional (local) to presentation currency and its incorporation in the Group's financial statements.

Management continuously monitors the development of relevant foreign exchange rates for current or upcoming transactions. In order to limit exposure to foreign exchange variances the Group aims at invoicing its customers and receiving invoices from suppliers as well as borrowing financial debt in the functional currency of the respective group component. As most costs of the Group accrue in Euro, the Group also aims at fixing to Euro sales prices of deliveries invoiced in local currency to the Euro. Where deemed necessary, the Group uses foreign currency derivatives to hedge future transactions, trade receivables and liabilities.

|                         | Profit or loss net of tax |           | Equity, net of tax |             |
|-------------------------|---------------------------|-----------|--------------------|-------------|
|                         | Strengthening             | Weakening | Strengthening      | Weakening   |
| <b>31 December 2022</b> |                           |           |                    |             |
| RON (10% movement)      | 501,449                   | (410,276) | 3,253,474          | (2,949,200) |
| TRY (10% movement)      | 113,909                   | (93,198)  | 237,359            | (194,203)   |
| GBP (10% movement)      | 839,284                   | (686,687) | 862,707            | (705,851)   |
| USD (10% movement)      | (135,609)                 | 110,953   | (61,317)           | 216,974     |
| <b>31 December 2021</b> |                           |           |                    |             |
| RON (10% movement)      | 356,831                   | (291,952) | 3,043,949          | (2,490,504) |
| TRY (10% movement)      | 98,036                    | (80,211)  | 125,586            | (102,752)   |
| GBP (10% movement)      | 0                         | 0         | 1,371,287          | (1,121,962) |
| USD (10% movement)      | (3,949)                   | 3,231     | (27,262)           | 22,305      |

#### Interest rate risk

Financial assets are invested in bank deposits and money market funds with maturities no longer than three months, classified as cash and cash equivalents. Loans and borrowing are mainly Euribor-floating rate debt instruments. Financial expense and income can therefore be sensitive to interest rate fluctuations.

The following table presents the sensitivity of results and equity to a change in interest rates in the range of +/- 100bp for the years 2022 and 2021 would result the following changes in the income before taxes and equity of the Group:

|                  | Profit or loss |                | Equity, net of tax |                |
|------------------|----------------|----------------|--------------------|----------------|
|                  | 100bp increase | 100bp decrease | 100bp increase     | 100bp decrease |
| 31 December 2022 | (522,987)      | 522,987        | (408,947)          | 408,947        |
| 31 December 2021 | (370,268)      | 56,650         | (283,256)          | 48,042         |

In order to reduce interest rate risk the Group's subsidiaries also enter into hedging transactions, for details see note 24.A.i.

## Other disclosures

## 25. List of Subsidiaries

| Company                                        | Country                        | Residence main office         | Participation percentage 31.12.2022 | Participation percentage 31.12.2021 | Consolidation method | Participation relation |
|------------------------------------------------|--------------------------------|-------------------------------|-------------------------------------|-------------------------------------|----------------------|------------------------|
| AUSTRIACARD AG                                 | Austria                        | Vienna                        | Parent                              | Parent                              | Full                 | Parent                 |
| Inform P. Lykos Holdings S.A.                  | Greece                         | Athens                        | 70.79%                              | 70.79%                              | Full                 | Direct                 |
| Austria Card GmbH                              | Austria                        | Vienna                        | 100.00%                             | 84.67%                              | Full                 | Direct                 |
| Austria Card Polska Sp.z.o.o. (in liquidation) | Poland                         | Warsaw                        | 100.00%                             | 100.00%                             | Full                 | Indirect               |
| Austria Card SRL                               | Romania                        | Bucharest                     | 100.00%                             | 100.00%                             | Full                 | Indirect               |
| Austria Card Turkey kart Operasyonlari AS      | Turkey                         | Istanbul                      | 94.00%                              | 95.00%                              | Full                 | Indirect               |
| Inform Lykos (Hellas) S.A.                     | Greece                         | Athens                        | 100.00%                             | 100.00%                             | Full                 | Indirect               |
| Terrane L.T.D.                                 | Cyprus                         | Nicosia                       | 100.00%                             | 100.00%                             | Full                 | Indirect               |
| S.C. Inform Lykos S.A.                         | Romania                        | Bucharest                     | 100.00%                             | 100.00%                             | Full                 | Indirect               |
| NEXT DOCS ECM EXPERT S.R.L.                    | Romania                        | Bucharest                     | 100.00%                             | 80.59%                              | Full                 | Indirect               |
| NEXT DOCS CONFIDENTIAL S.R.L.                  | Romania                        | Bucharest                     | 100.00%                             | 80.00%                              | Full                 | Indirect               |
| Inform Albania Sh.p.k.                         | Albania                        | Tirana                        | 75.50%                              | 75.50%                              | Full                 | Indirect               |
| CLOUDFIN Ltd.                                  | Cyprus                         | Strovolos                     | 61.50%                              | 61.50%                              | Full                 | Indirect               |
| CLOUDFIN SINGLE MEMBER S.A.                    | Greece                         | Athen                         | 100.00%                             | 100.00%                             | Full                 | Indirect               |
| TAG Systems SAU                                | Andorra                        | Andorra la Vella              | 100.00%                             | 100.00%                             | Full                 | Indirect               |
| TAG Systems Smart Solutions SLU                | Spain                          | Torres de la Alameda (Madrid) | 100.00%                             | 100.00%                             | Full                 | Indirect               |
| TAG Systems Sp Zoo                             | Poland                         | Warsaw                        | 100.00%                             | 100.00%                             | Full                 | Indirect               |
| TSG Norway AS                                  | Norway                         | Nesna                         | 100.00%                             | 100.00%                             | Full                 | Indirect               |
| TAG Systems NV (in liquidation)                | Curaçao - Netherlands Antilles | Curaçao                       | 100.00%                             | 100.00%                             | Non                  | Indirect               |
| TAG Systems USA Inc                            | United States                  | Eatontown (New Jersey)        | 60.00%                              | 60.00%                              | Full                 | Indirect               |
| Tag Nitecrest Ltd                              | United Kingdom                 | Leyland (Lancashire)          | 100.00%                             | 100.00%                             | Full                 | Indirect               |
| TAG Systems UK Ltd (formerly Nitecrest Ltd)    | United Kingdom                 | Leyland (Lancashire)          | 100.00%                             | 100.00%                             | Full                 | Indirect               |
| Seglan SL                                      | Spain                          | Madrid                        | 25.00%                              | 25.00%                              | At Equity            | Indirect               |
| TAG Cadena SAS (in liquidation)                | Colombia                       | La Estrella (Medellin)        | 24.17%                              | 24.17%                              | Non                  | Indirect               |
| TAG Biomentrics SL                             | Spanien                        | Barcelona                     | 90.00%                              | n/a                                 | Non                  | Indirect               |

On March 31, 2022, the Group subsidiary INFORM LYKOS Romania increased its majority stake in the share capital of the existing subsidiaries NEXT DOCS ECM EXPERT S.R.L. and NEXT DOCS CONFIDENTIAL S.R.L. by 19.41% and 20% respectively. As a result, the Group now holds the entire share capital of these companies. In the Group's consolidated statement of changes in equity, this transaction is shown as the acquisition of non-controlling interests without loss of control.

