

REPORT OF THE MANAGEMENT BOARD

of

AUSTRIACARD HOLDINGS AG

with its seat in Vienna and
the business address at Lamezanstr. 4-8, 1230 Vienna,
registered under FN 352889 f with the companies register held by Commercial Court of Vienna
(the „Company“)

pursuant to Sec 2 para 5 KapBG
(Capital increase from company funds)

in connection with agenda item 8
of the annual general meeting on 30 June 2023

The management board of the Company hereby submits the following report pursuant to Sec 2 para 5 Austrian Capital Correction Act (KapBG) to the annual general meeting of the Company, which will be held on 30 June 2023 (the “Annual General Meeting”):

1. Resolution proposal

The management board and the supervisory board have made the following resolution proposal in connection with agenda item 8:

„a. The shares in the Company shall be converted from par-value shares with a nominal value of EUR 1 each to no-par value shares, each of which participates in the share capital to the same extent.

b. The share capital of the Company shall be increased from currently EUR 18,176,934 by EUR 18,176,934 to EUR 36,353,868 from company funds by converting a partial amount of EUR 18,176,934 from the appropriated additional paid-in capital as shown in the annual financial statement dated 31 December 2022 (nominal capital increase) and by issuing 18,176,934 new shares (hereafter: no-par value shares), thereby increasing the number of issued shares (hereafter: no-par value shares) from currently 18,176,934 to 36,353,868.

c. In this regard, the articles of association of the Company shall be amended in sections 4.1, 4.2, 4.9 and 8.5.1 as follows:

[Amendments highlighted in bold print]

- | | | | |
|-----|--|-----|--|
| 4.1 | <i>Das Grundkapital der Gesellschaft beträgt EUR 36.353.868 (Euro sechshundertdreißig Millionen dreihundertdreißigtausend achthundertachtundsechzig).</i> | 4.1 | <i>The share capital of the Company amounts to EUR 36,353,868 (Euro thirty-six million three hundred fifty-three thousand eight hundred sixty-eight).</i> |
| 4.2 | <i>Es ist zerlegt in 36.353.868 (sechshundertdreißig Millionen dreihundertdreißigtausend achthundertachtundsechzig) nennbetragslose Stückaktien, von denen jede am Grundkapital im gleichen Umfang beteiligt ist.</i> | 4.2 | <i>The share capital of the Company is divided into 36,353,868 (thirty-six million three hundred fifty-three thousand eight hundred sixty-eight) no-par value shares, each of which participates in the share capital to the same extent.</i> |
| 4.9 | <i>Genehmigtes Kapital</i> | 4.9 | <i>Authorized capital</i> |

AUSTRIACARD
(HOLDINGS)

Der Vorstand ist ermächtigt, das Grundkapital mit Zustimmung des Aufsichtsrats bis 30.11.2027 – auch in mehreren Tranchen – um bis zu EUR 8.431.033 (Euro acht Millionen vierhunderteinunddreißigtausend dreiunddreißig) durch Ausgabe von bis zu 8.431.033 (acht Millionen vierhunderteinunddreißigtausend dreiunddreißig) auf Inhaber lautende, stimmberechtigte **Stückaktien** gegen Bar- und/oder Sacheinlage zu erhöhen, wobei der Ausgabekurs und die Ausgabebedingungen vom Vorstand mit Zustimmung des Aufsichtsrats festgesetzt werden. Der Vorstand ist ferner ermächtigt, mit Zustimmung des Aufsichtsrats das Bezugsrecht der Aktionäre ganz oder teilweise auszuschließen (Bezugsrechtsausschluss), (i) wenn die Kapitalerhöhung gegen Bareinlage erfolgt und in Summe der rechnerisch auf die gegen Bareinlage unter Ausschluss des Bezugsrechts ausgegebenen Aktien entfallende Anteil am Grundkapital der Gesellschaft die Grenze von 10% (zehn Prozent) des Grundkapitals der Gesellschaft zum Zeitpunkt der Einräumung der Ermächtigung nicht übersteigt, (ii) wenn die Kapitalerhöhung gegen Sacheinlage erfolgt oder (iii) für den Ausgleich von Spitzenbeträgen.

