



**AUSTRIACARD HOLDINGS AG,  
Vienna**

**Auditor's report over the  
Consolidated financial statements as of  
31 December 2020**

**This report is a translation of the original report in German, which is solely valid.**

29 March 2021

KPMG Austria GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft  
10168761

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**This report is a translation of the original report in German, which is solely valid.**

The financial statements, together with our auditor's opinion, may only be published if the financial statements and the management report are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.

## **Auditor's Report**

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

#### **Audit Opinion**

We have audited the consolidated financial statements of

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

and its subsidiaries ("the Group"), which comprise the Consolidated Statement of Financial Position as at 31 December 2020, 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 present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, 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, 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 Supervisory Board 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.

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 supervisory board 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 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 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 supervisory board 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, 29 March 2021

KPMG Austria GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:  
Gerhard Wolf  
Wirtschaftsprüfer  
(Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid.  
This document was signed with a qualified electronic signature and only this electronic version is valid. The consolidated financial statements together with our auditor's opinion may only be published if the consolidated financial statements and the group management report are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.

# **ANNUAL FINANCIAL REPORT 2020**

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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 areas of "Digital Security" (DS) under the brands AUSTRIACARD and TAG SYSTEMS, "Information Management" (IM) under the brand INFORM as well as "Internet of Things" (IoT) under the brand name NAUTILUS. AUSTRIACARD HOLDINGS is driven by historic values of service rendering, innovation and perseverance in sustainable growth for all stakeholders. In 2020, the Digital Security Division generated revenues of € 109.7 million (2019: 67.6 million) and the Information Management Division revenues of € 69.8 million (2019: 72.5 million). On a consolidated level and accounting for intra-group eliminations, the Group achieved revenues of € 173.9 million in 2020 (2019: 135.0 million).

With more than 120 years of history in the field, AUSTRIACARD HOLDINGS Group is one of the leading B2B (business-to-business) providers of secure data solutions in Europe and a market leader in Austria, Scandinavia, Central and Eastern Europe and South Eastern Europe, with significant market shares in many European countries and Turkey and hence high potential for further growth. 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. AUSTRIACARD HOLDINGS has also a market leading position in the provision of payment products to the new Banks, the Challenger Banks, hence a high future growth 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 six production facilities and seven personalization centres in Europe, as well as two additional personalization centres in South America and the USA, allowing us to serve customers, wherever they are, in the best way. 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 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 informational 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 the commitment to personal care and support of our customers. The passion for innovation and well-served customers have been the driving force of the Lykos family over four generations. The Group's endurance has been tried and tested through turbulent and significant times in recent Greek and European history. It is the partner of choice for more than 120 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 after the acquisition of the latter in December 2019, 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.

AUSTRIACARD's activities comprise primarily the certified production of smart cards and personalization services, including value-added 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), Diners Club International brands, AMEX and JCB. Besides the extensive experience in safety and the secure handling of highly sensitive data AUSTRIACARD operates under permanent supervision of external auditors appointed or accredited by the payment schemes and other institutions following strict standards for digital and physical safety and security. In addition to the installed internal quality assurance systems certified according to ISO 9001, AUSTRIACARD relies on distinct awareness of all employees regarding confidentiality in data handling and operational safety.

AUSTRIACARD has a very strong pan-European operational footprint including three production facilities located in Andorra, Austria and Romania and seven personalization centres located in the United Kingdom, Spain, Austria, Poland, Romania, Greece and Turkey, as well as two personalization centres in South America and the USA. With additional sales offices in Norway, Czech Republic, Germany, Croatia, Serbia, Jordan, the UAE and a network of partners and selling agencies around the world, AUSTRIACARD is able to provide high value services and advice wherever our customers are located

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 PVC, assisting in the cause of creating and enforcing environmental consciousness. AUSTRIACARD's 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. AUSTRIACARD further personalizes smart cards digitally and physically for major international financial institutions, companies in the transport and private sector, as well as major 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, AUSTRIACARD 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's ability to introduce and adapt new technologies is based on its research and development department's deep knowledge of chip operating systems for the payment and identification industries.

AUSTRIACARD sold approximately 88.6 million (2019: 60.4 million) cards to its clients in 2020 and estimates that it is among the top worldwide EMV-based smart card manufacturers. Being the market leader in Scandinavia,

Austria, 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 new Banks, the Challenger Banks, hence a high future growth potential on a 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., founded in 1897 in Greece ("**INFORM**") and market products and solutions under the brand INFORM. INFORM has been listed on the Athens Stock Exchange since 1994, and is the market leader in South Eastern Europe in the area of Information Management, with production facilities in Athens (Greece), Bucharest (Romania) and Tirana (Albania) and it also innovates with the provision of highly specialized digital transformation solutions to its customers.

INFORM provides products, services and solutions to sensitive Industries such as Financial Institutions, Government, Public Sector & Infrastructure, Telecommunications as well as Industry & Retail. Highly recognized in the market of printing products, such as business forms, paper rolls, security and commercial printing (from standard ink on paper to complex data structures, where the document is conceived as a strategic unit of information) and supports companies and governments across the whole document life cycle. This includes data collection and classification, verification, coding, storing as well as the physical or digital export of formatted data using Omni-channel communication solutions.

INFORM also operates in the market for business process outsourcing, offering physical and digital statement and bill printing, fulfilment, electronic bill presentment, card personalization, loyalty software applications and print management services, as well as integrated customized solutions, covering the highly sensitive and demanding requirements of its customers.

INFORM provides highly specialized and technologically advanced solutions in order to support its customers in their own digital transformation. An indicative example of the implementation of a digital transformation project is the Digital on Boarding (DoB) solution for National Bank of Greece. Through this application, every citizen has the opportunity to open a bank account, issue a Debit card and obtain credentials to Internet & Mobile Banking. This new solution has already attracted the interest of 30,000 customers of National Bank of Greece and has also attracted the interest of other Banks in Central, Eastern and South-Eastern Europe. DoB is complementary to other digital solutions that have already been implemented, such as Customer Communication Management, Enterprise Document Management and Scanning & Archiving solutions.

INFORM, following its strategy to expand new digital services, continuously innovates with the provision of highly specialized and technologically advanced digitalization solutions, such as OCR / Data Capture Solutions 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.

## 2.3. Nautilus

In 2018 the Group started its initiative to provide security in the world of Internet of Things ('IoT') under the brand of NAUTILUS and has grouped its activities in the new IoT Division at AUSTRIACARD HOLDINGS AG level. NAUTILUS' mission is a future where assets and solutions flow intelligently in their value chains, by transforming the "Internet of Things" ecosystem. Through continuous research and development, service excellence, teamwork, innovation and integrity, NAUTILUS seeks to be pioneering leaders across multiple market segments. Our passion for innovation and excellence in hardware embedded security drives us to provide high quality services that can be applied to a wide spectrum of industries, from Supply Chains 4.0 to Industrial Applications, Security and Defence segments. Nautilus continued this initiative and is currently developing high-end solutions in the fields of secure / encrypted communications and assets tracking and control.

### 3. GROUP BUSINESS PERFORMANCE

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

In 2020 the global economy collapsed due to the COVID-19 pandemic according to the Global Economic Prospects report issued by World Bank in January 2021. Global GDP growth is estimated to have dropped from 2.3% in 2019 to a recession of -4.3% in 2020. The Euro area is especially concerned by the recession as the Gross Domestic Product declined by -7.4% compared to a growth of 1.3% in 2019. Following the recession in 2020, the World Bank expects the economic output in the Euro Area as well as on world-wide level to expand by between 3% and 4%.

Despite a COVID-related dip in 2020, the payment cards market is growing while non-chip cards and simple smart cards are replaced by dual interface cards. Despite the fact that the recently founded so-called Challenger Banks were affected significantly by the COVID-19 pandemic, it is expected that they will continue to grow on global scale once the market starts to be normalized, using payment cards as a mean to facilitate their market expansion. At the same time there is a trend towards mobile payments which opens new product segments as secure communication and authorisation is crucial for such services. 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. 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 takeover of Gemalto by Thales, Paragon acquiring Thames and AUSTRIACARD merging with TAG Systems.

In the Information Management segment the security printing and especially digitalization 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. As a Division we are 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

In 2020, the COVID-19 pandemic broke out and hit the global economy significantly. Although the Group is not operating in business segments that the pandemic hit the most, we were still affected in various ways, as for example:

- Due to a COVID-19 related country-wide, general lockdown commanded by the Andorran government, our card manufacturing plant in Andorra was closed from 18 March to 3 May 2020. As a countermeasure the most urgent product orders were transferred to the Group's other payment card manufacturing plants in Austria and Romania.
- Adjusting to lower demand and due to increased uncertainty, some of our customers in both Divisions delayed projects or reduced orders.
- Sourcing of raw material (e.g. chips) became more difficult as
  - suppliers (had to) shut down plants which reduced available capacity and
  - timely deliveries to our plants became more difficult due to lower capacity in global air and sea transport as well as by COVID-19 health protocols.
- Dealing with changing local COVID-19 related legislation and quarantined personnel, as well as switching administrative staff to home office.
- In order to safeguard the health of our employees and in line with local government recommendations, we implemented at our sites various measures to limit the risk of contagion such as home office for administrative employees, obligation to wear masks, separation of shifts in our production and personalization facilities etc.

Fortunately, thanks to the effort of our employees we were collectively able to manage these challenges. Furthermore, since our main customers, financial institutions, as well as governmental institutions mostly implemented their planned projects, our performance in 2020 was better than in 2019.

After having been very active pursuing M&A-based growth in 2019, the Group proceeded in 2020 with the integration of the newly acquired companies. With the aim of generating synergies with the newly acquired companies, we conducted joint negotiations of purchasing prices with our key suppliers. Additionally, we initiated the project to centralize our personalization activities in Poland in Warsaw. This project was completed in January 2021.

In December 2019 aiming at providing personalization and fulfilment services in the US market, Digital Security together with a joint venture partner, founded TAG Systems USA. In 2020, we set up and certified our personalization center in the US and personalized the first cards in November 2020. In 2020, the company was also included in the financial statements at equity for the first time.

In June 2020 Digital Security signed a consortium financing agreement with a total value of € 51 million, with a duration of three to seven years. The purpose of this financing agreement was the refinancing of existing term and revolving capital loans, as well as of the bridge loan for financing the acquisition of TAG SYSTEMS.

In 2016, the Competition Council of Romania imposed a fine of € 0.8 million on Inform Lykos S.A., Romania (ILR), a subsidiary of the group. ILR appealed against this judgment, but was sentenced in the end of 2020 in the last instance and the sentence was confirmed in this amount. Less an already existing provision of € 0.3 million, additional provisions in the amount of € 0.5 million had to be recognized. This expense is included in the segment reporting in the non-recurring expenses or in the consolidated income statement in the item litigation and restructuring expenses.

### 3.3. Business performance of AUSTRIACARD HOLDINGS Group

In 2019, AUSTRIACARD HOLDINGS Group acquired various new businesses and as a result, 2020 business performance is not comparable with 2019. For this reason the following table compares 2020 key performance indicators (KPI) with 2019 pro forma KPIs which have been calculated supposing that all acquisitions had taken place as of 1/1/2019.

pro forma Business performance	2020 actual	2019 pro forma	D '20-'19	D '20-'19 %
<b>Revenues</b>	<b>173,852,641</b>	<b>183,929,367</b>	<b>(10,076,726)</b>	<b>-5.5%</b>
<b>Gross profit I</b>	<b>77,089,308</b>	<b>77,171,485</b>	<b>(82,178)</b>	<b>-0.1%</b>
<i>Gross margin I</i>	<i>44.3%</i>	<i>42.0%</i>	<i>2.4%</i>	
Operating expenses excl. D,A&I	(58,181,113.2)	(58,417,103.5)	235,990	-0.4%
<i>Operating expenses as % of Sales</i>	<i>-33.5%</i>	<i>-31.8%</i>	<i>-1.7%</i>	
Other income & expenses	1,848,602	1,420,078	428,524	30.2%
Result from associated companies	361,748	764,922	(403,174)	-52.7%
<b>adjusted EBITDA</b>	<b>21,118,545</b>	<b>20,938,723</b>	<b>179,822</b>	<b>0.9%</b>
<i>adjusted EBITDA margin</i>	<i>12.1%</i>	<i>11.4%</i>	<i>0.8%</i>	

AUSTRIACARD HOLDINGS Group revenues reached € 173.9 million decreasing by € 10.1 million or 5.5% compared to 2019 (pro forma). This decrease mainly relates to the shortfall of the paper ballot project in Nigeria which was realized in 2019 as well as to COVID-19 pandemic related effects that lead to delay or reduction of customer orders in both Divisions and especially with Challenger Banks. These effects were partially compensated by increased deliveries of payment cards in Scandinavia, Turkey and the mass renewal of the Austrian photo e-health card. From regional perspective, all regions registered decreases compared to 2019 (pro forma) with the most significant dip coming from Western Europe (UK and Spain).

Revenues by region	2020 actual	2019 pro forma	D '20-'19	D '20-'19 %
Western Europe	64,067,904	69,199,659	(5,131,755)	-7.4%
Central & Eastern Europe	92,801,272	95,551,176	(2,749,904)	-2.9%
Other	16,983,465	19,178,532	(2,195,067)	-11.4%
<b>Total</b>	<b>173,852,641</b>	<b>183,929,367</b>	<b>(10,076,726)</b>	<b>-5.5%</b>

Gross profit I essentially stayed stable at € 77.1 million as the Gross margin I improved by 2.4 percentage points to 44.3% from 42.0% in 2019. This improvement relates to a better sales mix in terms of products & services and regions.

Operating expenses excluding depreciation, amortization and impairment (OPEX) slightly decreased on pro forma basis by € 0.2 million or 0.4% from € 58.4 million to € 58.2 million as the OPEX reduction in IM Division was mostly compensated by OPEX increases in DS Division.

The higher balance of Other income and Other expenses is due to increased capitalized R&D expenses which relate to internal software development and SAP/ERP implementation efforts. The reduction of the Result from associated companies is due to ramp up costs of our new personalization center in the USA.

As a result, adjusted EBITDA (on pro forma basis) increased slightly by € 0.2 million or 0.9% from € 20.9 million to € 21.1 million in 2020. Similarly adjusted Operating result (adjusted EBITDA excluding Other income and Other expenses, Result from associated companies) increased by 0.8% from € 18.8 million in 2019 to € 18.9 million in 2020.

## actual Business performance

2020

2019

D '20-'19

D '20-'19 %

<b>Revenues</b>	<b>173,852,641</b>	<b>134,966,335</b>	<b>38,886,306</b>	<b>28.8%</b>
Costs of material & mailing	(96,763,333)	(75,289,177)	(21,474,157)	28.5%
<b>Gross profit I</b>	<b>77,089,308</b>	<b>59,677,158</b>	<b>17,412,150</b>	<b>29.2%</b>
<i>Gross margin I</i>	<i>44.3%</i>	<i>44.2%</i>	<i>0.1%</i>	<i>0.3%</i>
Production costs	(37,426,926)	(29,870,514)	(7,556,412)	25.3%
<b>Gross profit II</b>	<b>39,662,382</b>	<b>29,806,644</b>	<b>9,855,738</b>	<b>33.1%</b>
<i>Gross margin II</i>	<i>22.8%</i>	<i>22.1%</i>	<i>0.7%</i>	
Other income	2,579,119	1,588,388	990,731	62.4%
Selling and distribution expenses	(13,643,811)	(10,792,480)	(2,851,331)	26.4%
Administrative expenses	(11,844,590)	(9,179,264)	(2,665,327)	29.0%
Research and development expenses	(5,538,572)	(4,663,629)	(874,943)	18.8%
Other expenses	(730,517)	(689,910)	(40,606)	5.9%
Result from associated companies	361,748	0	361,748	n/a
+ Depreciation, amortization and impairment	10,272,786	6,970,323	3,302,463	47.4%
<b>adjusted EBITDA</b>	<b>21,118,545</b>	<b>13,040,072</b>	<b>8,078,473</b>	<b>62.0%</b>
<i>adjusted EBITDA margin</i>	<i>12.1%</i>	<i>9.7%</i>	<i>2.5%</i>	
- Depreciation, amortization and impairment	(10,272,786)	(6,970,323)	(3,302,463)	47.4%
<b>adjusted EBIT</b>	<b>10,845,759</b>	<b>6,069,749</b>	<b>4,776,010</b>	<b>78.7%</b>
Financial income	65,784	85,361	(19,577)	-22.9%
Financial expenses	(3,383,630)	(2,831,380)	(552,250)	19.5%
<b>Net finance costs</b>	<b>(3,317,846)</b>	<b>(2,746,019)</b>	<b>(571,827)</b>	<b>20.8%</b>
<b>adjusted Profit (Loss) before tax</b>	<b>7,527,913</b>	<b>3,323,730</b>	<b>4,204,183</b>	<b>126.5%</b>
Non-recurring expenses	(1,058,555)	0	(1,058,555)	#DIV/0!
<b>Profit (Loss) before tax</b>	<b>6,469,358</b>	<b>3,323,730</b>	<b>3,145,628</b>	<b>94.6%</b>
Income tax expense	(1,024,171)	(1,834,498)	810,327	-44.2%
<b>Profit (Loss)</b>	<b>5,445,187</b>	<b>1,489,232</b>	<b>3,955,955</b>	<b>265.6%</b>
<b>Operating expenses excl. D,A&amp;I</b>	<b>2020</b>	<b>2019</b>	<b>D '20-'19</b>	<b>D '20-'19 %</b>
Production costs	(37,426,926)	(29,870,514)	(7,556,412)	25.3%
Selling and distribution expenses	(13,643,811)	(10,792,480)	(2,851,331)	26.4%
Administrative expenses	(11,844,590)	(9,179,264)	(2,665,327)	29.0%
Research and development expenses	(5,538,572)	(4,663,629)	(874,943)	18.8%
+ Depreciation, amortization and impairment	10,272,786	6,970,323	3,302,463	47.4%
<b>Total</b>	<b>(58,181,113)</b>	<b>(47,535,564)</b>	<b>(10,645,550)</b>	<b>22.4%</b>
<b>Operating expenses as a % of Revenues</b>	<b>33.5%</b>	<b>35.2%</b>		

On actual basis revenues, gross profit, OPEX increased substantially compared to 2019 due to implemented business acquisitions in 2019 and as a result adjusted EBITDA jumped by € 8.1 million or 62.0% from € 13.0 million to € 21.1 million.