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In business year 2022 the group of consolidated companies changed as follows:

|                                                                             | 31/12/2022 | 31/12/2021 |
|-----------------------------------------------------------------------------|------------|------------|
| <b>As of beginning of the period – fully consolidated</b>                   | <b>22</b>  | <b>19</b>  |
| Disposal because of liquidation                                             | 0          | (1)        |
| Disposal because of merger                                                  | 0          | (1)        |
| Disposal because of final consolidation                                     | (1)        | 0          |
| Addition because of acquisition (fully consolidated)                        | 0          | 2          |
| Addition because of start-up                                                | 0          | 1          |
| Addition because of change of consolidation method                          | 0          | 2          |
| <b>As of end of the period – fully consolidated</b>                         | <b>21</b>  | <b>22</b>  |
| <b>As of beginning of the period – at equity consolidated</b>               | <b>2</b>   | <b>4</b>   |
| Disposal because of change of consolidation method (from at equity to full) | 0          | (2)        |
| Disposal because of final consolidation                                     | (1)        | 0          |
| <b>As of end of the period – at equity consolidated</b>                     | <b>1</b>   | <b>2</b>   |
| <b>As of end of the period - total</b>                                      | <b>22</b>  | <b>24</b>  |
| <i>Not consolidated</i>                                                     | <i>3</i>   | <i>0</i>   |

As of 31.12.2022, three companies were not consolidated due to immateriality. TAG Systems NV and TAG Cadena SAS were already in liquidation; TAG Biometrics SL was founded shortly before.

### 26. Non-controlling interests (NCI)

The following table presents summarized financial information on the listed Inform P. Lykos S.A. Group, which are subject to material non-controlling interests. The parent company of the Inform P. Lykos S.A. Group is Inform P. Lykos S.A., Athens. The Company directly holds 70.79% of the issued capital and the voting rights.

|                                                                   | 31/12/2022        | 31/12/2021         |
|-------------------------------------------------------------------|-------------------|--------------------|
| <b>NCI percentage</b>                                             | <b>29.21%</b>     | <b>29.21%</b>      |
| Non-current assets                                                | 54,883,541        | 53,715,289         |
| Current assets                                                    | 34,672,742        | 23,498,817         |
| Non-current liabilities                                           | (11,910,799)      | (17,874,829)       |
| Current liabilities                                               | (42,369,904)      | (24,299,321)       |
| <b>Net assets</b>                                                 | <b>35,225,587</b> | <b>35,039,956</b>  |
| Carrying amount of Non-controlling interests                      | 306,732           | 402,601            |
| Revenue                                                           | 116,335,209       | 74,980,809         |
| Profit (Loss)                                                     | 4,027,372         | 459,071            |
| Other comprehensive income                                        | 97,388            | (271,898)          |
| <b>Total comprehensive income</b>                                 | <b>4,124,760</b>  | <b>187,173</b>     |
| Profit allocated to Non-controlling interests                     | 133,162           | 493,796            |
| Other comprehensive income allocated to Non-controlling interests | 1,750             | (1,143)            |
| Cash flows from operating activities                              | 11,289,721        | 4,232,866          |
| Cash flows from investment activities                             | (8,147,144)       | (4,894,927)        |
| Cash flows from financing activities                              | (521,982)         | (2,816,701)        |
| <b>Net increase (decrease) in cash and cash equivalents</b>       | <b>2,620,596</b>  | <b>(3,478,762)</b> |

### 27. Average number of employees

|                                                      | 2022         | 2021         |
|------------------------------------------------------|--------------|--------------|
| <b>Average number of employees during the period</b> | <b>1,560</b> | <b>1,399</b> |
| <i>Thereof White collar employees</i>                | 625          | 594          |
| <i>Thereof Blue collar employees</i>                 | 934          | 805          |

### 28. 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, joint ventures and associates. Business transactions with related parties are carried out at ordinary arm's length conditions. For further details

#### i. Key management personnel transactions

Directors of the Company control 84.49% of the voting shares of the ultimate Parent Company. Nikolaos Lykos holds a majority stake and can exercise control over the Group. 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.

With regard to management participation programs, see Note 11.E.

Key management personnel compensation is as following:

|                                               | 2022             | 2021             |
|-----------------------------------------------|------------------|------------------|
| Short-term employee benefits                  | 1,733,167        | 589,400          |
| Management participation programs (long-term) | 2,780,993        | 1,518,000        |
|                                               | <b>4,514,160</b> | <b>2,107,400</b> |

An advance of € 100,000 was granted to a member of the management, with a variable interest rate, effective from 1 January 2023, of 3-month Euribor plus 2.0%. The loan is to be settled by 31 December 2024 at the latest.

#### ii. Transactions with members of the Supervisory Board

In 2022 Mr. Ilias Karantzalis, Chairman of the Supervisory Board until 30 November 2022, invoiced € 19,000 (2021: € 18,000) for legal consulting services to the Group and received € 25,586 (previous year: € 1,815) as a member of the Board of Directors of a subsidiary. No further remunerations, advance payments or loans were granted to the Supervisory Board.

#### iii. Transactions with associated companies

As of the balance sheet date 31.12.2022, there was only one investment in one immaterial associated company. The main associate was already converted to full consolidation after the full acquisition per 31.12.2021, another associate was earmarked for liquidation and deconsolidated in the current financial year. No transactions were carried out with the remaining associate in 2022. The balance sheet items as of 31.12.2021 included no trade receivables or trade payables from associates. In the income statement of the previous year, income of € 6,543,226 was reported to associates.

### 29. Auditor's fees

|                                                       | 2022           | 2021           |
|-------------------------------------------------------|----------------|----------------|
| Audit of consolidated and annual financial statements | 190,984        | 121,679        |
| Other confirmation services                           | 179,690        |                |
|                                                       | <b>370,674</b> | <b>121,679</b> |

### 30. Subsequent events

The Listings and Market Operation Committee of Athens Exchange (ATHEX), at its session held on 25 January 2023 approved the listing with suspension of trading on the Main Market of ATHEX of the 16,862,067 existing of the Company subject to: a) the completion of cross-border merger by absorption by the Company of its Greek listed subsidiary INFORM P. LYKOS HOLDINGS S.A. (the "Cross-Border Merger") and b) achieving adequate free float of the Company's Shares, according to the relevant provisions of the ATHEX Rulebook.

By resolution of Wiener Börse AG (dated 30 January 2023) and resolution of Athens Stock Exchange (ATHEX), 16,862,067 existing ordinary bearer shares with a nominal value of EUR 1.00 per share of AUSTRIACARD HOLDINGS AG and 1,314,867 new ordinary bearer shares with a nominal value of EUR 1.00 per share of the Company to be issued in the context of the Company's share capital increase as a result of a cross-border merger of INFORM P. LYKOS HOLDINGS S.A. ("INFORM") as transferring company into the Company as absorbing company, were admitted to trading on the regulated market of the Vienna Stock Exchange as well as the Athens Stock Exchange.

The expected first trading date will be a day shortly after the registration of the cross-border merger of INFORM into the Company and the delivery of the new shares to the shareholders of INFORM and is expected to be 23 March 2023 or a day around that date ("Trading Date"). No trading will occur until the Trading Date. From the Trading Date, the shares of the Company will be traded in the segment prime market of the Vienna Stock Exchange and the segment main market of the Athens Exchange (ATHEX), in each case under the Code "ACAG" (ISIN: AT0000A325L0).

The starting price was set at EUR 13.42 per share by the Company's management board and is based on a fairness opinion by PwC Advisory Services GmbH dated 15 December 2022 regarding the exchange ratio in connection with the cross-border merger.

On 30 January 2023, the extraordinary general assemblies of INFORM and the Company have resolved on the cross-border merger of INFORM as transferring company into the Company as absorbing company.

With legal effectiveness of the cross-border merger, a total of 1,314,867 new ordinary bearer shares which are issued in the context of an increase of the Company's share capital will be granted to the (former) shareholders of INFORM.

The cross-border merger has become legally effective on 17 March 2023.

### Accounting policies

#### 31. Changes in accounting policies

##### New Standards, Interpretations, Revisions and Amendments to existing Standards that are effective and have been adopted by the European Union

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 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                                                   |

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

#### 32. Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated and separate financial statements.

##### A. Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Inter-company transactions, balances and unrealized gains and losses on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. At the date of acquisition the Group recognizes separately from goodwill, the recognized assets acquired, the liabilities incurred and any non-controlling participations to the merged subsidiary. The recognized assets and the liabilities incurred should satisfy the definitions of assets and liabilities in the Framework of Preparation and Presentation of Financial Statements at the date of acquisition, in order to fulfil the criteria of recognition by the acquisition method. The Group measures the transferred assets and the liabilities incurred at fair values at the date of acquisition. The consideration transferred in return for the acquisition is measured at fair value, which is calculated as the sum of fair value at the date of assets transferred by the Group, the liabilities incurred if any to the previous owners and participation rights issued by the Group.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

Non-controlling interests are initially measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

If put options are granted by the Group for non-controlling interests, then the liabilities related to the put options are recognized in the financial statements at fair value. In this case, no non-controlling interests are recognized in equity or existing non-controlling interests are derecognized.