The Management Board shall be authorized to increase the share capital with the approval of the Supervisory Board until 30 November 2027 – also in several tranches – by an amount of up to EUR 8,431,033 (Euros eight million four hundred thirty-one thousand thirty-three) by issuing up to 8,431,033 (eight million four hundred thirty-one thousand thirty three) **no-par value** bearer shares with voting rights against contributions in cash and/or in kind, whereby the issue price and the issue conditions shall be determined by the Management Board with the approval of the Supervisory Board. Furthermore, the Management Board is with approval of the Supervisory Board authorized to fully or partly exclude the subscription rights of the shareholders (exclusion of the subscription right) (i) if the capital increase is effected against cash contribution and the total proportion of the Company's share capital represented by the shares issued against cash contribution under exclusion of the subscription right does not exceed 10% (ten percent) of the Company's share capital at the time the authorization is granted, (ii) if the capital increase is effected against contribution in kind, or (iii) for the settlement of fractional amounts.

8.5.1 Jede **Stückaktie** gewährt ein 8.5.1 Each **no-par value** share grants one
Stimmrecht. vote.

Explanatory Notes:

The shares in the Company shall be converted from par-value shares to no-par-value shares. This conversion will facilitate capital measures in the future. It is further market standard that listed companies issue no-par-value shares. Each par-value share will be converted into a no-par value share. With regard to the capital increase from company funds reference is made to the management board's report on this agenda item in accordance with Sec 2 para 5 Austrian Capital Correction Act (KapBG). The proposed amendments to the articles of association implement the conversion of the Company's shares from par-value shares to no-par-value shares and the capital increase from company funds.

2. Material circumstances for the capital increase from company funds

- a) The share capital of the Company on the date of this report amounts to EUR 18,176,934.00 and is divided into 18,176,934 par-value bearer shares with a nominal value of EUR 1.00 each. The share capital of the Company was last increased by EUR 1,314,867.00 from EUR 16,862,067.00 as of 31 December 2022 to EUR 18,176,934.00 in the course of the cross-border merger by absorption of INFORM P. LYKOS HOLDINGS S.A., which was registered with the Austrian companies register on 17 March 2023 (the "**Cross-border Merger**"). In the course of the Cross-

AUSTRIACARD
(HOLDINGS)

border Merger, the appropriated additional paid-in capital increased by EUR 16,415,133.00 from EUR 34,795,079.68 as of 31 December 2022 to EUR 51,210,212.68.


- b) Pursuant to Sec 2 para 2 KapBG, the capital increase from company funds shall be based on the approved annual financial statements as of 31 December 2022 but shall take into account the increased share capital of the Company in accordance with the current status of the Austrian companies register. All shares existing in accordance with the current status of the Commercial Register shall participate in full in the capital correction and not only those existing as of 31 December 2022. The capital correction therefore also extends to such shares created by the Cross-border Merger carried out after 31 December 2022.
- c) The annual financial statements of the Company as of 31 December 2022 were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna (the “Auditor”). The Auditor has issued an unqualified audit opinion on the financial statements as of 31 December 2022 in its report dated 21 March 2023. The annual financial statements of the Company as of 31 December 2022 were adopted on 22 March 2023 and will be submitted to the Annual General Meeting.
- d) The annual financial statements of the Company as of 31 December 2022 show appropriated additional paid-in capital in the amount of EUR 34,795,079.68. A partial amount of EUR 18,176,934.00 of the appropriated additional paid-in capital shown in the annual financial statements of the Company as of 31 December 2022 shall be used to increase the share capital of the Company from currently EUR 18,176,934.00 by EUR 18,176,934.00 to EUR 36,353,868.00 by issuing 18,176,934 new shares.
- e) After deduction of the appropriated additional paid-in capital converted into share capital within the scope of the capital adjustment amounting to EUR 18,176,934.00, the remaining appropriated additional paid-in capital in the amount of EUR 16,618,145.68 as of 31 December 2022 (or EUR 33,033,278.68 taking into account the increase of the appropriated additional paid-in capital described under a) in the course of the Cross-border Merger carried out after 31 December 2022) exceed ten percent of the share capital after the conversion (Sec 2 para 3 KapBG).
- f) The new shares shall be issued to the shareholders of the Company to the extent of the existing participation of the shareholders in the share capital of the Company. For each existing share, one additional share shall be issued to the shareholders of the Company after the registration of the capital increase from company funds with the Austrian companies register. In this context, it is noted that the Annual General Meeting on 30 June 2023 shall resolve that the shares of the Company shall be converted from par-value shares to no-par-value shares. The participation of the shareholders in the share capital of the Company, their relationship to each other and their associated rights shall remain unaffected thereby.
- g) The capital increase from company funds by issuing new shares serves to increase liquidity and to facilitate the tradability of the Company's share on the stock exchange.
- h) This capital increase from company funds results in a doubling and thus a strengthening of the Company's share capital. The amount of distributable equity remains unchanged. Due to the doubling of the number of shares in the Company, there is a halving of the value per share while the market capitalization remains unchanged.
- i) As the Company has sufficient appropriated additional paid-in capital, only appropriated additional paid-in capital and no other liability items are used to implement this capital increase from Company funds.
- j) The capital increase shall become effective retroactively with effect from 1 January 2023 (i.e., the beginning of the current financial year). The new shares shall participate in the profit or loss of the Company from the beginning of the financial year 2023.