Adjusted Profit before tax rose by € 4.2 million or € 126.5% as also Depreciation, amortisation and impairment and Net finance costs registered significant M&A-related increases. Similarly, Profit increased by € 4.0 million from € 1.5 million to € 5.4 million as non-recurring expenses compensated lower deferred tax charges. Non-recurring expenses relate to costs in connection with litigations and with the closing of the personalization site in Krakow, Poland.



### 3.4. Report on segments

#### 3.4.1. Digital Security

In 2019, Digital Security Division ('DS Division') acquired TAG SYSTEMS Group and as a result, 2020 business performance is not comparable with 2019. For this reason the following table compares 2020 key performance indicators (KPI) with 2019 pro forma KPIs which have been calculated supposing that the acquisition had taken place as of 1/1/2019.

pro forma Business performance	2020 actual	2019 pro forma	D '20-'19	D '20-'19 %
<b>Revenues</b>	<b>109,737,493</b>	<b>113,479,007</b>	<b>(3,741,513)</b>	<b>-3.3%</b>
<b>Gross profit I</b>	<b>51,657,322</b>	<b>49,900,978</b>	<b>1,756,344</b>	<b>3.5%</b>
<i>Gross margin I</i>	47.1%	44.0%	3.1%	
Operating expenses excl. D,A&I	(38,146,408.9)	(37,339,033.6)	(807,375)	2.2%
<i>Operating expenses as % of Sales</i>	-34.8%	-32.9%	-1.9%	
Other income & expenses	1,449,043	1,126,624	322,419	28.6%
Result from associated companies	361,748	764,922	(403,174)	-52.7%
<b>adjusted EBITDA</b>	<b>15,321,705</b>	<b>14,453,491</b>	<b>868,214</b>	<b>6.0%</b>
<i>adjusted EBITDA margin</i>	12.1%	11.4%	0.8%	

The Digital Security segment recorded revenues of € 109.7 million in 2020 decreasing by € 3.7 million or 3.3% compared to 2019 on pro forma basis. This decrease results mostly from lower shipping recharges to Challenger Banks. Higher sales to Banking and ID customers compensated lower product and personalization sales to Challenger Banks. The number of sold cards decreased by 2.3 million or 2.6% from 91.0 million sold cards on pro forma basis in 2019 to 88.6 million in 2020 due to lower deliveries to Challenger Banks and customers in the Industry segment.

Gross profit I grew by € 1.8 million from € 49.9 million to € 51.7 in 2020 as the Gross margin I increased by 3.1 percentage points to 47.1%. This improvement relates to reductions in material costs and a better sales mix.

On pro forma basis, operating expenses excluding depreciation, amortization and impairment above increased, essentially due to the expansion of production capacities in our plants, by € 0.8 million or 2.2% to € 38.1 million in 2020.

Adjusted EBITDA increased by 6.0% or € 0.9 million on pro forma basis to € 15.3 million as higher Gross profit and Other income were partially compensated by increased Operating expenses and a lower Result from associated companies. The higher balance of Other income and expenses relates to internal software development and SAP/ERP implementation efforts. The reduced Result from associated companies is due to start-up costs for our new personalization centre in the USA.

Adjusted operating result (adjusted EBITDA excluding Other income and Other expenses, Result from associated companies) rose in 2020 by € 0.9 million or 7.6% from € 12.6 million on pro forma basis in 2019 to € 13.5 million.

## actual Business performance

2020

2019

D '20-'19

D '20-'19 %

<b>Revenues</b>	<b>109,737,493</b>	<b>67,551,572</b>	<b>42,185,921</b>	<b>62.4%</b>
Costs of material & mailing	(58,080,171)	(32,149,323)	(25,930,848)	80.7%
<b>Gross profit I</b>	<b>51,657,322</b>	<b>35,402,249</b>	<b>16,255,073</b>	<b>45.9%</b>
<i>Gross margin I</i>	<i>47.1%</i>	<i>52.4%</i>	<i>-5.3%</i>	
Production costs	(23,712,583)	(16,841,023)	(6,871,560)	40.8%
<b>Gross profit II</b>	<b>27,944,739</b>	<b>18,561,227</b>	<b>9,383,513</b>	<b>50.6%</b>
<i>Gross margin II</i>	<i>25.5%</i>	<i>27.5%</i>	<i>-2.0%</i>	
Other income	1,911,502	1,013,940	897,563	88.5%
Selling and distribution expenses	(8,864,180)	(6,547,031)	(2,317,149)	35.4%
Administrative expenses	(6,888,483)	(4,396,511)	(2,491,973)	56.7%
Research and development expenses	(4,502,152)	(3,857,975)	(644,177)	16.7%
Other expenses	(462,459)	(388,376)	(74,083)	19.1%
Result from associated companies	361,748		361,748	n/a
+ Depreciation, amortization & impairment	5,820,989	3,197,452	2,623,536	82.1%
<b>adjusted EBITDA</b>	<b>15,321,705</b>	<b>7,582,726</b>	<b>7,738,979</b>	<b>102.1%</b>
<i>adjusted EBITDA margin</i>	<i>14.0%</i>	<i>11.2%</i>	<i>2.7%</i>	
- Depreciation, amortization & impairment	(5,820,989)	(3,197,452)	(2,623,536)	82.1%
<b>adjusted EBIT</b>	<b>9,500,716</b>	<b>4,385,273</b>	<b>5,115,443</b>	<b>116.7%</b>
Financial income	64,273	73,627	(9,354)	-12.7%
Financial expenses	(1,722,320)	(953,452)	(768,868)	80.6%
<b>Net finance costs</b>	<b>(1,658,047)</b>	<b>(879,825)</b>	<b>(778,222)</b>	<b>88.5%</b>
<b>adjusted Profit (Loss) before tax</b>	<b>7,842,669</b>	<b>3,505,448</b>	<b>4,337,221</b>	<b>123.7%</b>
Non-recurring expenses	(550,000)	0	(550,000)	n/a
<b>Profit (Loss) before tax</b>	<b>7,292,669</b>	<b>3,505,448</b>	<b>3,787,221</b>	<b>108.0%</b>

## Operating expenses excl. D,A&amp;I

2020

2019

D '20-'19

D '20-'19 %

Production costs	(23,712,583)	(16,841,023)	(6,871,560)	40.8%
Selling and distribution expenses	(8,864,180)	(6,547,031)	(2,317,149)	35.4%
Administrative expenses	(6,888,483)	(4,396,511)	(2,491,973)	56.7%
Research and development expenses	(4,502,152)	(3,857,975)	(644,177)	16.7%
+ Depreciation, amortization & impairment	5,820,989	3,197,452	2,623,536	82.1%
<b>Total</b>	<b>(38,146,409)</b>	<b>(28,445,087)</b>	<b>(9,701,322)</b>	<b>34.1%</b>
<b>Operating expenses as a % of Revenues</b>	<b>34.8%</b>	<b>42.1%</b>		

On actual basis revenues, gross profit, OPEX increased substantially compared to 2019 due to implemented business acquisition in 2019 and as a result adjusted EBITDA jumped by € 7.7 million or 102.1% from € 7.7 million to € 15.3 million.

Adjusted Profit before tax rose by € 4.3 million or € 123.7% as also Depreciation, amortisation and impairment and Net finance costs registered significant M&A-related increases. Deducting non-recurring expenses related to costs in connection with litigations and with the closing of the personalization site in Krakow (Poland), Profit before tax came in at € 7.3 million compared to € 3.5 million in 2019.

### 3.4.2. Information Management

In 2019, Information Management Division ('IM Division') acquired business of Star Storage and NEXT DOCS in Romania and as a result, 2020 business performance is not fully comparable with 2019. For this reason the following table compares 2020 key performance indicators (KPI) with 2019 pro forma KPIs which have been calculated supposing that the acquisition had taken place as of 1/1/2019.

<b>pro forma Business performance</b>	<b>2020 actual</b>	<b>2019 pro forma</b>	<b>D '20-'19</b>	<b>D '20-'19 %</b>
<b>Revenues</b>	69,778,540	75,521,600	(5,743,060)	-7.6%
<b>Gross profit I</b>	26,109,680	27,923,130	(1,813,450)	-6.5%
<i>Gross margin I</i>	37.4%	37.0%	0.4%	
Operating expenses excl. D,A&I	(20,219,611)	(21,233,456)	1,013,845	-4.8%
<i>Operating expenses as % of Sales</i>	-29.0%	-28.1%	-0.9%	
Other income & expenses	724,426	544,923	179,503	32.9%
Result from associated companies	0	0	0	#DIV/0!
<b>adjusted EBITDA</b>	<b>6,614,495</b>	<b>7,234,597</b>	<b>(620,102)</b>	<b>-8.6%</b>
<i>adjusted EBITDA margin</i>	9.5%	9.6%	-0.1%	

The Information Management segment recorded revenues of € 69.8 million decreasing by € 5.7 million or 7.6% compared to 2019 on pro forma basis. The main reason for this reduction was the one off effect in 2019 of the production of security ballots for the presidential elections in Nigeria, as pandemic related customer orders and projects delays or cuts in 2020, were offset by the better performance of Romania and by the newly offered digitalization solutions.

Gross profit I shrunk by € 1.8 million or 6.5% on pro forma basis while the Gross margin I increased by 0.4 percentage points from 37.0% to 37.4% because of a more favourable sales mix. Operating expenses excluding depreciation, amortization and impairment shrunk by € 1.0 million or 4.8% mainly due to the Nigeria project as well as to lower consumables and other production related expenses and hence compensated partially the shortfall in Gross profit I.

Adjusted EBITDA decreased on pro forma basis by 8.6% or € 0.6 million from € 7.2 million to € 6.6 million. The main reason for this reduction was the one off effect in 2019 of the Nigerian project, which was partially offset by the better performance of Romania and by the newly offered digitalization solutions.

## actual Business performance

2020

2019

D '20-'19

D '20-'19 %

<b>Revenues</b>	<b>69,778,540</b>	<b>72,486,002</b>	<b>(2,707,462)</b>	<b>-3.7%</b>
Costs of material & mailing	(43,668,860)	(47,558,470)	3,889,610	-8.2%
<b>Gross profit I</b>	<b>26,109,680</b>	<b>24,927,532</b>	<b>1,182,148</b>	<b>4.7%</b>
<i>Gross margin I</i>	<i>37.4%</i>	<i>34.4%</i>	<i>3.0%</i>	
Production costs	(13,991,818)	(13,284,695)	(707,123)	5.3%
<b>Gross profit II</b>	<b>12,117,862</b>	<b>11,642,837</b>	<b>475,026</b>	<b>4.1%</b>
<i>Gross margin II</i>	<i>17.4%</i>	<i>16.1%</i>	<i>1.3%</i>	
Other income	1,484,367	1,285,834	198,533	15.4%
Selling and distribution expenses	(4,941,092)	(4,521,662)	(419,430)	9.3%
Administrative expenses	(4,697,046)	(4,423,201)	(273,846)	6.2%
Research and development expenses	(764,613)	(677,741)	(86,871)	12.8%
Other expenses	(759,941)	(740,911)	(19,030)	2.6%
+ Depreciation, amortization and impairment	4,174,958	3,640,895	534,062	14.7%
<b>adjusted EBITDA</b>	<b>6,614,495</b>	<b>6,206,052</b>	<b>408,443</b>	<b>6.6%</b>
<i>adjusted EBITDA margin</i>	<i>9.5%</i>	<i>8.6%</i>	<i>0.9%</i>	
- Depreciation, amortization and impairment	(4,174,958)	(3,640,895)	(534,062)	14.7%
<b>adjusted EBIT</b>	<b>2,439,537</b>	<b>2,565,156</b>	<b>(125,619)</b>	<b>-4.9%</b>
Financial income	1,522	14,743	(13,221)	-89.7%
Financial expenses	(1,520,915)	(1,456,542)	(64,374)	4.4%
<b>Net finance costs</b>	<b>(1,519,393)</b>	<b>(1,441,798)</b>	<b>(77,595)</b>	<b>5.4%</b>
<b>adjusted Profit (Loss) before tax</b>	<b>920,144</b>	<b>1,123,358</b>	<b>(203,214)</b>	<b>-18.1%</b>
Non-recurring expenses	(508,555)	0	(508,555)	n/a
<b>Profit (Loss) before tax</b>	<b>411,589</b>	<b>1,123,358</b>	<b>(711,770)</b>	<b>-63.4%</b>

## Operating expenses excl. D&amp;A

2020

2019

D '20-'19

D '20-'19 %

Production costs	(13,991,818)	(13,284,695)	(707,123)	5.3%
Selling and distribution expenses	(4,941,092)	(4,521,662)	(419,430)	9.3%
Administrative expenses	(4,697,046)	(4,423,201)	(273,846)	6.2%
Research and development expenses	(764,613)	(677,741)	(86,871)	12.8%
+ Depreciation, amortization and impairment	4,174,958	3,640,895	534,062	14.7%
<b>Total</b>	<b>(20,219,611)</b>	<b>(19,266,403)</b>	<b>(953,208)</b>	<b>4.9%</b>
<b>Operating expenses as a % of Revenues</b>	<b>29.0%</b>	<b>26.6%</b>		

On actual basis revenues were decreased due the previously mentioned effect of the Nigerian project in 2019, which was partially offset by the implemented business acquisition at the end of 2019, the better performance of Romania and by the newly offered digitalization solutions. Gross profit increased compared to 2019 mainly due to the mentioned business acquisition at the end of 2019, while OPEX increased accordingly but at lower level than gross profit, and as a result adjusted EBITDA improved by € 0.4 million or 6,6% from € 6.2 million to € 6.6 million.

Adjusted Profit before tax decreased by € 0.2 million or € -18.1% as also Depreciation, amortisation and impairment registered M&A-related increases. Deducting non-recurring expenses related to the partially provisioned fine, imposed by the Competition Council of Romania on Inform Lykos, S.A. Romania (ILR), Profit before tax came in at € 0.4 million compared to € 1.1 million in 2019.

### 3.5. Financial position

Statement of financial position	31/12/2020	31/12/2019	D '20-'19	D '20-'19 %
Non-current assets	115,175,019	114,173,887	1,001,131	0.9%
Current assets	66,231,821	77,259,176	(11,027,355)	-14.3%
<b>Total assets</b>	<b>181,524,266</b>	<b>191,433,063</b>	<b>(9,908,797)</b>	<b>-5.2%</b>
Total Equity	60,692,602	56,491,112	4,201,490	7.4%
Non-current liabilities	71,441,832	44,637,543	26,804,290	60.0%
Current Liabilities	49,272,406	90,304,409	(41,032,003)	-45.4%
<b>Total Equity and Liabilities</b>	<b>181,406,840</b>	<b>191,433,063</b>	<b>(10,026,223)</b>	<b>-5.2%</b>

Total assets decreased by € 9.9 million from € 191.4 million as of 31 December 2019 to € 181.4 million as of 31 December 2020 that is mainly related to the repayment of a loan with available cash. Non-current liabilities increased by € 26.8 million while Current liabilities were decreased by € 41.0 million because of the long-term refinancing of an acquisition bridge loan. Mainly due to the increase in Profit and the reduction Total assets, the Group's equity ratio rose from 29.5% to 33.5% as of 31 December 2020.

Working Capital	31/12/2020	31/12/2019	D '20-'19	D '20-'19 %
Inventories	19,826,466	19,159,713	666,753	3.5%
Contract assets	9,870,830	9,155,966	714,863	7.8%
Current tax assets	304,081	330,016	(25,936)	-7.9%
Trade receivables	19,311,897	21,318,188	(2,006,292)	-9.4%
Other receivables	5,907,802	5,028,654	879,149	17.5%
	55,221,075	54,992,537	228,538	0.4%
Current tax liabilities	(292,649)	(404,419)	111,769	-27.6%
Trade payables	(19,981,097)	(20,988,007)	1,006,910	-4.8%
Other payables	(8,042,420)	(8,368,303)	325,883	-3.9%
Contract liabilities	(1,794,724)	(2,710,618)	915,894	-33.8%
Deferred income	(412,066)	(149,908)	(262,158)	174.9%
	(30,522,957)	(32,621,255)	2,098,298	-6.4%
<b>Net Working Capital</b>	<b>24,698,118</b>	<b>22,371,282</b>	<b>2,326,836</b>	<b>10.4%</b>

As of 31 December 2020, Net working capital increased by € 2.3 million or 10.4% to € 24.7 million as current liabilities decreased while current assets remained stable. As a result of the increased Revenues Net working capital as percentage of Revenues decreased from 16.6% in 2019 to 14.2% in 2020.

Statement of cash flows	2020	2019	D '20-'19	D '20-'19 %
Cash flows from operating activities	14,442,334	12,765,395	1,676,939	13.1%
Cash flows from investing activities	(8,841,779)	(24,324,432)	15,482,653	-63.7%
Cash flows from financing activities	(16,361,656)	26,843,453	-43,205,109	-161.0%
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(10,761,101)</b>	<b>(1,564,185)</b>	<b>-9,196,916</b>	<b>588.0%</b>
<b>Capital expenditure including finance lease</b>	<b>(9,565,052)</b>	<b>(7,848,050)</b>	<b>(1,649,043)</b>	<b>21.0%</b>

The Group's cash flow from operating activities increased by € 1.7 million or 13.1% from € 12.8 million in 2019 to € 14.4 million in 2020. This increase is essentially linked to higher operating results.

Net cash flow from investing activities was a net outflow of € 8.8 million, compared to 24.3 million in 2019 whereas the majority of the latter was due to M&A activity. Additions to tangible and intangible assets including leased assets increased to 9.6 million in 2020 from € 7.8 million in 2019. The investments mainly relate to investments in machinery, capacity increase of our production facilities in Romania and Andorra as well as to the ongoing SAP/ERP implementation and (self-developed) software.

Net cash flow from financing activities was a net outflow of € 16.4 million compared to a net inflow of € 26.8 million in 2019 and mostly relates to repayment of loans & borrowings.

<b>Net Debt</b>	<b>31/12/2020</b>	<b>31/12/2019</b>	<b>D '20-'19</b>	<b>D '20-'19 %</b>
Cash and cash equivalents	(11,010,746)	(22,266,639)	11,255,893	-50.6%
Loans and borrowings	68,838,864	83,704,711	(14,865,847)	-17.8%
<b>Net Debt</b>	<b>57,828,118</b>	<b>61,438,072</b>	<b>(3,609,953)</b>	<b>-5.9%</b>

Net Debt decreased by € 3.6 million from € 61.4 million as of 31 December 2019 to € 57.8 million as of 31 December 2020 due to increased operating cash flow. As a result of the decrease in Net Debt, the leverage of the Group measured by Net debt / adjusted EBITDA is presented as 2.7x as at 31 December 2020 compared to 2.9x on pro forma basis in 2019.