##### B. Foreign currency

The items of financial statements of the Group companies are measured based on the currency of economic environment, in which each company operates (functional currency). The financial statements are presented in Euro which is the functional currency and the presentation currency of the parent company.

##### i. Foreign currency transactions

The Group companies record foreign currency business transactions using the exchange rate in effect on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate in effect on the reporting date. Foreign currency differences are generally recognized in profit or loss.

### ii. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euro at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into euro using the average exchange rate in effect at the date of transaction. Gain and losses on foreign currency translation are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

## C. Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over a good or service to a customer. The recognition of major categories of revenues is as follows:

- Sales of made-to-order / customer-specific goods

The Group has determined that for made-to-order card- and paper products, the customer controls all of the work in progress as the products are being manufactured. This is because under those contracts card- and printed products are made to a customer's specification and if a contract is terminated by the customer, then the Group is entitled to reimbursement of the costs incurred to date, including a reasonable margin. Invoices are issued according to contractual terms and are usually payable within 30 – 45 days. Uninvoiced amounts are presented as contract assets.

Revenue and associated costs are recognised over time – i.e. before the goods are delivered to the customers' premises. Progress is determined based on the cost-to-cost method.

- Sales of merchandise

Customers obtain control of products that are not produced but resold by the Group to the customer only when the goods are delivered to the agreed location. Invoices are generated at that point in time. Invoices are usually payable within 30 to 45 days. Revenue is recognised when the goods are delivered to the location agreed with the customer.

- Sales of services rendered

Revenue arising from services is recognized in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

## D. Employee benefits

### i. Pensions or similar obligations

A defined contribution plan is a post-employment benefit plan under which the Group pays contributions to publicly or contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is recognized.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognized in the balance sheet in respect of defined benefit plan is the present value of the benefit obligation as at balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions on post-benefit employment plans are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognized immediately in the income statement.

### ii. Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

### iii. Share-based payment arrangements

#### *Share-settled share based payments*

The fair value at the grant date of share-based payment arrangements to employees is recognized as an expense with a corresponding increase in equity over the period in which the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the relevant service conditions and non-market performance conditions are expected to be satisfied, so that the final amount recognized as an expense is based on the number of awards that satisfy the relevant service conditions and non-market performance conditions at the end of the vesting period. For share-based payment awards with non-

vesting conditions, the fair value is determined at the grant date taking into account these conditions; no adjustment is required for differences between expected and actual outcomes.

### *Cash settled share based payments*

The fair value of the amount payable to employees in respect of stock appreciation rights that are settled in cash is recognized as an expense with a corresponding increase in the liability over the period in which the employees become unconditionally entitled to those payments. The liability is remeasured at each reporting date and at the settlement date based on the fair value of the stock appreciation rights to be settled. Any changes in the liability are recognized in profit or loss.

## **E. Government grants & subsidies**

Research premiums are provided by governments to give incentives for companies to perform technical and scientific research. These research premiums are presented in Other income in the income statements as when companies that have qualifying expenses can receive such premiums in the form of a tax credit irrespective of taxes ever paid or ever to be paid. These premiums are included in 'Trade and other receivables'. The Company records the benefit of this premium only when all qualifying research has been performed and the Group has obtained sufficient evidence from the relevant government authority that the premium will be granted.

At the same time, the research premiums represent government grants for capitalized expenses for internal development. The Group deducts the research premiums from the cost of internal development.

## **F. Income tax**

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

### **i. Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years.

### **ii. Deferred tax**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

Deferred tax assets remaining after netting with deferred tax liabilities are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred income 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 income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## **G. Inventories**

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average method. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Cost of inventories does not include any financial expenses.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Appropriate allowance is made for damaged, obsolete and slow moving items. Write-downs to net realizable value and inventory losses are expensed in other expenses in the period in which the write-downs or losses occur.

### H. Property, plant and equipment

Land and buildings used for operations and administrative purposes, are presented in the balance sheet at their revaluated values, less their accumulated depreciation and, if any, impairment following the Revaluation method as per IAS 16.

When the carrying amount of land or buildings is increased by a re-adjustment, this increase will be recorded in the statement of comprehensive income and then accumulated to equity as a readjustment surplus. In case the accounting value of buildings or land is reduced in the future following a readjustment, this reduction will be recorded in the statement of comprehensive income up to the amount of the existing credit balance of readjustment surplus. Any excess of impairment loss over this surplus will be recorded in the income statement.

The remaining categories of tangible assets are measured at historical cost less accumulated depreciation and, if any, accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the items. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is calculated using the straight-line method over their estimated useful lives. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

|                                   | <b>Years</b> |
|-----------------------------------|--------------|
| Buildings                         | 20-50        |
| Plant, machinery, other equipment | 3-20         |

### I. Intangible assets and goodwill

| <b>Element</b>                    | <b>Measurement</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Goodwill                          | Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Customer relations                | Customer relationships are part of the assets acquired through business combinations of the Group. The fair value was recognized under the income approach using the multi-period excess earnings method.<br><br>Subsequent to initial recognition, the Group measures the above assets at cost less accumulated depreciation and any impairment losses.                                                                                                                                                                                                                                                                                             |
| Research and development expenses | Expenditure on research activities is recognized in profit or loss as incurred.<br><br>Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost (less deductible research premium) less accumulated amortization and any accumulated impairment losses. |
| Other intangible assets           | Other intangible assets, including software licenses that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.                                                                                                                                                                                                                                                                                                                                                                                                                                           |

Amortization is calculated using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Goodwill is not amortized but tested (at least) annually for impairment according to IAS 36.

The estimated useful lives for current and comparative periods are as follows:

|                    | <b>Years</b> |
|--------------------|--------------|
| Development costs  | 2-5          |
| Software licenses  | 5-10         |
| Customer contracts | 8-15         |

### J. Financial instruments

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss and financial assets at amortized cost.

#### i. Non-derivative financial assets and financial liabilities – Recognition, measurement and derecognition

The Group initially recognizes receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

### ii. Non-derivative financial assets – Classification and subsequent measurement

| Element                                               | Measurement                                                                                                                                                                                                                                                                                                              |
|-------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Financial assets at fair value through profit or loss | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.                                                                                                                                                                 |
| Financial assets at amortized cost                    | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. |

### iii. Non-derivative financial liabilities – Measurement

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

## K. Share capital

(a) Ordinary shares are classified as equity. Share capital represents the value of company's shares in issue. Any excess of the fair value of the consideration received over the par value of the shares issued is recognized as "share premium" in shareholders' equity.

(b) Incremental external costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

## L. Impairment

### i. Non-derivative financial assets

The Group recognizes loss allowances for ECLs on financial assets measured at amortised cost and contract assets. The Group measures loss allowances at an amount equal to lifetime ECLs. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. When estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information based on the Group's experience and informed credit assessment.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

### ii. Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss.

They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

### M. Leases

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease. Then the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values.

For lease contracts according to IFRS 16 lease term is determined as the non-cancellable period of a lease, together with both, periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

At the commencement date, a right-of-use asset and a lease liability is recognised. Lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the group uses the lessee's incremental borrowing rate. At the commencement date, the right-of-use asset is measured at cost. The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, as well as any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred by the lessee, and an estimate of potential restoration costs. After the commencement date, the group measures the right-of-use asset applying a cost model. The depreciation requirements of IAS 16 are applied.