- k) The economic content of contractual relations of the Company with third parties, which depend on the profit distribution of the Company, the value of the shares of the Company or in any other way on the previous capital or profit situation, shall not be affected by the capital increase from company funds (Sec 5 para 2 KapBG).
- l) Since the balance sheet date of the financial statements as of 31 December 2022 until today, no material losses which would result in the impermissibility of the capital increase from company funds have occurred within the meaning of Sec 3 para 1 KapBG.
- m) The information pursuant to Sec 243 of the Austrian Commercial Code (UGB) can be found in the management report as of 31 December 2022, which is available in the Annual General Meeting and has also been published accordingly.
- n) This report will be audited by the Auditor pursuant to Sec 2 para 5 third sentence KapBG and the audit report will be submitted to the management board, the supervisory board and the Annual General Meeting.

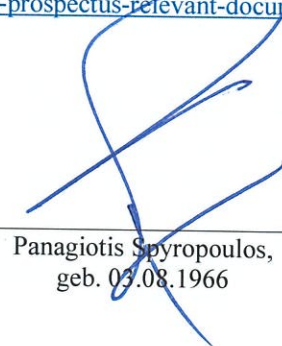
3. Information pursuant to Sec 4 para 2 Austrian Minimum Content, Publication and Language Regulation 2019 (MVSV 2019)

- a) The issuer of the new shares issued within the scope of the capital increase from company funds is AUSTRIACARD HOLDINGS AG with its registered office in Vienna (Sec 4 para 2 no 1 MVSV 2019).
- b) Additional information on the issuer pursuant to Sec 4 para 4 MVSV 2019, in particular the latest published annual financial statements as well as the publications of the issuer made within the last twelve months in fulfilment of disclosure obligations, are available on the website of the Company (www.austriacard.com) under <https://www.austriacard.com/investor-relations-ac/financial-reporting-ac/> and <https://www.austriacard.com/investor-relations-ac/press-releases-ac/> (Sec 4 para 2 no 2 MVSV 2019).
- c) The shares issued in the course of the capital increase from company funds are admitted to official trading on the Vienna Stock Exchange as well as on the Athens Exchange pursuant to Sec 6 para 1 KapBG (Sec 4 para 2 no 3 MVSV 2019).
- d) This report is prepared pursuant to Sec 2 para 5 KapBG (Sec 4 para 2 no 4 MVSV 2019).
- e) Information on the details of the issuance pursuant to Sec 4 para 3 MVSV 2019 is not required in this case (Sec 4 para 2 no 5 MVSV 2019), as there is no case of Sec 4 para 1 no 2 MVSV 2019. With regard to the information on the type of securities issued as well as the rights and risks associated therewith, reference is made to the prospectus published by the Company dated 24 January 2023 (in particular page 36ff Risk Factors), which is available under the following link: <https://www.austriacard.com/investor-relations-ac/listing-prospectus-relevant-documents/>.

Vienna, this 31 May 2023



Nikolaos Lykos
geb. 01.01.1957



Panagiotis Spyropoulos,
geb. 03.08.1966