### 3.6. Financial performance indicators

<b>Key performance indicators</b>	<b>2020</b>	<b>2019</b>	<b>D '20-'19</b>	<b>D '20-'19 %</b>
Revenue	173,852,641	134,966,335	38,886,306	28.8%
Gross profit I	77,089,308	59,677,158	17,412,150	29.2%
Gross profit I margin	44.3%	44.2%	0.1%	n/a
OPEX excluding depreciation and impairment	58,181,113	47,535,564	10,645,550	22.4%
OPEX excluding depreciation and impairment as % on sales	33.5%	35.2%	-1.8%	n/a
adjusted Operating result <sup>1</sup>	19,269,943	12,141,595	7,128,348	58.7%
adjusted Operating result margin	11.1%	9.0%	2.1%	n/a
adjusted EBITDA	21,118,545	13,040,072	8,078,473	62.0%
adjusted EBITDA margin	12.1%	9.7%	2.5%	n/a
adjusted EBIT	10,845,759	6,069,749	4,776,010	78.7%
adjusted EBIT margin	6.2%	4.5%	1.7%	n/a
adjusted Profit before tax	7,527,913	3,323,730	4,204,183	126.5%
adjusted Profit before tax margin	4.3%	2.5%	1.9%	n/a
Net Equity / Total Assets	33.5%	29.5%	4.0%	n/a
Operating Cash Flow	14,442,334	12,765,395	1,676,939	13.1%
Operating Cash Flow as % on sales	8.3%	9.5%	-1.2%	
Net Working Capital	24,698,118	22,371,282	2,326,836	10.4%
Net Working Capital as % on sales	14.2%	16.6%	-2.4%	
Net Debt / adjusted EBITDA	2.7	4.7	(2.0)	
Total Liabilities / Net Equity	2.0	2.4	(0.4)	
Net interest expenses	2,332,757	2,155,650	177,107	8.2%
adjusted EBITDA / Net interest expenses	9.1	6.0	3.0	

### 3.7. Non-financial performance indicators

<b>Non-financial performance indicators</b>	<b>2020</b>	<b>2019</b>	<b>D '20-'19</b>	<b>D '20-'19 %</b>
Number of sold cards	88,645,048	60,384,226	28,260,822	46.8%
Transactional printing - variable A4 sides printed	972,735,857	945,917,563	26,818,294	2.8%

<sup>1</sup> adjusted Operating result = adjusted EBITDA excluding Other income and Other expenses, Result from associated companies



## 4. FUTURE DEVELOPMENT AND RISKS

### 4.1. Future development

With extensive experience and know-how in the fields of information technology & data encryption for high-end secure communications, a complementary product portfolio, close long-term customer relationships as well as after the M&A related activity in 2019 which significantly extended our operational footprint, our Group is one of the leading B2B (business-to-business) providers of secure data solutions in Europe. AUSTRIACARD HOLDINGS is 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, hence significant potential for further growth. Additionally, the Group has high future potential outside Europe, especially in the US market after the establishment of its new personalization centre, but also in the Middle East & Africa region. AUSTRIACARD HOLDINGS has also a market leading position in the provision of payment products to the new Banks, the Challenger Banks, hence a high future growth potential on world-wide scale. Hence, the Group has significant up selling opportunities through the introduction of digital security services and expansion of its footprint in new geographies. The Group is working continuously in the following fields to create value for its stakeholders:

- New Customers & Markets
  - Increase market share in existing markets
  - Expand geographic footprint and acquire new customers primarily
    - Digital Security: in the Financial sector, including the Challenger Banks with a high future growth potential on world-wide scale, as well as in the Government sector
    - Information Management: in Financial, Telecom, Industry, Retail & Leisure sectors
  - Main regions of interest: USA, Africa, Middle East, Turkey, Europe and South America
- New Solutions & Services
  - Capitalize on AUSTRIACARD HOLDINGS core competences (ACOS, hardware embedded security, cryptography, reliability, client access)
  - Expand Digital Security's innovative products (NFC, Mobile Wallets, Cloud solutions, Integrated Value Added Services)
  - Roll-out new services in Information Management converting current products to higher added value services (Customer Communication Management, Document Management, Scanning & Archiving etc.) as well as the provision of highly specialized and technologically advanced digitalization solutions such as Digital Onboarding, OCR/Data Capture Solutions, Robotic Process Automation, Natural Language Understanding and Cognitive Analytics Solutions, in order to support existing and new customers in their own digital transformation
- Efficiency Gains
  - Create operational and purchasing synergies, especially after the M&A related activity in 2019
  - Increase utilization of lower cost sites to enhance competitiveness and profitability
  - Improve efficiency and operational excellence
  - Invest in new technology to improve workflow, reduce costs and increase profitability
- Potential Merger & Acquisitions, strategic partnerships
  - Extend product and service portfolio with innovative solutions
  - Increase regional footprint, client access and creating scale synergies

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 current COVID-19 related uncertainty, we expect for 2021 that the business will become more “normal” again. For Digital Security we anticipate that Challenger Banks will continue their – partially interrupted – growth path and that their orders and the anticipated growth in the US market will more than offset the expected reduction with Austrian banking groups and governmental institutions related with the cyclicity of the business. For Information Management, we also anticipate growth in both core markets, as a result to our M&A activity and from the continued strategy to provide digitalisation services to our customers.

For these reasons and barring any further significant pandemic related lockdowns or similar measures beyond Q1 2021, we expect higher revenues and EBITDA for 2021. 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. Events after the balance sheet date

As of end of January 2021, Digital Security completed the transfer of our personalization activities in Krakow to our facility in Warsaw. From February, all personalization customers in the Polish market are served out of Warsaw by Tag Systems sp. z o.o.

In February, 2021, Information Management signed an agreement for the majority stake acquisition of 56.5% of the share capital and as such the acquisition of control of the Cypriot company CLOUDFIN LTD. With this investment, INFORM expands the range of services provided to its existing customers and the ability to reach new ones, providing the management, automatic identification and registration services (Process Automation) of all document types as well as other documents (purchase documents, expenses, contracts, etc.) using Machine Learning (ML) and interface with ERP systems. In addition, through this investment, INFORM will provide Document Management services, including electronic archiving, as well as document recognition products for Know Your Customer / Business (KYC / KYB) processes, with control authentication and data extraction from identification documents (IDs, passports, driving licenses), tax, corporate and utility documents. Also in February, 2021, Information Management increased by 15% its existing majority shareholding participation in the companies NEXT DOCS ECM EXPERT S.R.L. and NEXT DOCS CONFIDENTIAL S.R.L. and as a result, it holds currently 80% of the share capital of both companies.

## 4.4. 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 divisions, 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.

## 4.5. 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

### 4.5.1. 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) and RON (Romania). The currencies in which the Group's transactions are denominated are mainly Euro and RON and to a significantly 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 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 Euro sales prices for deliveries invoiced local currency. Where deemed necessary, 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.

Subsequent to the refinancing of the acquisition loan for TAG SYSTEMS, an interest rate swap was concluded to change the variable interest rate to a fixed interest rate for seven-year portion of financing package.

### 4.5.2. 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.

### 4.5.3. 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 Divisions, 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 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 (EBITDA target per Division) 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 1,229 as of 31/12/2019 to 1,263 as of 31/12/2020 mainly due to hiring of production related personnel.

Number of employees	31/12/2020	31/12/2019	D '20-'19	D '20-'19 %
Digital Security Division	747	707	39	5.5%
Information Management Division	517	522	(5)	-1.0%
<b>Total</b>	<b>1,264</b>	<b>1,229</b>	<b>34</b>	<b>2.8%</b>

The average number of employees counted as full-time-equivalents was increased by 368 FTE from 832 FTE in 2019 to 1,200 FTE in 2020 mainly due to the inorganic growth in Q4 2019.

## 6. ENVIRONMENTAL MANAGEMENT

AUSTRIACARD HOLDINGS prevents pollution caused by all segments during production as far as possible by means of an effective environmental management system. This management system is based on statutory provisions and requirements, whereas Digital Security Division complies with EMAS (Eco Management and Audit Scheme) and Information Management Division with ISO 14001 (Environmental Management) and 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.

## 7. RESEARCH AND DEVELOPMENT

AUSTRIACARD HOLDINGS' research and development strategy is focused on the following objectives:

- Market-oriented product innovations as a basis to continue the growth strategy
- Optimizing the use of resources and production processes.

Particularly in the Digital Security Division effective research & development is important as the product cycles are short and as the requirements of business partners and final customers are evolving. This is especially valid for the payment sector. We understand these changes as opportunities and rely on our R&D experts to enable us to propose unique services to our customer which will help us grow in the short and long run.

Main projects are currently the development of biometric payment card products where contactless payments are authorized by fingerprint, roll-out of payment card products based on recycled plastic or degradable PVC and the continued development of our native operating systems "ACOS" for payment cards and "ACOS ID" for ID and Government solutions and cards. Capitalizing on the development of ACOS ID, the Group is already supplying the first picture e-health-card in Austria. Furthermore, our specialists in Madrid, (Spain) are developing a new ERP for personalization businesses that is intended for the US market and to be deployed at TAG Systems USA.

INFORM innovates, with the roll-out new services in Information Management, converting current products to higher added value services (Customer Communication Management, Document Management, Scanning & Archiving etc.), and especially with the provision of highly specialized and technologically advanced digitalization solutions, such as Digital Onboarding, OCR / Data Capture Solutions, Robotic Process Automation, Natural Language Understanding and Cognitive Analytics Solutions, in order to support its customers and to attract new ones, supporting them in their own digital transformation journey.

In 2018 the Group started its initiative to provide security in the world of Internet of Things ('IoT') under the brand of NAUTILUS and has grouped its activities of its new IoT Division at AUSTRIACARD HOLDINGS AG level. NAUTILUS's mission is a future where assets and solutions flow intelligently in their value chains, by transforming the "Internet of Things" ecosystem. Through continuous research and development, service excellence, teamwork, innovation and integrity, NAUTILUS seeks to be pioneering leader across multiple market segments. Our passion for innovation drives us to provide high quality services that can be applied to a wide spectrum of industries, from Supply Chains 4.0 to Industrial Applications, Security and Defence segments. Nautilus continued this initiative and is currently developing high-end solutions in the fields of secure / encrypted communications and assets tracking and control.

Vienna, 26 March 2021

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 2020	31 December 2019
<b>Assets</b>			
Property, plant and equipment and right of use assets	13	79,614,688	80,291,775
Intangible assets and goodwill	14	31,378,015	29,294,500
Equity-accounted investees	15	2,274,439	2,200,165
Other receivables	17	639,907	756,654
Other long-term assets	5	681,829	863,651
Deferred tax assets	12	586,140	767,142
<b>Non-current assets</b>		<b>115,175,019</b>	<b>114,173,887</b>
Inventories	16	19,826,466	19,159,713
Contract assets	5	9,870,830	9,155,966
Current income tax assets		304,081	330,016
Trade receivables	17	19,311,897	21,318,188
Other receivables	17	5,907,802	5,028,654
Cash and cash equivalents	188	11,010,746	22,266,639
<b>Current assets</b>		<b>66,231,821</b>	<b>77,259,176</b>
<b>Total assets</b>		<b>181,406,840</b>	<b>191,433,063</b>
<b>Equity</b>			
Share capital		14,638,053	14,638,053
Share premium		6,999,933	6,999,933
Other reserves		8,144,995	7,813,125
Retained earnings		18,928,480	14,569,108
<b>Equity attributable to owners of the Company</b>		<b>48,711,461</b>	<b>44,020,219</b>
Non-controlling interests	25	11,981,141	12,470,893
<b>Total Equity</b>		<b>60,692,602</b>	<b>56,491,112</b>
<b>Liabilities</b>			
Loans and borrowings	20	51,492,291	26,387,914
Employee benefits	10	5,249,949	5,611,974
Other payables	21	10,276,883	8,273,265
Deferred tax liabilities	12	4,422,709	4,364,390
<b>Non-current liabilities</b>		<b>71,441,832</b>	<b>44,637,543</b>
Current income tax liabilities		292,649	404,419
Loans and borrowings	20	17,346,573	57,316,797
Trade payables	21	19,981,097	20,988,007
Other payables	21	8,042,420	8,368,303
Contract liabilities	5	1,794,724	2,710,618
Deferred income		412,066	149,908
Provisions	22	1,402,875	366,357
<b>Current Liabilities</b>		<b>49,272,406</b>	<b>90,304,409</b>
<b>Total Liabilities</b>		<b>120,714,238</b>	<b>134,941,952</b>
<b>Total Equity and Liabilities</b>		<b>181,406,840</b>	<b>191,433,063</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 – 31/12/2020 and the respective comparative figures of the previous year are the following:

	Note	2020	2019
Revenues	5	173,852,641	134,966,335
Cost of sales	7	(134,190,259)	(105,159,691)
<b>Gross profit</b>		<b>39,662,382</b>	<b>29,806,644</b>
Other income	7	2,579,119	1,588,388
Selling and distribution expenses	7	(13,643,811)	(10,792,480)
Administrative expenses	7	(11,844,590)	(9,179,264)
Research and development expenses	7	(5,538,572)	(4,663,629)
Other expenses	7	(730,517)	(689,910)
Litigation and restructuring expenses	6	(1,058,555)	0
Result from associated companies	15	361,748	0
+ Depreciation, amortization and impairment	13, 14	10,272,786	6,970,323
<b>EBITDA</b>		<b>20,059,989</b>	<b>13,040,072</b>
- Depreciation, amortization and impairment	13, 14	(10,272,786)	(6,970,323)
<b>EBIT</b>		<b>9,787,204</b>	<b>6,069,749</b>
Financial income	8	65,784	85,361
Financial expenses	8	(3,383,630)	(2,831,380)
<b>Net finance costs</b>	8	<b>(3,317,846)</b>	<b>(2,746,019)</b>
<b>Profit (Loss) before tax</b>		<b>6,469,358</b>	<b>3,323,730</b>
Income tax expense	12	(1,024,171)	(1,834,498)
<b>Profit (Loss)</b>		<b>5,445,186</b>	<b>1,489,232</b>
<b>Profit (Loss) attributable to:</b>			
Owners of the Company		5,148,050	1,436,299
Non-controlling interests		297,136	52,933
		<b>5,445,186</b>	<b>1,489,232</b>
<b>Earnings (loss) per share</b>			
Basic and diluted	9	<b>0.35</b>	<b>0.10</b>

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

## Consolidated statement of comprehensive income

	Note	2020	2019
<b>Profit (Loss)</b>		<b>5,445,186</b>	<b>1,489,232</b>
<b>Other comprehensive income</b>			
<b>Items that will never be reclassified to profit or loss</b>			
Revaluation of property, plant and equipment	13	1,527,526	(554,829)
Related tax		(375,044)	330,908
Revaluation of defined benefit liability	10	117,841	(417,339)
Related tax		(30,070)	93,574
		<b>1,240,253</b>	<b>(547,686)</b>
<b>Items that are reclassified to profit or loss</b>			
Cash flow hedges	23	72,072	(72,072)
Related tax		(18,018)	18,018
Foreign currency translation differences		(1,100,005)	(826,720)
		<b>(1,045,951)</b>	<b>(880,774)</b>
<b>Other comprehensive income, net of tax</b>		<b>194,302</b>	<b>(1,428,460)</b>
<b>Total comprehensive income</b>		<b>5,639,488</b>	<b>60,772</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		5,521,230	300,256
Non-controlling interests		118,258	(236,484)
		<b>5,639,488</b>	<b>60,772</b>

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

## Consolidated statement of changes in equity

	For the year ended 31 December 2020									
	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			
<b>Balance at 1 January 2020</b>	<b>14,638,053</b>	<b>6,999,933</b>	<b>(3,832,024)</b>	<b>12,295,119</b>	<b>(595,916)</b>	<b>(54,054)</b>	<b>14,569,108</b>	<b>44,020,219</b>	<b>12,470,893</b>	<b>56,491,112</b>
Profit (Loss)	0	0	0	0	0	0	5,148,050	<b>5,148,050</b>	297,136	<b>5,445,186</b>
Other comprehensive income	0	0	(941,932)	1,152,439	108,079	54,054	0	<b>373,180</b>	(178,878)	<b>194,302</b>
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>(941,932)</b>	<b>1,152,439</b>	<b>108,079</b>	<b>54,054</b>	<b>5,148,050</b>	<b>5,521,230</b>	<b>118,258</b>	<b>5,639,488</b>
Distribution of dividends	0	0	0	0	0	0	(675,000)	<b>(675,000)</b>	(759,055)	<b>(1,434,055)</b>
Acquisition of non-controlling interests	0	0	2,751	(44,087)	26	0	(113,678)	<b>(154,988)</b>	151,045	<b>(3,943)</b>
<b>Balance at 31 December 2020</b>	<b>14,638,053</b>	<b>6,999,933</b>	<b>(4,770,665)</b>	<b>13,403,471</b>	<b>(487,811)</b>	<b>0</b>	<b>18,928,480</b>	<b>48,711,461</b>	<b>11,981,141</b>	<b>60,692,602</b>

	For the year ended 31 December 2019									
	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			
<b>Balance at 1 January 2019</b>	<b>14,638,053</b>	<b>6,999,933</b>	<b>(3,174,881)</b>	<b>12,397,503</b>	<b>(272,378)</b>	<b>0</b>	<b>13,807,867</b>	<b>44,396,097</b>	<b>12,884,503</b>	<b>57,280,600</b>
Profit (Loss)	0	0	0	0	0	0	1,436,299	<b>1,436,299</b>	52,933	<b>1,489,232</b>
Other comprehensive income	0	0	(656,066)	(102,384)	(323,538)	(54,054)	0	<b>(1,136,043)</b>	(292,418)	<b>(1,428,460)</b>
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>(656,066)</b>	<b>(102,384)</b>	<b>(323,538)</b>	<b>(54,054)</b>	<b>1,436,299</b>	<b>300,256</b>	<b>(239,485)</b>	<b>60,772</b>
Distribution of dividends	0	0	0	0	0	0	(840,000)	<b>(840,000)</b>	(20,120)	<b>(860,120)</b>
Acquisition of non-controlling interests	0	0	(1,076)	0	0	0	164,942	<b>163,866</b>	(154,006)	<b>9,859</b>
<b>Balance at 31 December 2019</b>	<b>14,638,053</b>	<b>6,999,933</b>	<b>(3,832,024)</b>	<b>12,295,119</b>	<b>(595,916)</b>	<b>(54,054)</b>	<b>14,569,108</b>	<b>44,020,219</b>	<b>12,470,893</b>	<b>56,491,112</b>