According to IFRS 16.5 the group elects not to apply IFRS 16 to short-term leases and leases for which the underlying asset is of low value (< about EUR 5.000,-). Lease payments associated with those leases are recognised directly as an expense.

Subsequent measurement of the lease liability is done by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made. Right-of-use assets and lease liabilities shall be reassessed if one of the following cases occurs: 1. change in lease payments, 2. change in lease term, 3. change in the assessment of an option to purchase the underlying asset, or 4. change in the amounts expected to be payable under a residual value guarantee. At the effective date of the modification, the lessee has to remeasure the present value of the lease liability and the carrying amount of the right-of-use asset. Any gain or loss relating to the partial or full termination of the lease should be recognised in profit or loss. The remeasurement has to be done with a revised discount rate only in case of changes in lease term, changes in the assessment of the option to purchase the underlying assets or if the change in lease payments is due to floating interest rates. A lessee shall account for a lease modification as a separate lease if the modification increases the scope of the lease by adding the right to use one or more underlying assets, and if the consideration for the lease increases by an adequate amount.

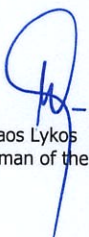
### 33. New Standards and Interpretations that have not been applied yet or have not been adopted by the European Union

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 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                                                            |
| IAS 1    | Amendments to IAS 1: Classification of Liabilities as Current or Non-current, Non-current Liabilities with Covenants | 01/01/2024       | No                                                            |
| IFRS 16  | Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback                                                | 01/01/2024       | No                                                            |

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

Vienna, 20 March 2023

  
Nikolaos Lykos  
Chairman of the Management Board

  
Panagiotis Spyropoulos  
Vice Chairman & Group CEO

## **Auditor's Report**

### **Report on the Consolidated Financial Statements**

#### **Audit Opinion**

We have audited the consolidated financial statements of

**AUSTRIACARD HOLDINGS AG,  
Vienna, Austria,**

and its subsidiaries ("the Group"), which comprise the Consolidated Statement of Financial Position as at 31 December 2022, and the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and the Notes to the Consolidated Financial Statements.

In our opinion, the consolidated financial statements comply with the legal requirements and present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code).

#### **Basis for our Opinion**

We conducted our audit in accordance with Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are described in the "Auditor's Responsibilities" section of our report. We are independent of the audited Group in accordance with Austrian company law and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained up to the date of the auditor's report is sufficient and appropriate to provide a basis for our audit opinion on this date.

#### **Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the additional requirements to Section 245a UGB (Austrian Commercial Code) and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities**

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 audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result 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 Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those such risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.
- We 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.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We 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 about the entity's ability to continue as a going concern, we are required to draw attention in our audit report to the respective note in the consolidated financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based 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.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial information of the entities and 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 to the audit committee regarding, among other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.

## **Group Management Report**

In accordance with Austrian company law, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and prepared in accordance with legal requirements.

Management is responsible for the preparation of the group management report in accordance with Austrian company law.

We have conducted our audit in accordance with generally accepted standards on the audit of group management reports as applied in Austria.

### **Opinion**

In our opinion, the group management report is consistent with the consolidated financial statements and has been prepared in accordance with legal requirements.

### **Statement**

Based on our knowledge gained in the course of the audit of the consolidated financial statements and our understanding of the Group and its environment, we did not note any material misstatements in the group management report.

## **Engagement Partner**

The engagement partner is Mr Gerhard Wolf.

Vienna, 21 March 2023

KPMG Austria GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:  
Gerhard Wolf  
Wirtschaftsprüfer  
(Austrian Chartered Accountant)

**Annual financial report 2022 (translated)**

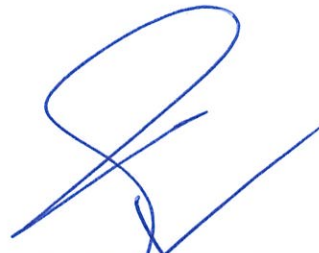
**Declaration by all legal representatives pursuant to § 124 (1) 3 Stock Exchange Act  
(BörseG)**

We confirm that to the best of their knowledge, the consolidated financial statements, prepared in accordance with the applicable financial reporting standards, present a true and fair view of the assets, financial position and results of operations of the group and that the group report of the management board presents the situation of the group in such a manner so as to present a fair and true view of the assets, financial position and results of operations and also describes the major risks and uncertainties to which the group are exposed.



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**Nikolaos Lykos**  
Chairman of the Management Board  
AUSTRIACARD HOLDINGS AG



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**Panagiotis Spyropoulos**  
Vice Chairman & Group CEO  
AUSTRIACARD HOLDINGS AG

## **Financial Statements**

### **AUSTRIACARD HOLDINGS AG**

AUSTRIACARD HOLDINGS AG, Vienna

(translated)

Annex I/1

## Statement of Financial Position as of 31 December 2022

### Assets

|                                                  | 31.12.2022<br>EUR    | 31.12.2021<br>EUR'000 |
|--------------------------------------------------|----------------------|-----------------------|
| <b>A. Fixed assets</b>                           |                      |                       |
| <b>I. Intangible assets</b>                      |                      |                       |
| Software                                         | 1,843.55             | 3                     |
| <b>II. Tangible assets</b>                       |                      |                       |
| Other equipment                                  | 2,923.42             | 6                     |
| <b>III. Financial assets</b>                     |                      |                       |
| 1. Investments in affiliated companies           | 89,765,327.47        | 60,030                |
| 2. Other investments                             | 34,050.00            | 0                     |
|                                                  | <b>89,799,377.47</b> | <b>60,030</b>         |
|                                                  | <b>89,804,144.44</b> | <b>60,039</b>         |
| <b>B. Current assets</b>                         |                      |                       |
| <b>I. Accounts receivable</b>                    |                      |                       |
| 1. Accounts receivable from affiliated companies | 61,540.18            | 62                    |
| thereof non-current                              | 0.00                 | 0                     |
| 2. Other receivables                             | 114,781.07           | 189                   |
| thereof non-current                              | 0.00                 | 0                     |
|                                                  | <b>176,321.25</b>    | <b>250</b>            |
| <b>II. Cash in banks</b>                         | <b>343,643.43</b>    | <b>224</b>            |
|                                                  | <b>519,964.68</b>    | <b>474</b>            |
| <b>C. Prepaid expenses</b>                       | 0.00                 | 4                     |
|                                                  | <b>90,324,109.12</b> | <b>60,517</b>         |

## Annual financial report 2022 (translated)

AUSTRIACARD HOLDINGS AG, Vienna

(translated)

Annex I/2

### Liabilities and Shareholder's equity

|                                        | 31.12.2022<br>EUR    | 31.12.2021<br>EUR'000 |
|----------------------------------------|----------------------|-----------------------|
| <b>A. Shareholder's equity</b>         |                      |                       |
| <b>I. Share capital</b>                | <b>16,862,067.00</b> | <b>14,638</b>         |
| <b>II. Additional paid-in capital</b>  |                      |                       |
| 1. Appropriated                        | 34,795,079.68        | 7,284                 |
| 2. Unappropriated                      | 53,000.00            | 53                    |
|                                        | <b>34,848,079.68</b> | <b>7,337</b>          |
| <b>III. Taxed reserves</b>             |                      |                       |
| Statutory reserve                      | 7,000.00             | 7                     |
| <b>IV. Net profit</b>                  | <b>27,573,489.34</b> | <b>29,167</b>         |
| <i>thereof profit carried forward</i>  | <i>29,167,434.21</i> | <i>28,521</i>         |
|                                        | <b>79,290,636.02</b> | <b>51,150</b>         |
| <b>B. Provisions</b>                   |                      |                       |
| 1. Tax provisions                      | 0.00                 | 5                     |
| <i>thereof deferred tax provisions</i> | <i>0.00</i>          | <i>0</i>              |
| 2. Other provisions                    | 900,462.54           | 86                    |
|                                        | <b>900,462.54</b>    | <b>91</b>             |
| <b>C. Liabilities</b>                  |                      |                       |
| 1. Bank loans                          | 8,900,000.00         | 8,600                 |
| <i>thereof current</i>                 | <i>2,300,000.00</i>  | <i>1,000</i>          |
| <i>thereof non-current</i>             | <i>6,600,000.00</i>  | <i>7,600</i>          |
| 2. Accounts payable                    | 381,155.43           | 43                    |
| <i>thereof current</i>                 | <i>381,155.43</i>    | <i>43</i>             |
| 3. Liabilities to affiliated companies | 653,446.38           | 550                   |
| <i>thereof current</i>                 | <i>653,446.38</i>    | <i>550</i>            |
| 4. Other liabilities                   | 197,575.37           | 76                    |
| <i>thereof from taxes</i>              | <i>60,668.70</i>     | <i>0</i>              |
| <i>thereof due to social security</i>  | <i>1,836.88</i>      | <i>2</i>              |
| <i>thereof current</i>                 | <i>197,575.37</i>    | <i>76</i>             |
|                                        | <b>10,132,177.18</b> | <b>9,269</b>          |
| <i>thereof current</i>                 | <i>3,532,177.18</i>  | <i>1,669</i>          |
| <i>thereof non-current</i>             | <i>6,600,000.00</i>  | <i>7,600</i>          |
| <b>D. Deferred income</b>              | <b>833.38</b>        | <b>7</b>              |
|                                        | <b>90,324,109.12</b> | <b>60,517</b>         |

AUSTRIACARD HOLDINGS AG, Wien

(translated)

Annex I/3

## Income Statement for the financial year 2022

|                                                                                            | 2022<br>EUR          | 2021<br>EUR'000 |
|--------------------------------------------------------------------------------------------|----------------------|-----------------|
| 1. Other income                                                                            |                      |                 |
| a) Other other income                                                                      | 7,494.72             | 0               |
|                                                                                            | 7,494.72             | 0               |
| 2. Personnel expenses                                                                      |                      |                 |
| a) Salaries                                                                                | -74,095.45           | -108            |
| b) Expenses for social security                                                            | -17,370.38           | -20             |
| Sthereof contributions to employee provision funds                                         | -2,245.20            | -3              |
| thereof expenses for statutory social security and payroll related taxes and contributions | -15,125.18           | -17             |
|                                                                                            | -91,465.83           | -128            |
| 3. Amortization, depreciation and impairment charges                                       |                      |                 |
| a) of intangible assets and equipment                                                      | -4,237.99            | -12             |
|                                                                                            | -4,237.99            | -12             |
| 4. Other operating expenses                                                                |                      |                 |
| a) Taxes other than income taxes                                                           | -286,170.81          | 0               |
| b) Sundry                                                                                  | -1,459,001.60        | -479            |
|                                                                                            | -1,745,172.41        | -479            |
| 5. <b>Subtotal from line 1 to 4 (Operating result)</b>                                     | <b>-1,840,876.23</b> | <b>-619</b>     |
| 6. Income from investments                                                                 | 582,722.12           | 1,242           |
| thereof from affiliated companies                                                          | 582,722.12           | 1,242           |
| 7. Income from the disposal of financial assets                                            | 0.00                 | 254             |
| 8. Interest and similar expenses                                                           | -338,035.48          | -225            |
| 9. <b>Subtotal from line 6 to 8 (Financial result)</b>                                     | <b>244,686.64</b>    | <b>1,271</b>    |
| 10. <b>Profit before tax</b>                                                               | <b>-1,596,189.59</b> | <b>652</b>      |
| 11. Income taxes                                                                           | -5,250.00            | -5              |
| 12. <b>Profit of the year</b>                                                              | <b>-1,601,439.59</b> | <b>647</b>      |
| 13. Profit carried forward from prior period                                               | 29,167,434.21        | 28,521          |
| 14. <b>Net profit</b>                                                                      | <b>27,565,994.62</b> | <b>29,167</b>   |

**AUSTRIACARD HOLDINGS AG, Lamezanstraße 4-8,  
1230 Vienna  
Notes to the financial statements for the financial year 2022**

## **1. General**

The management of the Company prepared the financial statements in accordance with the regulations of the Austrian Commercial Code ("Unternehmensgesetzbuch", "UGB").

The Company is a *large* corporation in accordance with Section 221 UGB and a five-fold Company in accordance with Section 271a par. 1 UGB.

## **2. Accounting principles**

### **• 2.1. General**

The financial statements were prepared in accordance with generally accepted accounting principles in Austria to give a true and fair view of the Company's assets, liabilities, financial position and results.

The principle of completeness was adhered to.

The items in the financial statements were valued by applying the going concern assumption.

Assets and liabilities were valued individually on an item by item basis.

The principle of prudence was adhered to by recognizing revenue only if realized at the end of the reporting period. All identifiable risks and potential losses, which arose in 2022 or in a prior period, were taken into account.

The income statement is presented in the nature of expense method.

There have been no changes to the accounting principles applied in prior years.

### **• 2.2. Intangible assets**

Intangible assets are only recognized when they are purchased and are measured at cost less amortization and impairment charges, if any. Internally developed intangible

assets and low value items (individual acquisition costs of up to EUR 800.00) are expensed when acquired.

**Amortization expense** is calculated on a straight-line basis by applying the following useful life:

|          | Years | Percentage |
|----------|-------|------------|
| Software | 5     | 20         |

An **impairment loss** is recognized to adjust the carrying amount to its lower fair value as of the reporting date, if the decrease in value is expected to be permanent. In 2022, no impairment charge was recognized (prior year: EUR 0).

### • 2.3. Tangible assets

Tangible assets are measured at **acquisition or production costs** less scheduled amortization and impairment charges, if any. Low value items (individual cost below EUR 800.00) are expensed in the year of purchase. In accordance with income tax regulations, additions in the first half of the year are subject to a full year's depreciation, and additions in the second half-year, are subject to a half-year's depreciation.

**Depreciation** is calculated straight-line based on the following useful lives:

|                     | Years | Percentage |
|---------------------|-------|------------|
| Plant and equipment | 3 - 5 | 20 - 33    |

An **impairment charge** is recognized to adjust the carrying amount of an item of tangible assets to its lower fair value as of the reporting date, if the decrease in value is expected to be permanent. No impairment charge was recognized for 2022 (prior year: EUR 0k).

### • 2.4. Financial assets

Financial assets are valued at **acquisition costs**. An impairment loss is recognized to adjust the carrying amount to its lower fair value as of the reporting date, if the decrease in value is expected to be permanent.

- **2.5. Receivables and other assets**

Receivables and other assets are recognized at their **nominal values**.

- **2.6. Current and deferred income tax**

Deferred taxes are recognized in accordance with Section 198 par. 9 and par. 10 UGB by applying the balance sheet liability method and the current income tax rate of 25%. Deferred taxes are not discounted and are not recognized on tax loss carry-forwards.

There were no temporary differences as of 31 December 2022 or 31 December 2021.

- **2.7. Provisions**

**Other provisions** are recognized taking into account the principle of prudence reflecting all apparent risks identified up to the date of preparation of the financial statements and all liabilities contingent with respect to amount or occurrence. The amounts recognized represent management's best estimate.

- **2.8. Liabilities**

Liabilities are recognized at their repayment amounts.

- **2.9. Foreign currency translation**

The reporting currency is the Euro. Receivables denominated in foreign currencies are measured at the lower of the transaction rate and buying rate as of the end of the reporting period. Liabilities denominated in foreign currencies are measured at the higher of the transaction rate and selling rate as of the end of the reporting period. In the case of currency forwards, the items are measured at the agreed forward rate. No forward exchange contracts were concluded in 2022.

### 3. Notes on the statement of financial position and income statement

#### • 3.1. Notes on the statement of financial position

For the development of assets we refer to Appendix 1.