## Consolidated statement of cash flows

The statement of cash flows of the Group for the year 1/1 – 31/12/2020 and the respective comparative figures of the previous year are the following:

	Note	2020	2019
<b>Cash flows from operating activities</b>			
Profit (Loss) before tax		6,469,358	3,323,730
<b>Adjustments for:</b>			
-Depreciation, amortization and impairment	13, 14	10,272,786	6,970,323
-Net finance cost	8	3,317,846	2,746,019
-Net gain on sale of property, plant and equipment		(106,318)	(1,057)
-Foreign exchange differences		27,475	(106,012)
-Change in long term employee benefits & provisions	10	(236,633)	185,746
-Change in provisions (included in EBIT)		767,482	0
-Other		(259,269)	130,982
		20,252,727	13,249,732
<b>Changes in:</b>			
-Inventories	16	(666,753)	2,090,168
-Contract assets	5	(714,863)	(854,364)
-Trade and other receivables	17	1,009,717	(2,535,150)
-Contract liabilities	5	(14,294)	1,254,843
-Trade and other liabilities	22	(1,577,017)	2,026,680
<b>Cash generated from operating activities</b>		<b>18,289,517</b>	<b>15,231,910</b>
Taxes paid		(1,413,505)	(224,234)
Interest paid		(2,433,678)	(2,242,280)
<b>Net cash from (used in) operating activities</b>		<b>14,442,334</b>	<b>12,765,396</b>
<b>Cash flows from investment activities</b>			
Interest received		108,986	18,277
Proceeds from sale of property, plant and equipment		245,599	0
Proceeds from sale of investment property		0	134,873
Acquisition of subsidiaries and business, net of cash acquired		0	(18,854,382)
Acquisition of property, plant and equipment & intangible assets	13, 14	(8,767,389)	(5,323,137)
Acquisition of other long-term assets		(428,975)	(300,063)
<b>Net cash from (used in) investing activities</b>		<b>(8,841,779)</b>	<b>(24,324,432)</b>
<b>Cash flows from financing activities</b>			
Proceeds from loans and borrowings	21	40,874,112	39,724,200
Repayment of borrowings	21	(53,792,869)	(10,193,158)
Payment of lease liabilities	21	(2,255,524)	(1,827,470)
Dividends paid to non-controlling interest		(512,376)	(20,120)
Dividends paid to owners of the Company		(675,000)	(840,000)
<b>Net cash from (used in) financing activities</b>		<b>(16,361,656)</b>	<b>26,843,453</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(10,761,101)</b>	<b>15,284,416</b>
<b>Cash and cash equivalents at 1 January</b>		<b>22,266,638</b>	<b>7,057,776</b>
Effect of movements in exchange rates on cash held		(494,792)	(75,554)
<b>Cash and cash equivalents at 31 December</b>		<b>11,010,746</b>	<b>22,266,638</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. The company has been operating as "AUSTRIACARD HOLDINGS AG" (formerly "AUSTRIACARD AG") since October 28th, 2020. 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.

## Performance of the year

### 4. 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 accounting basis for the internal report is consistent with the IFRS financial reporting.

Internal reporting to the CEO is based on business areas which comprise two strategic segments, which are the reportable segments, the Digital Security Division and the Information Management Division. 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.



2020	Reportable Segments			Corporate	Eliminations	Total
	Digital Security	Information Management	Total reportable segments			
Revenues	104,828,232	69,024,409	173,852,641	0	0	173,852,641
Intersegment revenues	4,909,261	754,131	5,663,392	0	(5,663,392)	0
<b>Segment revenues</b>	<b>109,737,493</b>	<b>69,778,540</b>	<b>179,516,033</b>	<b>0</b>	<b>(5,663,392)</b>	<b>173,852,641</b>
Costs of material & mailing	(58,080,171)	(43,668,860)	(101,749,031)	0	4,985,697	(96,763,333)
<b>Gross profit I</b>	<b>51,657,322</b>	<b>26,109,680</b>	<b>77,607,003</b>	<b>0</b>	<b>(677,695)</b>	<b>77,089,308</b>
Production costs	(23,712,583)	(13,991,818)	(37,704,401)	0	277,475	(37,426,926)
<b>Gross profit II</b>	<b>27,944,739</b>	<b>12,117,862</b>	<b>40,062,602</b>	<b>0</b>	<b>(400,220)</b>	<b>39,662,382</b>
Other income	1,911,502	1,484,367	3,395,869	0	(816,750)	2,579,119
Selling and distribution expenses	(8,864,180)	(4,941,092)	(13,805,271)	0	161,460	(13,643,811)
Administrative expenses	(6,888,483)	(4,697,046)	(11,585,529)	(371,496)	112,436	(11,844,590)
Research and development expenses	(4,502,152)	(764,613)	(5,266,764)	(717,363)	445,556	(5,538,572)
Other expenses	(462,459)	(759,941)	(1,222,401)	(5,633)	497,517	(730,517)
Result from associated companies	361,748	0	361,748	0	0	361,748
+ Depreciation, amortization and impairment	5,820,989	4,174,958	9,995,946	276,838	2	10,272,786
<b>adjusted EBITDA</b>	<b>15,321,705</b>	<b>6,614,495</b>	<b>21,936,200</b>	<b>(817,655)</b>	<b>0</b>	<b>21,118,545</b>
- Depreciation, amortization and impairment	(5,820,989)	(4,174,958)	(9,995,946)	(276,838)	(2)	(10,272,786)
<b>adjusted EBIT</b>	<b>9,500,716</b>	<b>2,439,537</b>	<b>11,940,253</b>	<b>(1,094,493)</b>	<b>(1)</b>	<b>10,845,759</b>
Financial income	64,273	1,522	65,795	1,307,188	(1,307,200)	65,784
Financial expenses	(1,722,320)	(1,520,915)	(3,243,236)	(140,394)	0	(3,383,630)
<b>Net finance costs</b>	<b>(1,658,047)</b>	<b>(1,519,393)</b>	<b>(3,177,440)</b>	<b>1,166,794</b>	<b>(1,307,200)</b>	<b>(3,317,846)</b>
<b>adjusted Profit (Loss) before tax</b>	<b>7,842,669</b>	<b>920,144</b>	<b>8,762,813</b>	<b>72,301</b>	<b>(1,307,201)</b>	<b>7,527,913</b>
Non-recurring expenses	(550,000)	(508,555)	(1,058,555)	0	0	(1,058,555)
<b>Profit (Loss) before tax</b>	<b>7,292,669</b>	<b>411,589</b>	<b>7,704,258</b>	<b>72,301</b>	<b>(1,307,201)</b>	<b>6,469,358</b>
Income tax expense	(667,560)	(465,008)	(1,132,569)	(108,397)	0	(1,024,171)
<b>Profit (Loss)</b>	<b>6,625,109</b>	<b>(53,420)</b>	<b>6,571,689</b>	<b>180,699</b>	<b>(1,307,201)</b>	<b>5,445,186</b>
Segment assets	103,036,765	69,683,117	172,719,882	59,758,756	(51,071,798)	181,406,840
Segment liabilities	68,064,759	41,875,659	109,940,418	2,260,321	8,513,498	120,714,238
Capital expenditure incl. finance lease	9,291,106	2,016,671	11,307,777	17,160	0	11,324,936
Depreciation & Amortization	5,820,989	4,078,379	9,899,367	132,838	2	10,032,207
Impairment on Non-current assets	0	96,579	96,579	144,000	0	240,597

2019	Reportable Segments			Corporate	Eliminations	Total
	Digital Security	Information Management	Total reportable segments			
Revenues	62,893,817	72,072,518	134,966,335	0	0	134,966,335
Intersegment revenues	4,657,755	413,485	5,071,240	0	(5,071,240)	0
<b>Segment revenues</b>	<b>67,551,572</b>	<b>72,486,002</b>	<b>140,037,574</b>	<b>0</b>	<b>(5,071,240)</b>	<b>134,966,335</b>
Costs of material & mailing	(32,149,323)	(47,558,470)	(79,707,793)	0	4,418,616	(75,289,177)
<b>Gross profit I</b>	<b>35,402,249</b>	<b>24,927,532</b>	<b>60,329,781</b>	<b>0</b>	<b>(652,623)</b>	<b>59,677,158</b>
Production costs	(16,841,023)	(13,284,695)	(30,125,718)	0	255,204	(29,870,514)
<b>Gross profit II</b>	<b>18,561,227</b>	<b>11,642,837</b>	<b>30,204,064</b>	<b>0</b>	<b>(397,420)</b>	<b>29,806,644</b>
Other income	1,013,940	1,285,834	2,299,774	0	(711,386)	1,588,388
Selling and distribution expenses	(6,547,031)	(4,521,662)	(11,068,693)	0	276,213	(10,792,480)
Administrative expenses	(4,396,511)	(4,423,201)	(8,819,711)	(384,860)	25,307	(9,179,264)
Research and development expenses	(3,857,975)	(677,741)	(4,535,717)	(475,940)	348,028	(4,663,629)
Other expenses	(388,377)	(740,911)	(1,129,288)	(20,540)	459,917	(689,910)
+ Depreciation, amortization and impairment	3,197,452	3,640,895	6,838,348	131,975	0	6,970,323
<b>adjusted EBITDA</b>	<b>7,582,726</b>	<b>6,206,052</b>	<b>13,788,777</b>	<b>(749,365)</b>	<b>660</b>	<b>13,040,072</b>
- Depreciation, amortization and impairment	(3,197,452)	(3,640,895)	(6,838,348)	(131,975)	0	(6,970,323)
<b>adjusted EBIT</b>	<b>4,385,273</b>	<b>2,565,156</b>	<b>6,950,430</b>	<b>(881,340)</b>	<b>660</b>	<b>6,069,749</b>
Financial income	73,627	14,743	88,371	0	(3,010)	85,361
Financial expenses	(953,452)	(1,456,542)	(2,409,994)	(424,365)	2,980	(2,831,380)
<b>Net finance costs</b>	<b>(879,825)</b>	<b>(1,441,798)</b>	<b>(2,321,623)</b>	<b>(424,365)</b>	<b>(30)</b>	<b>(2,746,019)</b>
<b>adjusted Profit (Loss) before tax</b>	<b>3,505,448</b>	<b>1,123,358</b>	<b>4,628,806</b>	<b>(1,305,705)</b>	<b>629</b>	<b>3,323,730</b>
Non-recurring expenses	0	0	0	0	0	0
<b>Profit (Loss) before tax</b>	<b>3,505,448</b>	<b>1,123,358</b>	<b>4,628,806</b>	<b>(1,305,705)</b>	<b>629</b>	<b>3,323,730</b>
Income tax expense	(273,383)	(1,048,326)	(1,321,709)	(512,790)	0	(1,834,498)
<b>Profit (Loss)</b>	<b>3,232,066</b>	<b>75,032</b>	<b>3,307,098</b>	<b>(1,818,495)</b>	<b>629</b>	<b>1,489,232</b>
Segment assets	103,364,354	71,994,946	175,359,305	70,650,554	(54,576,791)	191,433,063
Segment liabilities	75,065,680	42,326,049	117,391,729	12,541,719	(5,008,503)	134,941,952
Capital expenditure incl. leases	23,831,370	10,858,339	34,689,709	455,553	0	35,145,262
Depreciation & Amortization	3,197,452	3,640,895	6,838,348	131,975	0	6,970,323
Impairment on Non-current assets	0	0	0	0	0	0

## iv. Geographic Information

Non-current assets by country	2020	2019
Greece	25,297,613	25,918,943
Romania	33,657,316	34,399,507
Austria	26,679,478	26,299,745
Other countries	29,540,612	27,555,692
<b>Total</b>	<b>115,175,019</b>	<b>114,173,887</b>

## 5. Revenues

## A. Revenues from contracts with customers

2020	Digital Security	Information Management	Eliminations	Total
<b>Revenues by region</b>				
Western Europe	67,223,583	1,751,280	(4,906,959)	64,067,904
Central & Eastern Europe	25,847,970	67,709,735	(756,433)	92,801,272
Asia & Africa	15,200,136	317,525	0	15,517,661
Americas	1,453,538	0	0	1,453,538
Oceania	12,666	0	0	12,266
	<b>109,737,493</b>	<b>69,778,540</b>	<b>(5,663,392)</b>	<b>173,852,641</b>
<b>Type of revenue</b>				
Revenues from sale of goods	86,971,318	26,135,288	676,121	113,782,727
Revenues from services	7,580,364	8,365,456	(623,937)	15,321,882
Revenues from licenses & royalties	73,609	0	0	73,609
Revenues from sale of merchandise	9,520,831	9,197,328	(5,715,575)	13,002,583
Revenues from transportation recharges	5,591,372	26,080,468	0	31,671,840
	<b>109,737,493</b>	<b>69,778,540</b>	<b>(5,663,392)</b>	<b>173,852,641</b>
<b>Timing of revenue recognition</b>				
Products and services transferred over time	100,216,663	60,581,212	52,183	160,850,057
Products transferred at a point of time	9,520,831	9,197,328	(5,715,575)	13,002,583
	<b>109,737,493</b>	<b>69,778,540</b>	<b>(5,663,392)</b>	<b>173,852,641</b>

2019	Digital Security	Information Management	Eliminations	Total
<b>Revenues by region</b>				
Western Europe	30,060,705	2,130,507	(4,350,506)	27,840,706
Central & Eastern Europe	25,737,734	64,951,135	(723,358)	89,965,511
Asia & Africa	11,753,132	5,404,360	2,626	17,160,118
	<b>67,551,572</b>	<b>72,486,002</b>	<b>(5,071,240)</b>	<b>134,966,335</b>
<b>Type of revenue</b>				
Revenues from sale of goods	59,095,760	34,984,759	795,650	94,876,169
Revenues from services	4,888,517	4,237,721	(605,157)	8,521,081
Revenues from licenses & royalties	4,619	0	0	4,619
Revenues from sale of merchandise	1,895,780	10,590,847	(5,261,732)	7,224,895
Revenues from transportation recharges	1,666,896	22,672,675	0	24,339,571
	<b>67,551,572</b>	<b>72,486,002</b>	<b>(5,071,240)</b>	<b>134,966,335</b>
<b>Timing of revenue recognition</b>				
Products and services transferred over time	65,655,792	61,895,155	190,493	127,741,440
Products transferred at a point of time	1,895,780	10,590,847	(5,261,732)	7,224,895
	<b>67,551,572</b>	<b>72,486,002</b>	<b>(5,071,240)</b>	<b>134,966,335</b>

**B. Contract assets and receivables**

	2020	2019
Trade receivables	19,311,897	21,318,188
Contract assets	9,870,830	9,155,966
	<b>29,182,727</b>	<b>30,474,154</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**

	2020	2019
<b>Balance at 1 January</b>	<b>2,710,618</b>	<b>1,372,700</b>
Prepayments received	1,874,729	4,233,400
Recognition as revenue	(2,710,618)	(3,770,782)
Acquisition through business combinations	0	901,600
Effect of movements in exchange rates	(80,005)	(26,299)
<b>Balance at 31 December</b>	<b>1,794,724</b>	<b>2,710,618</b>

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

**D. Costs to fulfill a contract**

	2020	2019
<b>Balance at 1 January</b>	<b>863,651</b>	<b>688,173</b>
Costs to fulfil a contract accrued during the year	0	296,455
Realized as an expense	(181,821)	(45,455)
Transfer	0	(75,522)
Effect of movements in exchange rates	0	0
<b>Balance at 31 December</b>	<b>681,829</b>	<b>863,651</b>

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

**6. Litigation and restructuring expenses**

	2020	2019
Litigations	808,555	0
Restructuring	250,000	0
<b>Total</b>	<b>1,058,555</b>	<b>0</b>

The litigation and restructuring expenses include the expenses from the fine of the Competition Council of Romania, which resulted from litigations of the Competition Council of Romania against Inform Lykos S.A. Romania (ILR), a subsidiary of the group, that have been ongoing since 2016. Here, the decision to the disadvantage of the group was accepted in 2020. Restructuring expenses result from the closure of a personalization site in Poland.

## 7. Income and expenses

### A. Other Income

	2020	2019
Government grants	65,816	7,478
Gain on sale of equipment	72,308	1,057
Rental income from property leases	77,492	64,798
Reversal of accruals	150,952	10,256
Release of allowance on receivables	72,324	
Capitalised development expenses	1,984,410	1,421,150
Other income	155,816	83,649
<b>Total</b>	<b>2,579,119</b>	<b>1,588,388</b>

### B. Other Expenses

	2020	2019
Loss of the customer contract term	5,433	43,700
Impairment loss on trade receivables and contract assets	276,418	275,040
Losses from write-downs of inventories	153,284	142,988
Property and other taxes	35,186	31,263
Other expenses	260,196	196,919
<b>Total</b>	<b>730,517</b>	<b>689,910</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.

	2020	2019
Employee compensation and expenses	37,570,640	30,009,341
Costs of inventories recognized as expense	66,928,102	52,983,856
Mailing costs	29,835,232	22,305,321
Third party fees	6,073,131	4,368,645
Commissions paid	1,097,947	1,100,925
Utilities and maintenance expenses	6,047,432	5,282,208
Rentals from property and machinery	335,212	228,113
Tax and duties	433,182	336,081
Transportation expenses	2,529,567	2,126,897
Inks and similar consumable materials	2,206,282	2,251,001
Depreciation, amortization and impairment	10,272,786	6,970,323
Other expenses	1,887,720	1,832,353
<b>Total</b>	<b>165,217,232</b>	<b>129,795,063</b>

## 8. Net Finance costs

	2020	2019
Interest income under the effective interest method	22,218	41,151
Financial assets at fair value through profit or loss – net change in fair value	19,471	44,210
Foreign exchange gains	24,096	
<b>Finance income</b>	<b>65,784</b>	<b>85,361</b>
Interest expense on Financial liabilities measured at amortized cost	(2,332,757)	(2,155,650)
Commissions of letters of guarantee	(148,556)	(148,522)
Foreign exchange losses	(594,200)	(330,628)
Financial assets at fair value through profit or loss – net change in fair value	(39)	0
Other financial expenses	308,078)	(196,580)
<b>Finance costs</b>	<b>(3,383,630)</b>	<b>(2,831,380)</b>
<b>Net finance costs recognized in profit or loss</b>	<b>(3,317,846)</b>	<b>(2,746,019)</b>

## 9. Earnings per share

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

	2020	2019
Profit (loss) attributable to the owners of the Company	5,148,050	1,436,299

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

	2020	2019
Issued ordinary shares at 1 January	14,638,053	14,638,053
Effects in the year	0	0
<b>Weighted-average number of ordinary shares at 31<sup>st</sup> December</b>	<b>14,638,053</b>	<b>14,638,053</b>



## Employee Benefits

### 10. 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.

- 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. Except for this, there are no further obligations for the Group and hence the recognition of a provision is not necessary.