##### 3.1.1. Financial assets

###### Investments in affiliated companies

The figures reported for the affiliated companies are audited IFRS numbers per 31.12.2022.

| Name:                                              | AUSTRIA CARD-<br>Plastikkarten und<br>Ausweissysteme<br>Gesellschaft m.b.H.<br>(,ACV') | INFORM P. LYKOS S.A.<br>(,ILG') |
|----------------------------------------------------|----------------------------------------------------------------------------------------|---------------------------------|
| Registered office:                                 | Vienna                                                                                 | Koropi                          |
| Equity:                                            | EUR 56,946,857.56                                                                      | EUR 36,940,278.64               |
| Share of equity:                                   | 100.00%                                                                                | 70.79%                          |
| Net Profit/Loss of the most recent financial year: | EUR 6,321,477.55                                                                       | EUR 460,224.52                  |

At the extraordinary general meeting of AUSTRIACARD HOLDINGS AG ('ACAG') on 19 October.2022, a capital increase against contribution in kind was resolved, in which all minority shareholders of ACV contributed their entire shareholding to ACAG as a contribution in kind and ACAG now holds 100% of the shares in ACV. Further details are explained under point 3.1.3.

###### Other investments

Since 2022, in addition ACAG holds a 3% minority stake in the Greek company 'COMPETENCE CENTER I4byDESIGN PRIVATE COMPANY' in connection with a research project.

### 3.1.2. Receivables and other assets

Receivables from affiliated companies amount to EUR 61,540.18 (prior year: EUR 62k). The receivables exist vis-à-vis AUSTRIA CARD-Plastikkarten und Ausweisssysteme Gesellschaft m.b.H. and relate to tax allocations in the context of the corporate income tax group.

### 3.1.3. Shareholder's equity

The following table shows the development of the shareholder's equity:

|                               | Share capital<br>EUR | Additional<br>paid-in capital<br>EUR | Taxed<br>reserves<br>EUR | Net Profit<br>EUR  | Total<br>EUR      |
|-------------------------------|----------------------|--------------------------------------|--------------------------|--------------------|-------------------|
| <b>As of 1 January 2021</b>   | <b>14,638,053</b>    | <b>7,337,027</b>                     | <b>7,000</b>             | <b>28,520,7451</b> | <b>50,502,825</b> |
| Profit of the year 2021       | 0                    | 0                                    | 0                        | 646,689            | 646,689           |
| <b>As of 31 December 2021</b> | <b>14,638,053</b>    | <b>7,337,027</b>                     | <b>7,000</b>             | <b>29,167,434</b>  | <b>51,149,514</b> |
| Capital increase              | 2,224,014            | 27,511,053                           | 0                        | 0                  | 29,735,067        |
| Profit of the year 2022       | 0                    | 0                                    | 0                        | -1,593,945         | -1,593,945        |
| <b>As of 31 December 2022</b> | <b>16,862,067</b>    | <b>34,848,080</b>                    | <b>7,000</b>             | <b>27,573,489</b>  | <b>79,290,636</b> |

At the extraordinary general meeting of ACAG on 19 October 2022, a capital increase against contribution in kind was resolved in which all minority shareholders of ACV contributed their entire shareholding to ACAG as a contribution in kind and ACAG now holds 100% of the shares in ACV. At the same time the minority shareholders of ACV received new shares in ACAG created by way of a capital increase with a nominal value of EUR 1.00 each at an issue price of EUR 13.37 per share. As part of this capital increase against contribution in kind, the Company's equity was increased by a total of EUR 29,735,067.18 (corresponding to the issue price of the new shares), of which EUR 2,224,014.00 (corresponding to the nominal increase amount) was issued as new share capital and the remaining difference of EUR 27,511,053.18 (premium) was allocated to appropriated additional paid-in capital. The share capital of ACAG was thus increased from EUR 14,638,053.00 by EUR 2,224,014.00 to EUR 16,862,067.00 against contribution in kind by issuing 2,224,014 new shares.

Prior to this capital increase and contribution, ACAG already held approximately 84.67% of ACV, so that its majority of voting rights in ACV was extended by these contributions (from 84.67% to 100%) and thus all put options for shares in ACV expired. As a result, the investments in affiliated companies increased accordingly by EUR 29,735,067.18.

By resolution at the extraordinary general meeting on 30.11.2022, the registered shares were converted into bearer shares. After these changes the share capital of AUSTRIACARD HOLDINGS AG in the amount of EUR 16,862,067.00 is divided into 16,862,067 nominal value shares of EUR 1.00 each.

### **3.1.4. Provisions**

The other provisions relate to outstanding invoices for audit and third party services entirely.

### **3.1.5. Liabilities**

For bank loans in the amount of EUR 2,000,000.00 (prior year: EUR 3,200k) residual maturity is more than 5 years.

Liabilities to affiliated companies amounting to EUR 653,446.38 (prior year: EUR 550k) result from service charges with an amount of EUR 553,446.378 (prior year: EUR 550k), an amount of EUR 100,000.00 (prior year: EUR 0) results from an intercompany financing.

The item other liabilities includes expenses in the amount of EUR 184,245.33 (prior year: EUR 76k) that become cash effective after the balance sheet date only.

***Obligations from the use of tangible assets not recognized in the statement of financial position***

|                                    |                    | In the following<br>financial year<br>EUR | In the next<br>five financial years<br>EUR'000 |
|------------------------------------|--------------------|-------------------------------------------|------------------------------------------------|
| Obligations under rental contracts |                    | 0                                         | 0                                              |
|                                    | <i>Prior year:</i> | <u>74,873.40</u>                          | <u>75</u>                                      |
| Thereof to affiliated companies    |                    | 0.00                                      | 0                                              |
|                                    | <i>Prior year:</i> | 0.00                                      | 0                                              |

**Collateral and liabilities**

To secure a non-current loan the shares in ILG as well as ACV are pledged. Furthermore, the company has assumed guarantees for long-term credit lines of ACV. As of 31 December 2022 the total value of these contingent liabilities was EUR 52,509,630.98 (prior year: EUR 54,730k).

### 3.1.6. Derivative financial instruments

Derivative financial instruments are recognized in the following items in the statement of financial position:

| Financial instrument | Item in statement of financial position | Fair value<br>EUR | book value<br>31.12.2022<br>EUR | book value<br>31.12.2021<br>EUR |
|----------------------|-----------------------------------------|-------------------|---------------------------------|---------------------------------|
| Interest rate swap   | Bank loans                              | 327,112.69        | 0.00                            | 0.00                            |

The interest rate swap is designed as a hedging instrument to hedge against interest rate risks. It forms a valuation unit with the underlying bank loan with variable interest rates based on the 6-month Euribor. The hedging period starts on 30 December 2022 and ends on 29 December 2028 and relate to the hedging of the 6-month-Euribor which amounts 0.685% per annum.

According to AFRAC statement 15 “Accounting of derivatives and hedging instruments under company law”, no provision for contingent losses is recognized for derivative financial instruments that have a negative fair value on closing date and that serve to hedge interest payments in relation to financial liability of the company as long as opposing cash flows that affect P&L can be expected with a probability close to certainty. Receivables for contingent gains are not recognized as well. The “Critical Term Match” is used to determine the effectiveness of the hedging relationship.

The interest rate swap designated as hedging instruments had a positive market value of EUR 327,112.69 as of the reporting date, which was not recognised in the balance sheet.

## • 3.2. Notes to the income statement

### 3.2.1. Revenues

The AUSTRIACARD HOLDINGS AG has not generated any revenue in 2022.

### 3.2.2. Personnel expense and employees

An amount of EUR 2,245.20 (prior year: EUR 3k) was paid to the employee provision funds.

| Average number of employees | 2022 | Prior year |
|-----------------------------|------|------------|
| White-collar workers        | 1    | 2          |

### 3.2.3. Other operating expenses

Other operating expenses relate mainly to services provided by third parties.

Expenses for the audit of the financial statements for the fiscal year are included in the notes to the consolidated financial statements.

### 3.2.4. Income tax

On 1 December 2015, the Company established a tax group and signed a tax allocation agreement. Head of the tax group is AUSTRIACARD HOLDINGS AG and the only member of the tax group is AUSTRIA CARD-Plastikkarten und Ausweissysteme Gesellschaft m.b.H.

For fiscal year 2022 there is no income tax expense to be paid for the entire tax group by AUSTRIACARD HOLDINGS AG (prior year: EUR 0).

## 4. Other disclosures

### • 4.1 Officers of the Company

During the financial year, the following persons were members of the Management Board:

Mr. Nikolaos Lykos  
Mr. Panagiotis Spyropoulos

The disclosure in accordance with Section 239 par. 1 subpar. 3 and 4 UGB is not presented with reference to Section 242 par. 4 UGB.

An advance of TEUR 100 was granted to a member of the management, with a variable interest rate, effective from 1 January 2023, of 3-month Euribor plus 2.0%. The loan is to be settled by 31 December 2024 at the latest.

In 2022, the following persons were members of the Supervisory Board:

|                            |                                                              |
|----------------------------|--------------------------------------------------------------|
| Mr. Ilias Karantzalis      | Chairman until 30.11.2022                                    |
| Mr. Petros Katsoulas       | vice-Chairman until 30.11.2022<br>Chairman since 30.11.2022) |
| Mr. John Costopoulos       | member until 30.11.2022<br>vice-Chairman since 30.11.2022    |
| Mr. Martin Wagner          | member since 30.11.2022                                      |
| Mr. Michael Butz           | member since 30.11.2022                                      |
| Mr. Anastasios Gabrielides | member since 30.11.2022                                      |

In 2022 Mr. Ilias Karantzalis, Chairman of the Supervisory Board until 30 November 2022, invoiced EUR 19,000.00 (prior year: EUR 18k) for legal consulting services to the Group and received EUR 25,586.00 (prior year: EUR 2k) as a member of the Board of Directors of a subsidiary.

No advance payments or loans were granted to the Supervisory Board.

## • **4.2 Consolidated financial statements**

The Company's consolidated financial statements are filed with the company register in Vienna under reg.no. FN 352889f. These financial statements represent the ultimate group financial statements.

## • **4.3 Significant events after the reporting date**

The Listings and Market Operation Committee of Athens Exchange (ATHEX), at its session held on 25 January 2023 approved the listing with suspension of trading on the Main Market of ATHEX of the 16,862,067 existing of the Company subject to: a) the completion of cross-border merger by absorption by the Company of its Greek listed subsidiary INFORM P. LYKOS HOLDINGS S.A. (the "Cross-Border Merger") and b) achieving adequate free float of the Company's Shares, according to the relevant provisions of the ATHEX Rulebook.

By resolution of Wiener Börse AG (dated 30 January 2023), 16,862,067 existing ordinary bearer shares with a nominal value of EUR 1.00 per share of AUSTRIACARD HOLDINGS AG and 1,314,867 new ordinary bearer shares with a nominal value of EUR 1.00 per share of the Company to be issued in the context of the Company's share capital increase as a result of a cross-border merger of INFORM P. LYKOS HOLDINGS S.A. ("INFORM") as transferring company into the Company as absorbing company, were admitted to trading on the regulated market of the Vienna Stock Exchange.

The expected first trading date will be a day shortly after the registration of the cross-border merger of INFORM into the Company and the delivery of the new shares to the shareholders of INFORM and is expected to be 23 March 2023 or a day around that date ("Trading Date"). No trading will occur until the Trading Date. From the Trading Date, the shares of the Company will be traded in the segment prime market of the Vienna Stock Exchange and the segment main market of the Athens Exchange (ATHEX), in each case under the Code "ACAG" (ISIN: AT0000A325L0).

The starting price was set at EUR 13.42 per share by the Company's management board and is based on a fairness opinion by PwC Advisory Services GmbH, Vienna, dated 15 December 2022 regarding the exchange ratio in connection with the cross-border merger.

On 30 January 2023, the extraordinary general assemblies of INFORM and the Company have resolved on the cross-border merger of INFORM as transferring company into the Company as absorbing company.

With legal effectiveness of the cross-border merger, a total of 1,314,867 new ordinary bearer shares which are issued in the context of an increase of the Company's share capital will be granted to the (former) shareholders of INFORM.

The cross-border merger became legally effective on 17 March 2023.

- **4.4 Dividend distribution**

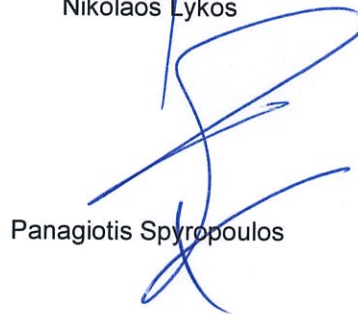
It is proposed to carry forward the entire Net profit to new account.

Vienna, 20 March 2023

**Management Board**



Nikolaos Lykos



Panagiotis Spyropoulos

## Annual financial report 2022 (translated)

AUSTRIACARD HOLDINGS AG, Vienna

(translated)

Annex 1  
to the Notes

Fixed assets schedule for the financial year 01.01.2022 - 31.12.2022

|                                        | Acquisition or production costs |                      |                 | As of<br>Dec 31 2022<br>EUR | Accumulated amortization   |                  |                 | As of<br>Dec 31 2022<br>EUR | Net carrying amount              |                                  |
|----------------------------------------|---------------------------------|----------------------|-----------------|-----------------------------|----------------------------|------------------|-----------------|-----------------------------|----------------------------------|----------------------------------|
|                                        | As of<br>Jan 1 2022<br>EUR      | Additions<br>EUR     | Disposal<br>EUR |                             | As of<br>Jan 1 2022<br>EUR | Additions<br>EUR | Disposal<br>EUR |                             | Book value<br>Dec 31 2022<br>EUR | Book value<br>Dec 31 2021<br>EUR |
| <b>I. Intangible assets</b>            |                                 |                      |                 |                             |                            |                  |                 |                             |                                  |                                  |
| Software                               | 292,621.08                      | 0.00                 | 0.00            | 292,621.08 #                | 289,608.72                 | 1,168.81         | 0.00            | 290,777.53 #                | 1,843.55                         | 3,012.36                         |
| <b>II. Tangible assets</b>             |                                 |                      |                 |                             |                            |                  |                 |                             |                                  |                                  |
| Other equipment                        | 12,600.29                       | 0.00                 | 0.00            | 12,600.29 #                 | 6,607.69                   | 3,069.18         | 0.00            | 9,676.87 #                  | 2,923.42                         | 5,992.60                         |
| <b>III. Financial assets</b>           |                                 |                      |                 |                             |                            |                  |                 |                             |                                  |                                  |
| 1. Investments in affiliated companies | 60,030,260.29                   | 29,735,067.18        | 0.00            | 89,765,327.47 #             | 0.00                       | 0.00             | 0.00            | 0.00 #                      | 89,765,327.47                    | 60,030,260.29                    |
| 2. Other investments                   | 0.00                            | 34,050.00            | 0.00            | 34,050.00                   | 0.00                       | 0.00             | 0.00            | 0.00                        | 34,050.00                        | 0.00                             |
|                                        | <b>60,030,260.29</b>            | <b>29,769,117.18</b> | <b>0.00</b>     | <b>89,799,377.47</b>        | <b>0.00</b>                | <b>0.00</b>      | <b>0.00</b>     | <b>0.00</b>                 | <b>89,799,377.47</b>             | <b>60,030,260.29</b>             |
|                                        | <b>60,335,481.66</b>            | <b>29,769,117.18</b> | <b>0.00</b>     | <b>90,104,598.84</b>        | <b>296,216.41</b>          | <b>4,237.99</b>  | <b>0.00</b>     | <b>300,454.40</b>           | <b>89,804,144.44</b>             | <b>60,039,265.25</b>             |

## **Management report 2022**

### **1. Business development and financial situation**

AUSTRIACARD HOLDINGS AG was established on September 29, 2010 as a holding company. The company has been the parent company of the AUSTRIACARD Group since the 2014 financial year and as of December 31, 2022 held 100.00% (previous year: 84.70%) of the shares in AUSTRIA CARD-Plastikkarten und Ausweissysteme Gesellschaft mbH, Vienna (hereinafter also referred to as: Austria Card Vienna or ACV) and 70.79% (previous year: 70.79%) of the shares in INFORM P. LYKOS SA, Koropi (hereinafter also referred to as: Inform Lykos Greece or ILG). ACV is the parent company of the Digital Security division and ILG is the parent company of the Information Management division.