#### A. Movement in net defined benefit liability

	Defined benefit obligation	
	2020	2019
<b>Balance at 1 January</b>	<b>5,611,974</b>	<b>5,083,070</b>
<b>Included in profit or loss</b>		
Current service cost	183,179	180,251
Settlement/Curtailment/Termination loss/(gain)	(103,843)	17,650
Interest cost (income)	58,717	89,188
	<b>138,054</b>	<b>287,089</b>
<b>Included in OCI</b>		
Remeasurement loss (gain):		
– Actuarial loss (gain) arising from:		
- demographic assumptions	(19,849)	6,341
- financial assumptions	(164,955)	274,238
- experience adjustment	66,963	136,761
	<b>(117,841)</b>	<b>417,339</b>
<b>Sum</b>	<b>20,212</b>	<b>704,428</b>
<b>Other</b>		
Benefits paid	(382,237)	(177,338)
	<b>(382,237)</b>	<b>(177,338)</b>
<b>Balance at 31 December</b>	<b>5,249,949</b>	<b>5,610,161</b>
Acquisition through business combinations	0	1,813
<b>Balance at 31 December new</b>	<b>5,249,949</b>	<b>5,611,974</b>

## B. Actuarial assumptions

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

### - Post-employment define benefit plans in Greece

	2020	2019
Discount rate	1.4%	1.5%
Future salary increase	1.0%	1.0%

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

	2020	2019
Years	16.3	16.1

### - Post-employment define benefit plans in Austria

	2020	2019
Discount rate	0.8%	0.9%
Future salary increase	1.5%	2.1%

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

	2020	2019
Years	8.7	10.1

## C. 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	31/12/2020		31/12/2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1 percentage point movement)	(328,878)	377,763	(372,361)	424,894
Salary increase (1 percentage point movement)	373.058	(335.178)	391.770	(347.785)

## 11. Employee Expenses

	2020	2019
Wages and salaries	30,505,951	23,733,493
Social security contributions	5,692,778	4,674,016
Other expenses for personnel	1,288,046	1,423,661
Expenses related to defined benefit and contribution plans	333,865	178,170
<b>Total</b>	<b>37,820,640</b>	<b>30,009,341</b>

## 12. Income taxes

	2020	2019
Current taxes	(1,099,120)	(580,947)
Deferred taxes	74,949	(1,253,551)
<b>Income tax income (expense)</b>	<b>(1,024,171)</b>	<b>(1,834,498)</b>

## A. Income tax reconciliation

		2020		2019
Earnings before tax		6,469,358		3,323,730
Tax using the Company's domestic tax rate	25.0%	(1,617,339)	25.0%	(830,933)
Effect of tax rates in foreign jurisdictions		515,511		4,480
Change of tax rates		0		(220,994)
Result from associated companies		90,437		
Non-deductible expenses		(310,459)		(202,349)
Tax-exempt income		164,466		173,771
Tax incentives		191,405		1,356
Current-year losses for which no deferred tax asset is recognized		(251,377)		(272,737)
Recognition of tax asset on previously unrecognised tax losses		345,672		0
Change in temporary differences		2,861		(487,092)
<b>Income taxes</b>		<b>1,024,171</b>		<b>(1,834,498)</b>

## B. Movement in deferred tax balances

	31/12/2020		31/12/2019	
	Assets	Liabilities	Assets	Liabilities
Property, plant and equipment	516,527	3,083,556	553,937	2,996,569
Intangible assets	142,262	2,192,238	173,484	2,429,694
Investment property	0	0	0	1,801
Receivables	199,391	46,573	237,247	9,924
Other assets	62,689	500,519	55,864	416,212
Loans and borrowings	12,960	(2,573)	0	10,089
Employee benefits	742,527	4,483	806,444	6,084
Deferred income	7,170	0	0	0
Contract assets	0	445,934	0	450,992
Contract liabilities	3,782	0		
Other liabilities	225,763	574,012	336,188	582,274
Tax loss carry-forwards	1,077,995	0	1,126,121	0
<b>Deferred tax assets / liabilities</b>	<b>2,991,067</b>	<b>6,844,742</b>	<b>3,289,284</b>	<b>6,903,638</b>
Set-off of tax	(2,404,927)	(2,422,033)	(2,522,141)	(2,539,248)
<b>Net deferred tax assets / liabilities</b>	<b>586,140</b>	<b>4,422,709</b>	<b>767,142</b>	<b>4,364,390</b>

Deferred tax assets were not recognized on tax loss carryforwards of € 1,708,555 (31/12/2019: € 1,334,400) as of 31 December 2020. 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

## 13. 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 2019</b>	<b>84,667,099</b>	<b>76,145,638</b>	<b>14,479,482</b>	<b>1,003,361</b>	<b>176,295,580</b>
Additions	250,674	2,300,714	703,034	908,510	4,162,932
Disposals	0	(917,251)	(63,996)	(96,506)	(1,077,753)
Revaluations	(554,829)	0	0	0	(554,829)
Transfers	1,743,346	1,468,173	(39,463)	(1,328,134)	1,843,921
Acquisitions through business combinations	3,445,472	10,197,592	3,857,561	630,665	18,131,290
Effect of movements in exchange rates	(474,361)	(426,126)	(32,914)	(21,827)	(955,228)
<b>Balance at 31 December 2019</b>	<b>89,077,401</b>	<b>88,768,739</b>	<b>18,903,704</b>	<b>1,096,069</b>	<b>197,845,914</b>
<b>Balance at 1 January 2020</b>	<b>89,077,401</b>	<b>88,768,739</b>	<b>18,903,704</b>	<b>1,096,069</b>	<b>197,845,914</b>
Additions	1,068,055	3,774,529	921,894	685,164	6,449,642
Disposals	(77,997)	(1,999,446)	(739,425)	(887,818)	(3,704,687)
Revaluations	1,527,527	0	0	0	1,527,527
Transfers	17,232	90,283	133,618	(241,133)	0
Effect of movements in exchange rates	(470,672)	(561,323)	(254,385)	(18,798)	(1,305,178)
<b>Balance at 31 December 2020</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>
<b>Accumulated amortization and impairment losses</b>					
<b>Balance at 1 January 2019</b>	<b>34,796,561</b>	<b>53,676,794</b>	<b>12,225,669</b>	<b>0</b>	<b>100,699,024</b>
Depreciation	1,102,845	3,387,818	832,566	0	5,323,228
Transfers	978,845	904,539	(39,463)	0	1,843,921
Disposals	0	(728,341)	(63,252)	0	(791,592)
Acquisitions through business combinations	1,629,722	6,332,656	2,839,163	0	10,801,541
Effect of movements in exchange rates	(49,074)	(249,792)	(23,118)	0	(321,984)
<b>Balance at 31 December 2019</b>	<b>38,458,890</b>	<b>63,323,674</b>	<b>15,771,565</b>	<b>0</b>	<b>117,554,139</b>
<b>Balance at 1 January 2020</b>	<b>38,458,890</b>	<b>63,323,674</b>	<b>15,771,565</b>	<b>0</b>	<b>117,554,139</b>
Depreciation	1,319,242	4,358,686	971,969	0	6,649,897
Impairment	96,579	0	0	0	96,579
Transfers	10,248	(10,248)	0	0	0
Disposals	0	(1,781,189)	(738,252)	0	(2,519,441)
Effect of movements in exchange rates	(76,275)	(316,321)	(190,050)	0	(582,645)
<b>Balance at 31 December 2020</b>	<b>39,808,694</b>	<b>65,574,603</b>	<b>15,815,232</b>	<b>0</b>	<b>121,198,529</b>
<b>Carrying amounts</b>					
At 1 January 2019	49,324,584	21,838,921	2,236,070	1,003,361	74,402,936
<b>At 31 December 2019</b>	<b>50,618,501</b>	<b>25,445,065</b>	<b>3,132,139</b>	<b>1,096,069</b>	<b>80,291,775</b>
<b>At 31 December 2020</b>	<b>51,332,852</b>	<b>24,498,179</b>	<b>3,150,174</b>	<b>633,485</b>	<b>79,614,688</b>

## B. Right of use assets

Position 'Property, plant and equipment and right of use assets' includes 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.

The group leases building spaces, company flats, technical equipment, machines and cars. Following right of use assets are recognized in opening balance per 01/01/2020 and balance per 31/12/2020:

	Land and buildings	Plant and equipment	Fixtures and fittings	Total
<b>Carrying amounts</b>				
<b>Balance at 1 January 2020</b>	<b>1,988,347</b>	<b>9,881,493</b>	<b>138,719</b>	<b>12,008,559</b>
Additions cost	6,499	515,791	3,016	525,305
Disposal cost	(22,519)	0	0	(22,519)
Depreciations and impairment	(173,616)	(2,036,444)	(29,712)	(2,239,772)
<b>Balance at 31 December 2020</b>	<b>1,798,711</b>	<b>8,360,840</b>	<b>112,023</b>	<b>10,271,574</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 € 289,978 (31/12/2019: € 321,948) were recognized directly as an expense in business year 2020.

## 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.

### i. Valuation technique and significant unobservable inputs

The carrying amount of the property using the cost model would have been € 31.8 million as at 31/12/2020 (31/12/2019: € 31.9 million).

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

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 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 last revaluation was carried out as of 31/12/2020. 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 € 145 and the construction cost per square meter which were appraised at € 400 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 +/- € 1.8 million.

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

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 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.

## D. Encumbrances

There are encumbrances on the Group's fixed assets for an amount of € 19,202,157 (31/12/2019: € 12,321,811), composed of € 16,600,000 (31/12/2019: € 0) for land and building located in Austria with a carrying amount of € 14,680,000 (31/12/2019: € 0) and € 2,602,157 (31/12/2019: € 12,321,811) for land and building located in Romania with a carrying amount of € 13,255,758 (31/12/2019: € 13,844,500). Carrying amount of loans securitized with pledge as at December 31<sup>st</sup> 2020 is € 34,439,273 (31/12/2019: € 7,348,870).

## 14. Intangible assets and goodwill

	Goodwill	Software, patents, licenses	Internal development	Customer contracts	Total
<b>Cost</b>					
<b>Balance at 1 January 2019</b>	<b>2,084,790</b>	<b>24,088,096</b>	<b>7,576,140</b>		<b>33,749,026</b>
Additions	0	1,543,901	947,598	0	2,491,499
Disposals	0	(12,049)	(845,080)	0	(847,129)
Transfers	0	2,543,904	(1,638,585)	0	905,319
Acquisitions through business combinations	6,261,463	820,055	177,000	13,716,581	20,975,099
Effect of movements in exchange rates	(7,949)	(48,582)	(971)	0	(57,502)
<b>Balance at 31 December 2019</b>	<b>8,338,304</b>	<b>28,935,325</b>	<b>6,216,102</b>	<b>13,716,581</b>	<b>57,206,311</b>
<b>Balance at 1 January 2020</b>	<b>8,338,304</b>	<b>28,935,325</b>	<b>6,216,102</b>	<b>13,716,581</b>	<b>57,206,311</b>
Additions	0	1,770,008	1,345,402	0	3,115,410
Disposals	0	(2,438,135)	0	0	(2,438,135)
Transfers	0	0	0	0	0
Change in Purchase Price Allocation	2,660,000	0	0	0	2,660,000
Effect of movements in exchange rates	(10,278)	(103,938)	(3,381)	(49,402)	(166,998)
<b>Balance at 31 December 2020</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>
<b>Accumulated amortization and impairment losses</b>					
<b>Balance at 1 January 2019</b>	0	<b>21,520,990</b>	<b>3,886,972</b>		<b>25,407,962</b>
Amortization	0	926,031	631,460	89,636	1,647,126
Disposals	0	(12,049)	(845,080)	0	(857,129)
Transfers	0	2,543,904	(1,638,585)		905,319
Acquisitions through business combinations	0	707,503	147,782	0	855,285
Effect of movements in exchange rates	0	(45,971)	(141)	(640)	(46,751)
<b>Balance at 31 December 2019</b>	<b>0</b>	<b>25,640,408</b>	<b>2,182,407</b>	<b>88,996</b>	<b>27,911,811</b>
<b>Balance at 1 January 2020</b>	<b>0</b>	<b>25,640,408</b>	<b>2,182,407</b>	<b>88,996</b>	<b>27,911,811</b>
Amortization	0	1,056,963	913,610	1,411,737	3,382,309
Impairment	0	144,000	0	0	144,000
Disposals	0	(2,438,135)	0	0	2,438,135)
Transfers	0	0	0	0	0
Effect of movements in exchange rates	0	(76,002)	(561)	75,151	(1,412)
<b>Balance at 31 December 2020</b>	<b>0</b>	<b>24,327,234</b>	<b>3,095,456</b>	<b>1,575,884</b>	<b>28,998,573</b>
<b>Carrying amounts</b>					
At 1 January 2019	2,084,790	2,567,106	3,689,168	0	8,341,064
<b>At 31 December 2019</b>	<b>8,338,304</b>	<b>3,294,917</b>	<b>4,033,695</b>	<b>13,627,585</b>	<b>29,294,500</b>
<b>At 31 December 2020</b>	<b>10,988,026</b>	<b>3,836,027</b>	<b>4,462,667</b>	<b>12,091,295</b>	<b>31,378,015</b>

## A. Impairment test

In 2020 there was no need to test impairment of intangible assets (software licenses, capitalized development costs and customer relationships) whose useful life is determined. Impairment tests were performed for cash-generating units (CGU) which goodwill was allocated to.

Cash-generating units and allocated goodwill	31/12/2020	31/12/2019
INFORM Romania	1,997,105	1,997,105
TAG SYSTEMS	7,813,823	5,153,823
Other	1,192,640	1,157,376
<b>Total</b>	<b>10,988,026</b>	<b>8,338,304</b>

The reported goodwill of TAG SYSTEMS in 2020 includes € 2.7 million from the increase in the purchase price liability from the acquisition of TAG Systems S.A., further explanations can be found in point 26.

For other fixed assets, impairments of € 240,579 (previous year: € 0) were made in the financial year



**INFORM Romania**

As at 31 December 2020 the estimated amount of INFORM Romania exceeded its carrying amount by approximately € 10.9 million (2019: € 8 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..

<b>Key assumptions</b>	<b>2020</b>	<b>2019</b>
Discount rate	8.2%	10.6%
Growth rate residual value	1.5%	1.5%
Forecast EBITDA growth rate (average 5 years)	0.2%	2.0%
<b>Change required for carrying amount to equal recoverable amount</b>		
<b>Sensitivity analysis</b>	<b>2020</b>	<b>2019</b>
<i>(in percentage points)</i>		
Discount rate	4.0	4.0
Budgeted EBITDA growth rate	(6.8)	(5.6)

**TAG Systems**

As at 31 December 2020 the estimated amount of CGU TAG Systems exceeded its carrying amount by approximately € 68.1 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. As initial consolidation of TAG SYSTEMS group of companies, which is now shown as a separate CGU, took place on 31 December 2019, no impairment test was carried out for the goodwill resulting from the acquisition as of 2019.

<b>Key assumptions</b>	<b>2020</b>
Discount rate	10.2%
Growth rate residual value	1.0%
Forecast EBITDA growth rate (average 5 years)	27.0%
<b>Change required for carrying amount to equal recoverable amount</b>	
<b>Sensitivity analysis</b>	<b>2020</b>
<i>(in percentage points)</i>	
Discount rate	16.3
Budgeted EBITDA growth rate	(15.2)

**15. Equity-accounted investees****Summarised financial information**

	<b>Tag Nitecrest Ltd.</b>	<b>Others</b>
	<b>31/12/2020</b>	<b>31/12/2020</b>
<b>Percentage ownership interest</b>	<b>50.00%</b>	<b>24,17 – 60,00 %</b>
Non-current assets	204,662	2,174,843
Current assets	3,361,959	1,852,148
Non-current liabilities	(11,824)	(58,439)
Current liabilities	(2,348,726)	(1,082,566)
<b>Net assets (100%)</b>	<b>1,206,071</b>	<b>2,885,987</b>
Group's share of net assets 31.12.2020	603,036	727,494
Revenues	17,205,928	2,357,280
Total Profit (100 %)	1,496,235	(615,163)

*Reconciliation of carrying amount*

	Tag Nitecrest Ltd. 31/12/2020	Others 31/12/2020	Total 31/12/2020
<b>Percentage ownership interest</b>	<b>50,00%</b>	<b>24,17 – 60,00 %</b>	<b>24,17 – 60,00 %</b>
<b>Carrying amount of interest in associate 1.1.2020</b>	<b>1,300,000</b>	<b>900,001</b>	<b>2,200,001</b>
Grant	0	429,014	429,014
Group's share of profit	748,117	(386,369)	(361,748)
Dividends received	(716,450)	0	(716,450)
<b>Carrying amount of interest in associate</b>	<b>1,331,667</b>	<b>942,646</b>	<b>2,274,313</b>
thereof goodwill from acquisition	852,838	190,678	1,043,516

**16. Inventory**

	31/12/2020	31/12/2019
Raw materials and consumables	16,601,380	15,389,025
Finished and semi-finished goods	1,282,827	1,573,684
Merchandise	856,707	1,231,467
Prepayments for inventory purchase & goods in transit	1,085,551	965,536
<b>Total</b>	<b>19,826,466</b>	<b>19,159,713</b>

In 2020, inventories of amount € 54,622,132 (2019: € 46,904,929) 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 € 153,284 (2019: € 142,988). As at 31<sup>st</sup> December 2020, the carrying amount of inventories which were depreciated as a result of the measurement at net realizable value is € 2,160,541 (31/12/2019: € 1,967,670).

**17. Trade and other receivables**

	31/12/2020	31/12/2019
Trade receivables	20,902,601	22,786,162
Minus: Allowance for doubtful accounts	(1,590,704)	(1,467,973)
	<b>19,311,897</b>	<b>21,318,188</b>
Debtors-Prepayments to creditors	220,053	106,213
Personnel prepayments and loans	120,069	89,955
VAT and other Tax related receivables	1,556,774	1,945,065
Deferred expenses	844,112	890,069
Deposits	22,159	22,166
Other non-financial receivables and assets	99,719	34,047
<i>Other receivables - non financial instruments</i>	<i>2,862,885</i>	<i>3,087,515</i>
Accrued income	1,511,942	660,540
Securities at fair value through profit & loss	595,955	710,362
Factoring receivables	1,443,150	817,024
Other financial receivables and assets	133,777	509,866
<i>Other receivables - financial instruments</i>	<i>3,684,824</i>	<i>2,697,792</i>
<b>Other receivables</b>	<b>6,547,709</b>	<b>5,785,307</b>
<b>Total</b>	<b>25,859,606</b>	<b>27,103,496</b>
Non-current	639,907	756,651
Current	25,219,699	26,346,842
	<b>25,859,606</b>	<b>27,103,496</b>

**18. Cash and cash equivalents**

	31/12/2020	31/12/2019
Cash at hand	37,999	27,893
Bank balances	10,972,746	22,238,746
<b>Total</b>	<b>11,010,746</b>	<b>22,266,639</b>

## Equity and Liabilities

### 19. 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.

	31/12/2020	31/12/2019
Total liabilities	120,714,238	134,941,952
Minus: Cash and cash equivalents	(11,010,746)	(22,266,639)
<b>Adjusted total liabilities</b>	<b>109,703,492</b>	<b>112,675,313</b>
<b>Total equity</b>	<b>60,692,602</b>	<b>56,491,112</b>
<b>Adjusted total liabilities to Total equity</b>	<b>1.81</b>	<b>1.99</b>

### 20. Loans and Borrowings

	31/12/2020	31/12/2019
<b>Non-current liabilities</b>		
Secured bank loans	31,194,148	5,091,269
Unsecured bank loans	7,096,654	8,510,046
Bonds	8,062,500	6,000,000
Finance lease liabilities	5,138,989	6,786,598
	<b>51,492,291</b>	<b>26,387,914</b>
<b>Current liabilities</b>		
Secured bank loans	8,303,862	13,224,641
Unsecured bank loans	5,146,033	41,353,265
Bonds	1,437,500	0
Finance lease liabilities	2,459,178	2,738,891
	<b>17,346,573</b>	<b>57,316,797</b>
<b>Total</b>	<b>68,838,864</b>	<b>83,704,711</b>

The significant shift between short-term and long-term liabilities in comparison to the previous year results from the conclusion of a long-term syndicated loan agreement by Austria Card GmbH in 2020. The purpose of this financing agreement is to refinance existing fixed-term and revolving loans as well as the bridging loan to finance the TAG SYSTEMS Group.

#### A. Terms and maturity

	Currency	Interest rate fixed/ variable	Range		Carrying amount in Euro	
			Nominal interest rate	Year of maturity	31/12/2020	31/12/2019
Secured bank loans	EUR	variable	EURIBOR + 1,50% - 2,90%	2024	32,938,835	10,967,040
	EUR	fixed	1,50%	2023	1,500,438	0
	RON	variable	ROBOR + 2,55% - 2,90%	2020-2024	5,058,737	7,384,870
					<b>39,498,010</b>	<b>18,315,910</b>
Unsecured bank loans	EUR	variable	EURIBOR + 1,35% - 3,85%	2020 - 2022	8,703,682	43,095,780
	EUR	fixed	1,53% - 2,00%	2020 - 2025	3,524,532	6,767,532
	TRY	fixed	10%	2020	14,462	0
					<b>12,242,687</b>	<b>49,863,311</b>
Bonds	EUR	variable	EURIBOR + 3,80%	2025-2027	<b>9,500,000</b>	<b>6,000,000</b>
<b>Total</b>					<b>61,240,696</b>	<b>74,179,222</b>

Securities have been provided for liabilities to banks in the amount of EUR 34,439,273 (previous year: EUR 0). The securities are a pledge on a land and building and a pledge on shares in a subsidiary.

#### B. Finance lease liabilities

	Future minimum lease payments		Interest		Present value of minimum lease payments	
	2020	2019	2020	2019	2020	2019
Less than one year	2,798,723	2,920,063	209,479	270,376	2,589,244	2,649,687
Between one and five years	5,084,385	7,087,433	313,176	529,332	7,087,433	6,558,101
More than five years	265,650	370,181	27,936	52,480	370,181	317,701
	<b>8,148,758</b>	<b>10,377,677</b>	<b>550,590</b>	<b>852,188</b>	<b>10,377,677</b>	<b>9,525,489</b>

#### C. Reconciliation of loans and borrowings

	Secured Loans & Borrowings	Unsecured Loans & Borrowings	Bonds	Leasing	Sum
<b>1 January 2020</b>	<b>18,315,910</b>	<b>49,863,311</b>	<b>6,000,000</b>	<b>9,525,489</b>	<b>83,704,710</b>
Proceeds from loans and borrowings	35,874,112	1,500,000	3,500,000	0	40,874,112
Repayment of loans and borrowings	(14,661,645)	(39,131,224)	0	0	(53,792,869)
Repayment of finance lease liabilities	0	0	0	(2,255,524)	(2,255,524)
<b>Sum of changes due to cash flows from financing activities</b>	<b>21,212,467</b>	<b>(37,631,224)</b>	<b>3,500,000</b>	<b>(2,255,524)</b>	<b>(15,174,281)</b>
<b>Changes in exchange rate</b>	<b>(30,368)</b>	<b>10,600</b>	<b>0</b>	<b>(164,563)</b>	<b>(184,331)</b>
<b>Changes in fair value</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>131,571</b>	<b>131,571</b>
New lease liabilities	0	0	0	410,124	410,124
Interest expenses	0	0	0	(48,930)	(48,930)
<b>31 December 2020</b>	<b>39,498,010</b>	<b>12,242,687</b>	<b>9,500,000</b>	<b>7,598,167</b>	<b>68,838,864</b>

	Secured Loans & Borrowings	Unsecured Loans & Borrowings	Bonds	Leasing	Sum
<b>1 January 2019</b>	<b>14,272,298</b>	<b>22,639,674</b>	<b>6,000,000</b>	<b>5,909,127</b>	<b>48,821,099</b>
Proceeds from loans and borrowings	6,069,048	33,655,152	0	0	39,724,200
Repayment of loans and borrowings	(2,003,098)	(8,190,060)	0	0	(10,193,158)
Repayment of finance lease liabilities	0	0	0	(1,827,470)	(1,827,470)
<b>Sum of changes due to cash flows from financing activities</b>	<b>4,065,950</b>	<b>25,465,093</b>	<b>0</b>	<b>(1,827,470)</b>	<b>27,703,573</b>
<b>Changes due to acquisition of control over subsidiaries</b>	<b>0</b>	<b>1,767,533</b>		<b>2,988,986</b>	<b>4,756,519</b>
<b>Changes in exchange rate</b>	<b>(44,385)</b>	<b>(8,988)</b>	<b>0</b>	<b>19,669</b>	<b>(33,704)</b>
New finance lease liabilities	0	0	0	2,435,176	2,435,176
Interest expenses	22,047	0	0	0	22,047
<b>31 December 2019</b>	<b>18,315,910</b>	<b>49,863,311</b>	<b>6,000,000</b>	<b>9,525,489</b>	<b>83,704,710</b>

## 21. Trade and other payables

	31/12/2020	31/12/2019
<b>Trade payables</b>	<b>19,981,097</b>	<b>20,988,007</b>
Social security	1,201,684	1,170,080
Wages and salaries payable	263,988	230,629
Accruals – personnel related	2,645,473	3,004,469
VAT payable and other taxes	1,330,159	1,542,611
Other non-financial payables	340,881	348,850
Other payables - non financial instruments	<b>5,782,184</b>	<b>6,296,641</b>
Dividends payable	59,928	704,114
Payables related to investments in non-current assets	0	0
Accruals	1,487,538	1,260,697
Other financial payables	10,989,653	8,380,117
Other payables - financial instruments	<b>12,537,119</b>	<b>10,344,928</b>
<b>Other payables</b>	<b>18,319,303</b>	<b>16,641,569</b>
<b>Total</b>	<b>38,300,401</b>	<b>37,629,575</b>
Non-current	10,276,883	8,273,265
Current	28,023,518	29,356,310
	<b>38,300,401</b>	<b>37,629,575</b>

Other financial liabilities include € 2.7 million from the increase in the purchase price liability from the acquisition of TAG Systems S.A., further explanations can be found in point 26.

## 22. Provisions

	Litigations	Restructuring	Total
<b>Balance at 1 January 2020</b>	<b>366,357</b>	<b>0</b>	<b>366,357</b>
Provisions made during the year	813,714	245,553	1,059,267
Provisions used during the year	(17,458)	0	(17,458)
Provisions reversed during the year	0	0	0
Acquisitions through business combinations	0	0	0
Effect of movements in exchange rates	(5,291)	0	(5,291)
<b>Balance at 31 December 2020</b>	<b>1,157,322</b>	<b>245,553</b>	<b>1,402,875</b>

## Financial instruments

### 23. 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 an interest rate swap. 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 2020	At amortized cost	FVTPL	FVTOCI	Non-financial instruments	Total
<b>Assets</b>					
Trade receivables	19,311,897	0	0	0	<b>19,311,897</b>
Other receivables	3,088,869	595,955	0	2,862,885	<b>6,547,709</b>
Cash and cash equivalents	11,010,746	0	0	0	<b>11,010,746</b>
<b>Total</b>	<b>33,411,511</b>	<b>595,955</b>	<b>0</b>	<b>2,862,885</b>	<b>36,870,352</b>
<b>Liabilities</b>					
Loans and borrowings	68,838,864	0	0	0	<b>68,838,864</b>
Trade payables	19,981,097	0	0	0	<b>19,981,097</b>
Other payables	1,777,119	10,760,000	0	5,782,184	<b>18,319,303</b>
<b>Total</b>	<b>90,597,080</b>	<b>10,760,000</b>	<b>0</b>	<b>5,782,184</b>	<b>107,139,265</b>

31 December 2019	At amortized cost	FVTPL	FVTOCI	Non-financial instruments	Total
<b>Assets</b>					
Trade receivables	21,318,188	0	0	0	<b>21,318,188</b>
Other receivables	1,987,430	710,362	0	3,087,515	<b>5,785,307</b>
Cash and cash equivalents	22,266,639	0	0	0	<b>22,266,639</b>
<b>Total</b>	<b>45,572,257</b>	<b>710,362</b>	<b>0</b>	<b>3,087,515</b>	<b>49,370,135</b>
<b>Liabilities</b>					
Loans and borrowings	83,704,711	0	0	0	<b>83,704,711</b>
Trade payables	20,988,007	0	0	0	<b>20,988,007</b>
Other payables	2,022,856	8,250,000	72,072	6,296,641	<b>16,641,569</b>
<b>Total</b>	<b>106,715,574</b>	<b>8,250,000</b>	<b>72,072</b>	<b>6,296,641</b>	<b>121,334,286</b>

#### i. Derivative financial instruments and hedges

The following table shows the value of the derivative financial instruments held by the Group as of 31 December 2020. The financial instrument, which was recorded as a cash flow hedge, forms a valuation unit with the secured loan and was not recognized in the balance sheet due to its immateriality.

Financial institution	Derivative	Beginning	End	Nominal value loan	Fixed interest rate	Market value 31/12/2020
Unicredit Bank Austria AG	Interest Rate Swap	30/06/2020	31/03/2027	16,900,000	0.0%	-278,029

As of December 31<sup>st</sup> 2019 a derivative financial instrument concerning exchange rate hedging were held by the Group, this instrument expired in 2020. The following table shows the value of the derivative financial instruments as of 31 December 2019, which were recorded as a cash flow hedge:

Financial institution	Derivative	Beginning	End	Reference value GBP	Fixed interest rate	Market value 31/12/2020
Unicredit Bank Austria AG	Outright callable GBP/EUR	26/09/2019	29/05/2020	1,490,070	0.89%	-80,922

## 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.

Trade receivables and Contract assets per country	31/12/2020	31/12/2019
Greece	3,165,497	2,888,506
Albania	201,501	136,361
Romania	9,346,525	9,253,268
Austria	5,109,802	4,625,268
Turkey	1,550,118	882,852
Other countries	9,809,284	12,687,777
<b>Total</b>	<b>29,182,727</b>	<b>30,474,155</b>

Credit risk for Trade receivables and Contract assets	31/12/2020			31/12/2019		
	Weighted average loss rate	Gross amount 2020	Impairment loss allowance	Weighted average loss rate	Gross amount 2019	Impairment loss allowance
Current - not past due	0.2%	22,639,456	(39,485)	0.1%	24,264,397	(28,646)
Past due 1 - 30 days	0.5%	2,955,754	(14,884)	0.2%	3,496,247	(6,040)
Past due 31-90 days	3.2%	2,079,255	(66,779)	0.1%	1,739,222	(1,954)
Past due 91-120 days	1.4%	216,340	(3,019)	1.0%	186,901	(1,869)
Past due more than 121 days – <i>credit impaired</i>	51.1%	2,893,162	(1,477,074)	63.6%	2,267,073	(1,441,176)
<b>Total</b>		<b>30,783,968</b>	<b>(1,601,241)</b>		<b>31,953,840</b>	<b>(1,479,685)</b>

Allowance for impairment of Trade receivables and Contract assets

<b>Balance at 1 January 2019</b>	<b>(1,241,726)</b>
Net remeasurment loss allowance (individual and collective impairments)	(315,264)
Other adjustments	77,305
<b>Balance at 31 December 2019</b>	<b>(1,479,685)</b>
Allowance	(208,363)
Release	(69,014)
Amounts written off	(17,793)
<b>Balance at 31 December 2020</b>	<b>(1,601,241)</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 or semi-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 2020	Carrying amount	Total	1 year or less	1–2 years	3–5 years	More than 5 years
Secured bank loans	39,498,010	<b>42,213,533</b>	7,312,609	7,176,706	23,748,494	3,975,725
Unsecured bank loans	12,242,687	<b>12,801,356</b>	5,667,918	1,734,523	5,398,915	0
Bonds	9,500,000	<b>10,658,500</b>	1,717,000	1,411,563	4,689,138	2,840,800
Finance lease liabilities	7,598,167	<b>8,092,280</b>	2,769,134	2,431,324	2,617,498	274,324
Trade payables	19,981,097	<b>19,981,097</b>	19,981,097	0	0	0
Other payables – financial instruments	12,537,119	<b>12,537,119</b>	2,277,119	0	10,260,000	0
	<b>101,357,080</b>	<b>106,283,885</b>	<b>38,724,878</b>	<b>12,486,114</b>	<b>44,178,844</b>	<b>4,572,623</b>

31 December 2019	Carrying amount	Total	1 year or less	1–2 years	3–5 years	More than 5 years
Secured bank loans	18,315,910	<b>18,443,773</b>	13,292,293	1,441,016	3,710,464	0
Unsecured bank loans	49,863,311	<b>50,526,712</b>	42,286,922	7,137,643	1,102,146	0
Bonds	6,000,000	<b>6,462,000</b>	231,000	6,231,000	0	0
Finance lease liabilities	9,525,489	<b>10,377,175</b>	2,919,003	2,738,210	4,087,640	632,323
Trade payables	20,988,007	<b>20,988,007</b>	20,988,007	0	0	0
Other payables – financial instruments	10,344,928	<b>10,344,928</b>	2,094,928	650,000	7,600,000	0
	<b>115,037,645</b>	<b>117,142,595</b>	<b>81,812,152</b>	<b>18,197,869</b>	<b>16,500,250</b>	<b>632,323</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 and RON and to a significantly 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 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 2020</b>				
RON (10% movement)	242,563	(198,461)	3,224,368	(2,638,119)
TRY (10% movement)	44,602	(36,493)	157,452	(128,824)
<b>31 December 2019</b>				
RON (10% movement)	232,295	(190,060)	3,236,992	(2,648,448)
TRY (10% movement)	47,969	(39,248)	175,130	(143,288)

#### 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 2020 and 2019 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 2020	(257,548)	99,693	(221,435)	76,837
31 December 2019	(431,191)	73,489	(330,228)	61,731

## Other disclosures

## 24. List of Subsidiaries

Company	Country	Residence main office	Participation percentage	Consolidation method	Participation relation
AUSTRIACARD AG	Austria	Vienna	Parent	Full	Parent
Inform P. Lykos Holdings S.A.	Greece	Athens	70.79%	Full	Direct
Austria Card GmbH	Austria	Vienna	100.00%	Full	Direct
Austria Card Polska Sp.z.o.o.	Poland	Warsaw	100.00%	Full	Indirect
Austria Card SRL	Romania	Bucharest	100.00%	Full	Indirect
Austria Card Turkey kart Operasyonlari AS	Turkey	Istanbul	95.00%	Full	Indirect
Inform Lykos (Hellas) S.A.	Greece	Athens	100,00%	Full	Indirect
Terrane L.T.D.	Cyprus	Nicosia	100.00%	Full	Indirect
S.C. Inform Lykos S.A.	Romania	Bucharest	100.00%	Full	Indirect
Compaper Converting S.A.	Romania	Constanza	97.44%	Full	Indirect
SISTEC NEXT DOCS SRL	Romania	Bucharest	65,07%	Full	Indirect
SISTEC CONFIDENTIAL SRL	Romania	Bucharest	65,45%	Full	Indirect
Inform Albania Sh.p.k.	Albania	Tirana	75.50%	Full	Indirect
TAG Systems SAU	Andorra	Andorra la Vella	100.00%	Full	Indirect
TAG Systems Smart Solutions SLU	Spain	Torres de la Alameda (Madrid)	100.00%	Full	Indirect
TAG Systems Sp Zoo	Poland	Warsaw	100.00%	Full	Indirect
TSG Norway AS	Norway	Nesna	100.00%	Full	Indirect
TAG Systems NV	Curaçao - Netherlands Antilles	Curaçao	100.00%	Full	Indirect
TAG Systems BV	Netherlands	Amsterdam	100.00%	Full	Indirect
TAG Systems USA Inc	United States	Eatontown (New Jersey)	60.00%	At Equity	Indirect
Tag Nitecrest Ltd	United Kingdom	Leyland (Lancashire)	50.00%	At Equity	Indirect
Seglan SL	Spain	Madrid	25.00%	At Equity	Indirect
TAG Cadena SAS	Colombia	La Estrella (Medellin)	24.17%	At Equity	Indirect

In business year 2019 the group of consolidated companies changed as follows:

	31/12/2020	31/12/2019
<b>As of beginning of the period</b>	<b>23</b>	<b>12</b>
Disposal because of liquidation	<b>0</b>	0
Disposal because of merger	<b>(1)</b>	(1)
Addition because of spin-off	<b>0</b>	1
Addition because of acquisition (fully consolidated)	<b>0</b>	8
<b>As of end of the period – fully consolidated</b>	<b>22</b>	<b>20</b>
Addition because of acquisition (consolidated at equity)	<b>0</b>	3
Addition because of founding (consolidated at equity)	<b>1</b>	
<b>As of end of the period - total</b>	<b>23</b>	<b>23</b>

In 2020 TAG Systems USA Inc. was initially consolidated at-equity.