In 2018, the AUSTRIACARD Group, under the name Nautilus, started its initiative to bring more security to the world of the Internet of Things ("IoT") and has combined its development activities in this regard in the new Nautilus Division at the level of AUSTRIACARD HOLDINGS AG. Since 2022 the development and financing of NAUTILUS of this area is mainly driven by ILG.

#### **Business development**

In the past financial year, a organisational restructuring was started with the aim of bringing the minority shareholders at the level of ACV and ILG to the level of the Company's shareholders and subsequently listing the Company's shares at stock exchanges in Vienna and Athens. Therefore the minority shareholders of ACV contributed their shares to the Company against the issue of new shares and a capital increase in kind. Furthermore, the process for a cross-border merger of the Company as the acquiring company with ILG as transferring company as well as the process for admission to the Vienna Stock Exchange and the Athens Stock Exchange (ATHEX) were initiated and largely promoted. As a result of these projects and the associated costs, other operating expenses increased from EUR 479k in the financial year 2021 to EUR 1,745k. Personnel expenses lowered from EUR 128k to EUR 91k in financial year

2022 due to a reduction in personnel during 2021. The operating result thus decreased from EUR -619k to EUR -1,833k in 2022.

Interest expenses increased from EUR 225k to EUR 338k as a result of taking out a long-term loan at the end of 2021. Income from investments amounted to EUR 583k in 2022 (previous year: EUR 1,242k) and relates to dividends of ILG. Earnings after taxes thus decreased from an income of EUR 647k to a loss of EUR -1,594k in 2022.

As a result of the capital increase in kind, total assets increased from EUR 60,417k to EUR 90,324k. The equity ratio increased from 84.5% to 87.8%.

### **Branches**

In the past financial year there was a branch in Thessaloniki, Greece. The branch was inactive in most of 2022. At the end of 2022, the branch started a research project in the field of IoT and hired one employee. At the end of the year, the branch had one employee (previous year: 0) and no turnover. Otherwise, there were no branches.

Performance indicators

| Euro values in EUR thousands                                  | 2022   | 2021   | 2020   |
|---------------------------------------------------------------|--------|--------|--------|
| <b><i>Financial performance indicators</i></b>                |        |        |        |
| Operating result                                              | -1,833 | -619   | -1,097 |
| Financial result                                              | 245    | 1,271  | 1,170  |
| Equity ratio in %<br>(Equity / Total assets)                  | 87,8%  | 84,5%  | 96,0%  |
| Working capital<br>(Current assets minus current liabilities) | -3,913 | -1,386 | -578   |
| <b><i>Non-financial performance indicators</i></b>            |        |        |        |
| Average HC                                                    | 1      | 2      | 2      |

## **2. Future development and risks**

### **Future development**

The company is intended to be transformed into an active management holding company in continuation of the restructuring process that started in 2022. As a result, higher operating expenses are expected for 2023, which will be compensated by charging management fees to group companies and dividends from subsidiaries.

### **Significant risks and uncertainties**

There are no significant risks or uncertainties in the current structure.

### **Financial instruments, risks and strategies**

For risk management purposes, the Company holds derivative financial instruments for significant long-term financial liabilities. Since the company only operates as a holding company, there are no significant receivables risks.

There is a certain liquidity risk with regard to the scheduled repayment of bank liabilities, since the company is dependent on the payment of dividends or the provision of liquidity by the subsidiaries.

In accordance with internal financial planning, the Management Board expects that the company will repay its bank liabilities as planned.

To hedge the interest rate risk, the company concluded an interest rate hedge for a long-term bank loan concluded in 2021 in financial year 2022.

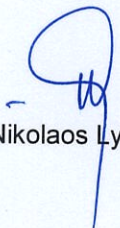
### 3. Research & Development

The Company does not have a research and development department itself, but together with ILG the Company drives the development of the product and service range of the AUSTRIACARD Group in the area of the "Internet of Things" ("IoT"). The development services are commissioned by the company and provided by external and internal service providers. At the end of 2022 the company's branch started a research project in the field of IoT and hired an employee for this purpose.

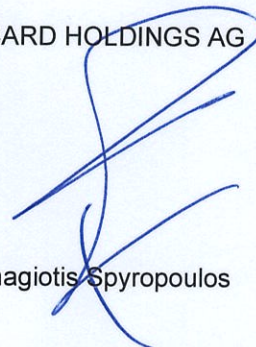
Research and development expenses amounted to EUR 9k in 2022 (previous year: EUR 133k).

Vienna, 20 March 2023

Management Board of AUSTRIACARD HOLDINGS AG



Nikolaos Lykos



Panagiotis Spyropoulos

## **Auditor's Report**

### **Report on the Financial Statements**

#### **Audit Opinion**

We have audited the financial statements of

**AUSTRIACARD HOLDINGS AG,  
Vienna, Austria**

which comprise the Balance Sheet as at 31 December 2022, the Income Statement for the year then ended, and the Notes.

In our opinion, the financial statements comply with the legal requirements and present fairly, in all material respects, the financial position of the Company as at 31 December 2022 and its financial performance for the year then ended, in accordance with Austrian Generally Accepted Accounting Principles.

#### **Basis for our Opinion**

We conducted our audit in accordance with Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section of our report. We are independent of the Company, in accordance with Austrian company law and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained up to the date of the auditor's report is sufficient and appropriate to provide a basis for our audit opinion on this date.

#### **Responsibilities of Management and the Audit Committee for the Financial Statements**

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

Management is also responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole, are free from material misstatements – whether due to fraud or error – and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatements in the financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements 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.
- We 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 entity's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the audit committee regarding, amongst other matters the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.

## **Management Report**

In accordance with Austrian company law, the management report is to be audited as to whether it is consistent with the financial statements and prepared in accordance with legal requirements.

Management is responsible for the preparation of the management report in accordance with Austrian company law.

We have conducted our audit in accordance with generally accepted standards on the audit of management reports as applied in Austria.

### **Opinion**

In our opinion, the management report is consistent with the financial statements and has been prepared in accordance with legal requirements.

### **Statement**

Based on our knowledge gained in the course of the audit of the financial statements and our understanding of the Company and its environment, we did not note any material misstatements in the management report.

## **Engagement Partner**

The engagement partner is Mr Gerhard Wolf.

Vienna, 21 March 2023

KPMG Austria GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:  
Gerhard Wolf  
Wirtschaftsprüfer  
(Austrian Chartered Accountant)

## Annual financial report 2022 (translated)

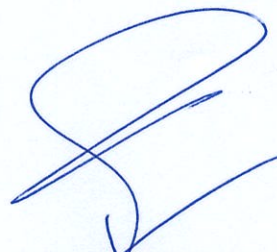
### Declaration by all legal representatives pursuant to § 124 (1) 3 Stock Exchange Act (BörseG)

We confirm that to the best of their knowledge, the annual financial statements, prepared in accordance with the applicable financial reporting standards, present a true and fair view of the assets, financial position and results of operations of the company and that the report of the management board presents the situation of the company in such a manner so as to present a fair and true view of the assets, financial position and results of operations and also describes the major risks and uncertainties to which the company are exposed.



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**Nikolaos Lykos**  
Chairman of the Management Board  
AUSTRIACARD HOLDINGS AG



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**Panagiotis Spyropoulos**  
Vice Chairman & Group CEO  
AUSTRIACARD HOLDINGS AG