## 25. 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.

	31/12/2020	31/12/2019
<b>NCI percentage</b>	<b>29.21%</b>	<b>29.21%</b>
Non-current assets	54,730,923	57,048,756
Current assets	24,630,973	24,687,795
Non-current liabilities	(19,887,476)	(22,666,585)
Current liabilities	(21,988,183)	(19,659,464)
<b>Net assets</b>	<b>37,486,237</b>	<b>39,410,502</b>
Carrying amount of Non-controlling interests	347,958	139,427
Revenue	69,778,540	72,486,002
Profit (Loss)	(53,420)	75,032
Other comprehensive income	76,030	(829,644)
<b>Total comprehensive income</b>	<b>23,410</b>	<b>(754,612)</b>
Profit allocated to Non-controlling interests	305,238	40,000
Other comprehensive income allocated to Non-controlling interests	(4,920)	(492)
Cash flows from operating activities	5,370,877	4,681,258
Cash flows from investment activities	(2,015,412)	(8,295,030)
Cash flows from financing activities	(2,365,150)	1,510,841
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>990,315</b>	<b>(2,102,931)</b>

## 26. Subsequent adjustment of Purchase-Price-Allocation

With closing on December 5, 2019, the group acquired 100% of the shares in the Andorra-based payment card manufacturer TAG SYSTEMS S.A. through the subsidiary Austria Card GmbH, Vienna. As part of the takeover, the previous owners of TAG SYSTEMS S.A., Andorra, were given 26.6% of the shares in Austria Card GmbH, Vienna. After the transaction, AUSTRIACARD AG, Vienna will hold 73.4% of the shares in Austria Card GmbH, Vienna. The inclusion in the consolidated balance sheet is 100% because the sellers were granted a put option for their shares in Austria Card GmbH. The option can be exercised by the seller in 2024 at the earliest, whereby the price is to be determined on the basis of an average EBITDA of the previous years and an agreed multiplier less net financial liabilities.

In the course of the purchase price allocation as of December 31, 2019, the value of the put option was assessed based on incomplete information. In 2020, the valuation of this option was therefore carried out again, which led to an increase in the contingent purchase price liabilities of € 2.7 million. Long-term other liabilities and goodwill were therefore increased by this amount with no effect on income.

## 27. Average number of employees

	2020	2019
<b>Average number of employees during the period</b>	<b>1,264</b>	<b>1,230</b>
<i>    Thereof White collar employees</i>	<i>510</i>	<i>491</i>
<i>    Thereof Blue collar employees</i>	<i>754</i>	<i>739</i>

## 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.

### i. Key management personnel compensation

Key management personnel compensation is as following:

	2020	2019
Short-term employee benefits	604,857	647,674

### ii. Key management personnel transactions

Directors of the Company control 96.18% of the voting shares of the ultimate Parent Company. No share base payments or 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.

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

In 2020 Mr. Ilias Karantzalis, Chairman of the Supervisory Board, invoiced € 20,000 (2019: € 20,000) for legal consulting services to the Group.

### iv. Transactions with associated companies

Balance sheet of 31/12/2020 includes trade receivables from associated companies of € 474,263 (2019: € 3,377,781). The income statement of business year 2020 includes revenues with associated companies of € 8,052,929. As these companies are initially recognised in group statements of 31/12/2019 the consolidated income statement of business year 2019 does not include any transactions with these companies.

## 29. Auditor's fees

	2020	2019
Audit fees	134,417	152,800
Tax advisory	18,954	16,564
Other consultancy services	28,920	17,254
<b>Total</b>	<b>182.290</b>	<b>186,618</b>

## 30. COVID-19

In 2020, the COVID-19 pandemic broke out and hit the global economy significantly. Although the Group is not operating in business segments that the pandemic hit the most, we were still affected in various ways, as for example:

- Due to a COVID-19 related country-wide, general lockdown commanded by the Andorran government, our card manufacturing plant in Andorra was closed from 18 March to 3 May 2020. As a countermeasure the most urgent product orders were transferred to the Group's other payment card manufacturing plants in Austria and Romania.
- Adjusting to lower demand and due to increased uncertainty, some of our customers in both Divisions delayed projects or reduced orders.
- Sourcing of raw material (e.g. chips) became more difficult as
  - suppliers (had to) shut down plants which reduced available capacity and
  - timely deliveries to our plants became more difficult due to lower capacity in global air and sea transport as well as by COVID-19 health protocols.

## 31. Subsequent events

As of end of January 2021, Digital Security completed the transfer of our personalization activities in Krakow to our facility in Warsaw. From February, all personalization customers in the Polish market are served out of Warsaw by Tag Systems sp.zoo.

In February, 2021, Information Management signed an agreement for the majority stake acquisition of 56.5% of the share capital and as such the acquisition of control of the Cypriot company CLOUDFIN LTD. With this investment, INFORM expands the range of services provided to its existing customers and the ability to reach new ones, providing the management, automatic identification and registration services (Process Automation) of all document types as well as other documents (purchase documents, expenses, contracts, etc.) using Machine Learning (ML) and interface with ERP systems. In addition, through this investment, INFORM will provide Document Management services, including electronic archiving, as well as document recognition products for Know Your Customer / Business (KYC / KYB) processes, with control authentication and data extraction from identification documents (IDs, passports, driving licenses), tax, corporate and utility documents. Also in February 2021, Information Management increased its existing majority stake in NEXT DOCS ECM EXPERT S.R.L. and NEXT DOCS CONFIDENTIAL S.R.L. by 15%. As a result, it currently holds 80% of the share capital of both companies.

## Accounting policies

### 32. 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 01/01/2020.

Standard		Effective date*)	Material impact on consolidated financial statements
IFRS 3	Amendments to IFRS 3: Definition of a business	01/01/2020	No
IFRS 9	Amendments to IFRS 9: Interest Rate Benchmark Reform	01/01/2020	No
IAS 39	Amendments to IAS 39: Interest Rate Benchmark Reform	01/01/2020	No
IFRS 7	Amendments to IFRS 7: Interest Rate Benchmark Reform	01/01/2020	No
IAS 1	Amendments to IAS 1: Definition of Material	01/01/2020	No
IAS 8	Amendments to IAS 8: Definition of Material	01/01/2020	No
IFRS 16	Amendments to IFRS 16: Covid-19-Related Rent Concessions	01/06/2020	No

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

### 33. 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.

#### 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.

## 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:

	Years
Buildings	20-50
Plant, machinery, other equipment	3-20

## I. Intangible assets and goodwill

Element	Measurement
Goodwill	Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.
Research and development expenses	Expenditure on research activities is recognized in profit or loss as incurred.  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:

	Years
Development costs	2-5
Software licenses	5-10
Customer contracts	8-15

## J. Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

For a transfer from investment property carried at fair value to owner-occupied property or inventories, the property's deemed cost for subsequent accounting shall be its fair value at the date of change in use.

## K. 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.

### L. 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.

### M. 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.

### N. 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.

### 34. 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 4	Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 19	01/01/2021	No
IFRS 9	Amendments to IFRS 9: Interest Rate Benchmark Reform – Phase 2	01/01/2021	No
IAS 39	Amendments to IAS 39: Interest Rate Benchmark Reform – Phase 2	01/01/2021	No
IFRS 7	Amendments to IFRS 7: Interest Rate Benchmark Reform – Phase 2	01/01/2021	No
IFRS 4	Amendments to IFRS 4: Interest Rate Benchmark Reform – Phase 2	01/01/2021	No
IFRS 16	Amendments to IFRS 16: Interest Rate Benchmark Reform – Phase 2	01/01/2021	No
IFRS 3	Annual Improvements 2018-2020	01/01/2022	No
IAS 16	Annual Improvements 2018-2020	01/01/2022	No
IAS 37	Annual Improvements 2018-2020	01/01/2022	No
IFRS 17	Insurance Contracts	01/01/2023	No
IAS 1	Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current	01/01/2023	No

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

Vienna, 26 March 2021

Nikolaos Lykos  
Chairman of the Management Board

Panagiotis Spyropoulos  
Vice Chairman & Group CEO

# General Conditions of Contract for the Public Accounting Professions (AAB 2018)

Recommended for use by the Board of the Chamber of Tax Advisers and Auditors, last recommended in its decision of April 18, 2018

## Preamble and General Items

(1) Contract within the meaning of these Conditions of Contract refers to each contract on services to be rendered by a person entitled to exercise profession in the field of public accounting exercising that profession (de facto activities as well as providing or performing legal transactions or acts, in each case pursuant to Sections 2 or 3 Austrian Public Accounting Professions Act (WTBG 2017). The parties to the contract shall hereinafter be referred to as the "contractor" on the one hand and the "client" on the other hand).

(2) The General Conditions of Contract for the professions in the field of public accounting are divided into two sections: The Conditions of Section I shall apply to contracts where the agreeing of contracts is part of the operations of the client's company (entrepreneur within the meaning of the Austrian Consumer Protection Act. They shall apply to consumer business under the Austrian Consumer Protection Act (Federal Act of March 8, 1979 / Federal Law Gazette No. 140 as amended) insofar as Section II does not provide otherwise for such business.

(3) In the event that an individual provision is void, the invalid provision shall be replaced by a valid provision that is as close as possible to the desired objective.

## SECTION I

### 1. Scope and Execution of Contract

(1) The scope of the contract is generally determined in a written agreement drawn up between the client and the contractor. In the absence of such a detailed written agreement, (2)-(4) shall apply in case of doubt:

(2) When contracted to perform tax consultation services, consultation shall consist of the following activities:

- preparing annual tax returns for income tax and corporate tax as well as value-added tax (VAT) on the basis of the financial statements and other documents and papers required for taxation purposes and to be submitted by the client or (if so agreed) prepared by the contractor. Unless explicitly agreed otherwise, documents and papers required for taxation purposes shall be produced by the client.
- examining the tax assessment notices for the tax returns mentioned under a).
- negotiating with the fiscal authorities in connection with the tax returns and notices mentioned under a) and b).
- participating in external tax audits and assessing the results of external tax audits with regard to the taxes mentioned under a).
- participating in appeal procedures with regard to the taxes mentioned under a).

If the contractor receives a flat fee for regular tax consultation, in the absence of written agreements to the contrary, the activities mentioned under d) and e) shall be invoiced separately.

(3) Provided the preparation of one or more annual tax return(s) is part of the contract accepted, this shall not include the examination of any particular accounting conditions nor the examination of whether all relevant concessions, particularly those with regard to value added tax, have been utilized, unless the person entitled to exercise the profession can prove that he/she has been commissioned accordingly.

(4) In each case, the obligation to render other services pursuant to Sections 2 and 3 WTBG 2017 requires for the contractor to be separately and verifiably commissioned.

(5) The aforementioned paragraphs (2) to (4) shall not apply to services requiring particular expertise provided by an expert.

(6) The contractor is not obliged to render any services, issue any warnings or provide any information beyond the scope of the contract.

(7) The contractor shall have the right to engage suitable staff and other performing agents (subcontractors) for the execution of the contract as well as to have a person entitled to exercise the profession substitute for him/her in executing the contract. Staff within the meaning of these Conditions of Contract refers to all persons who support the contractor in his/her operating activities on a regular or permanent basis, irrespective of the type of underlying legal transaction.

(8) In rendering his/her services, the contractor shall exclusively take into account Austrian law; foreign law shall only be taken into account if this has been explicitly agreed upon in writing.

(9) Should the legal situation change subsequent to delivering a final professional statement passed on by the client orally or in writing, the contractor shall not be obliged to inform the client of changes or of the consequences thereof. This shall also apply to the completed parts of a contract.

(10) The client shall be obliged to make sure that the data made available by him/her may be handled by the contractor in the course of rendering the services. In this context, the client shall particularly but not exclusively comply with the applicable provisions under data protection law and labor law.

(11) Unless explicitly agreed otherwise, if the contractor electronically submits an application to an authority, he/she acts only as a messenger and this does not constitute a declaration of intent or knowledge attributable to him/her or a person authorized to submit the application.

(12) The client undertakes not to employ persons that are or were staff of the contractor during the contractual relationship, during and within one year after termination of the contractual relationship, either in his/her company or in an associated company, failing which he/she shall be obliged to pay the contractor the amount of the annual salary of the member of staff taken over.

### 2. Client's Obligation to Provide Information and Submit Complete Set of Documents

(1) The client shall make sure that all documents required for the execution of the contract be placed without special request at the disposal of the contractor at the agreed date, and in good time if no such date has been agreed, and that he/she be informed of all events and circumstances which may be of significance for the execution of the contract. This shall also apply to documents, events and circumstances which become known only after the contractor has commenced his/her work.

(2) The contractor shall be justified in regarding information and documents presented to him/her by the client, in particular figures, as correct and complete and to base the contract on them. The contractor shall not be obliged to identify any errors unless agreed separately in writing. This shall particularly apply to the correctness and completeness of bills. However, he/she is obliged to inform the client of any errors identified by him/her. In case of financial criminal proceedings he/she shall protect the rights of the client.

(3) The client shall confirm in writing that all documents submitted, all information provided and explanations given in the context of audits, expert opinions and expert services are complete.

(4) If the client fails to disclose considerable risks in connection with the preparation of financial statements and other statements, the contractor shall not be obliged to render any compensation insofar as these risks materialize.

(5) Dates and time schedules stated by the contractor for the completion of the contractor's products or parts thereof are best estimates and, unless otherwise agreed in writing, shall not be binding. The same applies to any estimates of fees: they are prepared to best of the contractor's knowledge; however, they shall always be non-binding.

(6) The client shall always provide the contractor with his/her current contact details (particularly the delivery address). The contractor may rely on the validity of the contact details most recently provided by the client, particularly have deliveries made to the most recently provided address, until such time as new contact details are provided.

### 3. Safeguarding of Independence

(1) The client shall be obliged to take all measures to prevent that the independence of the staff of the contractor be jeopardized and shall himself/herself refrain from jeopardizing their independence in any way. In particular, this shall apply to offers of employment and to offers to accept contracts on their own account.

(2) The client acknowledges that his/her personal details required in this respect, as well as the type and scope of the services, including the performance period agreed between the contractor and the client for the services (both audit and non-audit services), shall be handled within a network (if any) to which the contractor belongs, and for this purpose transferred to the other members of the network including abroad for the purpose of examination of the existence of grounds of bias or grounds for exclusion and conflicts of interest. For this purpose the client expressly releases the contractor in accordance with the Data Protection Act and in accordance with Section 80 (4) No. 2 WTBG 2017 from his/her obligation to maintain secrecy. The client can revoke the release from the obligation to maintain secrecy at any time.

#### 4. Reporting Requirements

(1) (Reporting by the contractor) In the absence of an agreement to the contrary, a written report shall be drawn up in the case of audits and expert opinions.

(2) (Communication to the client) All contract-related information and opinions, including reports, (all declarations of knowledge) of the contractor, his/her staff, other performing agents or substitutes ("professional statements") shall only be binding provided they are set down in writing. Professional statements in electronic file formats which are made, transferred or confirmed by fax or e-mail or using similar types of electronic communication (that can be stored and reproduced but is not oral, i.e. e.g. text messages but not telephone) shall be deemed as set down in writing; this shall only apply to professional statements. The client bears the risk that professional statements may be issued by persons not entitled to do so as well as the transfer risk of such professional statements.

(3) (Communication to the client) The client hereby consents to the contractor communicating with the client (e.g. by e-mail) in an unencrypted manner. The client declares that he/she has been informed of the risks arising from the use of electronic communication (particularly access to, maintaining secrecy of, changing of messages in the course of transfer). The contractor, his/her staff, other performing agents or substitutes are not liable for any losses that arise as a result of the use of electronic means of communication.

(4) (Communication to the contractor) Receipt and forwarding of information to the contractor and his/her staff are not always guaranteed when the telephone is used, in particular in conjunction with automatic telephone answering systems, fax, e-mail and other types of electronic communication. As a result, instructions and important information shall only be deemed to have been received by the contractor provided they are also received physically (not by telephone, orally or electronically), unless explicit confirmation of receipt is provided in individual instances. Automatic confirmation that items have been transmitted and read shall not constitute such explicit confirmations of receipt. This shall apply in particular to the transmission of decisions and other information relating to deadlines. As a result, critical and important notifications must be sent to the contractor by mail or courier. Delivery of documents to staff outside the firm's offices shall not count as delivery.

(5) (General) In writing shall mean, insofar as not otherwise laid down in Item 4. (2), written form within the meaning of Section 886 Austrian Civil Code (ABGB) (confirmed by signature). An advanced electronic signature (Art. 26 eIDAS Regulation (EU) No. 910/2014) fulfills the requirement of written form within the meaning of Section 886 ABGB (confirmed by signature) insofar as this is at the discretion of the parties to the contract.

(6) (Promotional information) The contractor will send recurrent general tax law and general commercial law information to the client electronically (e.g. by e-mail). The client acknowledges that he/she has the right to object to receiving direct advertising at any time.

#### 5. Protection of Intellectual Property of the Contractor

(1) The client shall be obliged to ensure that reports, expert opinions, organizational plans, drafts, drawings, calculations and the like, issued by the contractor, be used only for the purpose specified in the contract (e.g. pursuant to Section 44 (3) Austrian Income Tax Act 1988). Furthermore, professional statements made orally or in writing by the contractor may be passed on to a third party for use only with the written consent of the contractor.

(2) The use of professional statements made orally or in writing by the contractor for promotional purposes shall not be permitted; a violation of this provision shall give the contractor the right to terminate without notice to the client all contracts not yet executed.

(3) The contractor shall retain the copyright on his/her work. Permission to use the work shall be subject to the written consent by the contractor.

#### 6. Correction of Errors

(1) The contractor shall have the right and shall be obliged to correct all errors and inaccuracies in his/her professional statement made orally or in writing which subsequently come to light and shall be obliged to inform the client thereof without delay. He/she shall also have the right to inform a third party acquainted with the original professional statement of the change.

(2) The client has the right to have all errors corrected free of charge if the contractor can be held responsible for them; this right will expire six months after completion of the services rendered by the contractor and/or – in cases where a written professional statement has not been delivered – six months after the contractor has completed the work that gives cause to complaint.

(3) If the contractor fails to correct errors which have come to light, the client shall have the right to demand a reduction in price. The extent to which additional claims for damages can be asserted is stipulated under Item 7.

#### 7. Liability

(1) All liability provisions shall apply to all disputes in connection with the contractual relationship, irrespective of the legal grounds. The contractor is liable for losses arising in connection with the contractual relationship (including its termination) only in case of willful intent and gross negligence. The applicability of Section 1298 2<sup>nd</sup> Sentence ABGB is excluded.

(2) In cases of gross negligence, the maximum liability for damages due from the contractor is tenfold the minimum insurance sum of the professional liability insurance according to Section 11 WTBG 2017 as amended.

(3) The limitation of liability pursuant to Item 7. (2) refers to the individual case of damages. The individual case of damages includes all consequences of a breach of duty regardless of whether damages arose in one or more consecutive years. In this context, multiple acts or failures to act that are based on the same or similar source of error as one consistent breach of duty if the matters concerned are legally and economically connected. Single damages remain individual cases of damage even if they are based on several breaches of duty. Furthermore, the contractor's liability for loss of profit as well as collateral, consequential, incidental or similar losses is excluded in case of willful damage.

(4) Any action for damages may only be brought within six months after those entitled to assert a claim have gained knowledge of the damage, but no later than three years after the occurrence of the (primary) loss following the incident upon which the claim is based, unless other statutory limitation periods are laid down in other legal provisions.

(5) Should Section 275 Austrian Commercial Code (UGB) be applicable (due to a criminal offense), the liability provisions contained therein shall apply even in cases where several persons have participated in the execution of the contract or where several activities requiring compensation have taken place and irrespective of whether other participants have acted with intent.

(6) In cases where a formal auditor's report is issued, the applicable limitation period shall commence no later than at the time the said auditor's report was issued.

(7) If activities are carried out by enlisting the services of a third party, e.g. a data-processing company, any warranty claims and claims for damages which arise against the third party according to law and contract shall be deemed as having been passed on to the client once the client has been informed of them. Item 4. (3) notwithstanding, in such a case the contractor shall only be liable for fault in choosing the third party.

(8) The contractor's liability to third parties is excluded in any case. If third parties come into contact with the contractor's work in any manner due to the client, the client shall expressly clarify this fact to them. Insofar as such exclusion of liability is not legally permissible or a liability to third parties has been assumed by the contractor in exceptional cases, these limitations of liability shall in any case also apply to third parties on a subsidiary basis. In any case, a third party cannot raise any claims that go beyond any claim raised by the client. The maximum sum of liability shall be valid only once for all parties injured, including the compensation claims of the client, even if several persons (the client and a third party or several third parties) have sustained losses; the claims of the parties injured shall be satisfied in the order in which the claims have been raised. The client will indemnify and hold harmless the contractor and his/her staff against any claims by third parties in connection with professional statements made orally or in writing by the contractor and passed on to these third parties.

(9) Item 7. shall also apply to any of the client's liability claims to third parties (performing agents and vicarious agents of the contractor) and to substitutes of the contractor relating to the contractual relationship.

#### 8. Secrecy, Data Protection

(1) According to Section 80 WTBG 2017 the contractor shall be obliged to maintain secrecy in all matters that become known to him/her in connection with his/her work for the client, unless the client releases him/her from this duty or he/she is bound by law to deliver a statement.

(2) Insofar as it is necessary to pursue the contractor's claims (particularly claims for fees) or to dispute claims against the contractor (particularly claims for damages raised by the client or third parties against the contractor), the contractor shall be released from his/her professional obligation to maintain secrecy.

(3) The contractor shall be permitted to hand on reports, expert opinions and other written statements pertaining to the results of his/her services to third parties only with the permission of the client, unless he/she is required to do so by law.

(4) The contractor is a data protection controller within the meaning of the General Data Protection Regulation ("GDPR") with regard to all personal data processed under the contract. The contractor is thus authorized to process personal data entrusted to him/her within the limits of the contract. The material made available to the contractor (paper and data carriers) shall generally be handed to the client or to third parties appointed by the client after the respective rendering of services has been completed, or be kept and destroyed by the contractor if so agreed. The contractor is authorized to keep copies thereof insofar as he/she needs them to appropriately document his/her services or insofar as it is required by law or customary in the profession.

(5) If the contractor supports the client in fulfilling his/her duties to the data subjects arising from the client's function as data protection controller, the contractor shall be entitled to charge the client for the actual efforts undertaken. The same shall apply to efforts undertaken for information with regard to the contractual relationship which is provided to third parties after having been released from the obligation to maintain secrecy to third parties by the client.

#### 9. Withdrawal and Cancellation („Termination“)

(1) The notice of termination of a contract shall be issued in writing (see also Item 4. (4) and (5)). The expiry of an existing power of attorney shall not result in a termination of the contract.

(2) Unless otherwise agreed in writing or stipulated by force of law, either contractual partner shall have the right to terminate the contract at any time with immediate effect. The fee shall be calculated according to Item 11.

(3) However, a continuing agreement (fixed-term or open-ended contract on – even if not exclusively – the rendering of repeated individual services, also with a flat fee) may, without good reason, only be terminated at the end of the calendar month by observing a period of notice of three months, unless otherwise agreed in writing.

(4) After notice of termination of a continuing agreement and unless otherwise stipulated in the following, only those individual tasks shall still be completed by the contractor (list of assignments to be completed) that can (generally) be completed fully within the period of notice insofar as the client is notified in writing within one month after commencement of the termination notice period within the meaning of Item 4. (2). The list of assignments to be completed shall be completed within the termination period if all documents required are provided without delay and if no good reason exists that impedes completion.

(5) Should it happen that in case of a continuing agreement more than two similar assignments which are usually completed only once a year (e.g. financial statements, annual tax returns, etc.) are to be completed, any such assignments exceeding this number shall be regarded as assignments to be completed only with the client's explicit consent. If applicable, the client shall be informed of this explicitly in the statement pursuant to Item 9. (4).

#### 10. Termination in Case of Default in Acceptance and Failure to Cooperate on the Part of the Client and Legal Impediments to Execution

(1) If the client defaults on acceptance of the services rendered by the contractor or fails to carry out a task incumbent on him/her either according to Item 2. or imposed on him/her in another way, the contractor shall have the right to terminate the contract without prior notice. The same shall apply if the client requests a way to execute (also partially) the contract that the contractor reasonably believes is not in compliance with the legal situation or professional principles. His/her fees shall be calculated according to Item 11. Default in acceptance or failure to cooperate on the part of the client shall also justify a claim for compensation made by the contractor for the extra time and labor hereby expended as well as for the damage caused, if the contractor does not invoke his/her right to terminate the contract.

(2) For contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions, a termination without prior notice by the contractor is permissible under Item 10. (1) if the client verifiably fails to cooperate twice as laid down in Item 2. (1).

#### 11. Entitlement to Fee

(1) If the contract fails to be executed (e.g. due to withdrawal or cancellation), the contractor shall be entitled to the negotiated compensation (fee), provided he/she was prepared to render the services and was prevented from so doing by circumstances caused by the client, whereby a merely contributory negligence by the contractor in this respect shall be excluded; in this case the contractor need not take into account the amount he/she obtained or failed to obtain through alternative use of his/her own professional services or those of his/her staff.

(2) If a continuing agreement is terminated, the negotiated compensation for the list of assignments to be completed shall be due upon completion or in case completion fails due to reasons attributable to the client (reference is made to Item 11. (1)). Any flat fees negotiated shall be calculated according to the services rendered up to this point.

(3) If the client fails to cooperate and the assignment cannot be carried out as a result, the contractor shall also have the right to set a reasonable grace period on the understanding that, if this grace period expires without results, the contract shall be deemed ineffective and the consequences indicated in Item 11. (1) shall apply.

(4) If the termination notice period under Item 9. (3) is not observed by the client as well as if the contract is terminated by the contractor in accordance with Item 10. (2), the contractor shall retain his/her right to receive the full fee for three months.

#### 12. Fee

(1) Unless the parties explicitly agreed that the services would be rendered free of charge, an appropriate remuneration in accordance with Sections 1004 and 1152 ABGB is due in any case. Amount and type of the entitlement to the fee are laid down in the agreement negotiated between the contractor and his/her client. Unless a different agreement has verifiably been reached, payments made by the client shall in all cases be credited against the oldest debt.

(2) The smallest service unit which may be charged is a quarter of an hour.

(3) Travel time to the extent required is also charged.

(4) Study of documents which, in terms of their nature and extent, may prove necessary for preparation of the contractor in his/her own office may also be charged as a special item.

(5) Should a remuneration already agreed upon prove inadequate as a result of the subsequent occurrence of special circumstances or due to special requirements of the client, the contractor shall notify the client thereof and additional negotiations for the agreement of a more suitable remuneration shall take place (also in case of inadequate flat fees).

(6) The contractor includes charges for supplementary costs and VAT in addition to the above, including but not limited to the following (7) to (9):

(7) Chargeable supplementary costs also include documented or flat-rate cash expenses, traveling expenses (first class for train journeys), per diems, mileage allowance, copying costs and similar supplementary costs.

(8) Should particular third party liabilities be involved, the corresponding insurance premiums (including insurance tax) also count as supplementary costs.



(9) Personnel and material expenses for the preparation of reports, expert opinions and similar documents are also viewed as supplementary costs.

(10) For the execution of a contract wherein joint completion involves several contractors, each of them will charge his/her own compensation.

(11) In the absence of any other agreements, compensation and advance payments are due immediately after they have been requested in writing. Where payments of compensation are made later than 14 days after the due date, default interest may be charged. Where mutual business transactions are concerned, a default interest rate at the amount stipulated in Section 456 1<sup>st</sup> and 2<sup>nd</sup> Sentence UGB shall apply.

(12) Statutory limitation is in accordance with Section 1486 of ABGB, with the period beginning at the time the service has been completed or upon the issuing of the bill within an appropriate time limit at a later point.

(13) An objection may be raised in writing against bills presented by the contractor within 4 weeks after the date of the bill. Otherwise the bill is considered as accepted. Filing of a bill in the accounting system of the recipient is also considered as acceptance.

(14) Application of Section 934 ABGB within the meaning of Section 351 UGB, i.e. rescission for *laesio enormis* (lesion beyond moiety) among entrepreneurs, is hereby renounced.

(15) If a flat fee has been negotiated for contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions, in the absence of written agreements to the contrary, representation in matters concerning all types of tax audits and audits of payroll-related taxes and social security contributions including settlements concerning tax assessments and the basis for contributions, preparation of reports, appeals and the like shall be invoiced separately. Unless otherwise agreed to in writing, the fee shall be considered agreed upon for one year at a time.

(16) Particular individual services in connection with the services mentioned in Item 12. (15), in particular ascertaining whether the requirements for statutory social security contributions are met, shall be dealt with only on the basis of a specific contract.

(17) The contractor shall have the right to ask for advance payments and can make delivery of the results of his/her (continued) work dependent on satisfactory fulfillment of his/her demands. As regards continuing agreements, the rendering of further services may be denied until payment of previous services (as well as any advance payments under Sentence 1) has been effected. This shall analogously apply if services are rendered in installments and fee installments are outstanding.

(18) With the exception of obvious essential errors, a complaint concerning the work of the contractor shall not justify even only the partial retention of fees, other compensation, reimbursements and advance payments (remuneration) owed to him/her in accordance with Item 12.

(19) Offsetting the remuneration claims made by the contractor in accordance with Item 12. shall only be permitted if the demands are uncontested and legally valid.

### 13. Other Provisions

(1) With regard to Item 12. (17), reference shall be made to the legal right of retention (Section 471 ABGB, Section 369 UGB); if the right of retention is wrongfully exercised, the contractor shall generally be liable pursuant to Item 7. or otherwise only up to the outstanding amount of his/her fee.

(2) The client shall not be entitled to receive any working papers and similar documents prepared by the contractor in the course of fulfilling the contract. In the case of contract fulfillment using electronic accounting systems the contractor shall be entitled to delete the data after handing over all data based thereon – which were prepared by the contractor in relation to the contract and which the client is obliged to keep – to the client and/or the succeeding public accountant in a structured, common and machine-readable format. The contractor shall be entitled to an appropriate fee (Item 12. shall apply by analogy) for handing over such data in a structured, common and machine-readable format. If handing over such data in a structured, common and machine-readable format is impossible or unfeasible for special reasons, they may be handed over in the form of a full print-out instead. In such a case, the contractor shall not be entitled to receive a fee.

(3) At the request and expense of the client, the contractor shall hand over all documents received from the client within the scope of his/her activities. However, this shall not apply to correspondence between the contractor and his/her client and to original documents in his/her possession and to documents which are required to be kept in accordance with the legal anti-money laundering provisions applicable to the contractor. The contractor may make copies or duplicates of the documents to be returned to the client. Once such documents have been transferred to the client, the contractor shall be entitled to an appropriate fee (Item 12. shall apply by analogy).

(4) The client shall fetch the documents handed over to the contractor within three months after the work has been completed. If the client fails to do so, the contractor shall have the right to return them to the client at the cost of the client or to charge an appropriate fee (Item 12. shall apply by analogy) if the contractor can prove that he/she has asked the client twice to pick up the documents handed over. The documents may also further be kept by third parties at the expense of the client. Furthermore, the contractor is not liable for any consequences arising from damage, loss or destruction of the documents.

(5) The contractor shall have the right to compensation of any fees that are due by use of any available deposited funds, clearing balances, trust funds or other liquid funds at his/her disposal, even if these funds are explicitly intended for safekeeping, if the client had to have anticipated the counterclaim of the contractor.

(6) To secure an existing or future fee payable, the contractor shall have the right to transfer a balance held by the client with the tax office or another balance held by the client in connection with charges and contributions, to a trust account. In this case the client shall be informed of the transfer. Subsequently, the amount secured may be collected either after agreement has been reached with the client or after enforceability of the fee by execution has been declared.

### 14. Applicable Law, Place of Performance, Jurisdiction

(1) The contract, its execution and the claims resulting from it shall be exclusively governed by Austrian law, excluding national referral rules.

(2) The place of performance shall be the place of business of the contractor.

(3) In absence of a written agreement stipulating otherwise, the place of jurisdiction is the competent court of the place of performance.

## SECTION II

### 15. Supplementary Provisions for Consumer Transactions

(1) Contracts between public accountants and consumers shall fall under the obligatory provisions of the Austrian Consumer Protection Act (KSChG).

(2) The contractor shall only be liable for the willful and grossly negligent violation of the obligations assumed.

(3) Contrary to the limitation laid down in Item 7. (2), the duty to compensate on the part of the contractor shall not be limited in case of gross negligence.

(4) Item 6. (2) (period for right to correction of errors) and Item 7. (4) (asserting claims for damages within a certain period) shall not apply.

(5) Right of Withdrawal pursuant to Section 3 KSChG:

If the consumer has not made his/her contract statement in the office usually used by the contractor, he/she may withdraw from the contract application or the contract proper. This withdrawal may be declared until the contract has been concluded or within one week after its conclusion; the period commences as soon as a document has been handed over to the consumer which contains at least the name and the address of the contractor as well as instructions on the right to withdraw from the contract, but no earlier than the conclusion of the contract. The consumer shall not have the right to withdraw from the contract

1. if the consumer himself/herself established the business relationship concerning the conclusion of this contract with the contractor or his/her representative,

2. if the conclusion of the contract has not been preceded by any talks between the parties involved or their representatives, or

3. in case of contracts where the mutual services have to be rendered immediately, if the contracts are usually concluded outside the offices of the contractors, and the fee agreed upon does not exceed €15.

In order to become legally effective, the withdrawal shall be declared in writing. It is sufficient if the consumer returns a document that contains his/her contract declaration or that of the contractor to the contractor with a note which indicates that the consumer rejects the conclusion or the maintenance of the contract. It is sufficient if this declaration is dispatched within one week.

If the consumer withdraws from the contract according to Section 3 KSChG,

1. the contractor shall return all benefits received, including all statutory interest, calculated from the day of receipt, and compensate the consumer for all necessary and useful expenses incurred in this matter,

2. the consumer shall pay for the value of the services rendered by the contractor as far as they are of a clear and predominant benefit to him/her.

According to Section 4 (3) KSChG, claims for damages shall remain unaffected.

(6) Cost Estimates according to Section 5 Austrian KSChG:

The consumer shall pay for the preparation of a cost estimate by the contractor in accordance with Section 1170a ABGB only if the consumer has been notified of this payment obligation beforehand.

If the contract is based on a cost estimate prepared by the contractor, its correctness shall be deemed warranted as long as the opposite has not been explicitly declared.

(7) Correction of Errors: Supplement to Item 6.:

If the contractor is obliged under Section 932 ABGB to improve or complement his/her services, he/she shall execute this duty at the place where the matter was transferred. If it is in the interest of the consumer to have the work and the documents transferred by the contractor, the consumer may carry out this transfer at his/her own risk and expense.

(8) Jurisdiction: Shall apply instead of Item 14. (3)

If the domicile or the usual residence of the consumer is within the country or if he/she is employed within the country, in case of an action against him/her according to Sections 88, 89, 93 (2) and 104 (1) Austrian Court Jurisdiction Act (JN), the only competent courts shall be the courts of the districts where the consumer has his/her domicile, usual residence or place of employment.

(9) Contracts on Recurring Services:

(a) Contracts which oblige the contractor to render services and the consumer to effect repeated payments and which have been concluded for an indefinite period or a period exceeding one year may be terminated by the consumer at the end of the first year, and after the first year at the end of every six months, by adhering to a two-month period of notice.

(b) If the total work is regarded as a service that cannot be divided on account of its character, the extent and price of which is determined already at the conclusion of the contract, the first date of termination may be postponed until the second year has expired. In case of such contracts the period of notice may be extended to a maximum of six months.

(c) If the execution of a certain contract indicated in lit. a) requires considerable expenses on the part of the contractor and if he/she informed the consumer about this no later than at the time the contract was concluded, reasonable dates of termination and periods of notice which deviate from lit. a) and b) and which fit the respective circumstances may be agreed.

(d) If the consumer terminates the contract without complying with the period of notice, the termination shall become effective at the next termination date which follows the expiry of the period of notice.