

AUSTRIACARD HOLDINGS AG **ANNOUNCES H1 2023 RESULTS**

August 30th, 2023: AUSTRIACARD HOLDINGS AG (ACAG) continues its strong operating performance in H1 2023.

- H1 2023 Group Revenues increased by 32.1% reaching €181.2m, driven by strong performance in payment products and solutions and the contribution of the recently acquired majority stake in a postal services business in Romania.
- Growth was strong across all markets - Western Europe, Nordics, Americas grew by 30.4% to €68.2m - Central Eastern Europe & DACH grew by 19.7% to €84.5m - Turkiye, Middle East and Africa grew by 74.7% to €32.0m.
- Economies of scale largely offset material cost increases, leading gross profit to a 28.5% increase, at €43.9m.
- General cost control measures contained OPEX, resulting in a 31.5% Adj. EBITDA increase, to €26.0m, and a margin of 14.4%.
- Net Profit after Tax increased by 156.8% to € 12.3m, improving margin to 6.8% compared to 3.5% in last year's half, due to significantly less adjustments compared to H1 2022.
- To better address its rapid expansion in new markets, during H1 2023 the Company implemented a new corporate structure, based on its major market segments of Central Eastern Europe and DACH - Western Europe, Nordics and Americas – Turkiye, Middle East and Africa. The new structure will facilitate the cross selling of the Groups widening portfolio of solutions, as well as improve its customer service.

CEO COMMENTARY

AUSTRIACARD HOLDINGS AG Vice Chairman and CEO, Panagiotis Spyropoulos, noted:

"In the first half of 2023 we continued delivering strong results, posting 32.1% growth in Revenue, 31.5% growth in Adj. EBITDA and 156.8% growth in Net Profit.

In order to better capitalize on the expanded scale and reach, as well as on the enhanced solutions portfolio that the recent successful acquisitions brought to us, we proceeded to the strategic reorganization of our Group based on geographical areas. We integrated the major markets in which we operate (Central Eastern Europe & DACH - Western Europe, Nordics & Americas – Turkiye, Middle East & Africa) into separate clusters, each of them led by an EVP, member of the Management Board.

This structure will enable us to better address the needs of our customers through the provision of an expanded integrated portfolio of products and services with one point of service.

Further to the strong organic growth we drive, we would consider selective bolt-on acquisitions that could enhance our portfolio, reach and scale, consistent with our stated strategy to become an international leader in Payment Solutions, Secure Data Management and Digital Technologies."

H1 2023 BUSINESS PERFORMANCE

| Business performance in € million | H1 2023 | H1 2022 | D '23-'22 | D '23 -'22 % | Q2 2023 | Q2 2022 |
|---|----------------|----------------|------------------|-------------------------|----------------|----------------|
| Revenues | 181.2 | 137.1 | 44.0 | 32.1% | 91.4 | 76.7 |
| Costs of material & mailing | (102.8) | (75.8) | (27.1) | 35.7% | (51.1) | (42.5) |
| Gross profit I | 78.3 | 61.4 | 17.0 | 27.6% | 40.3 | 34.2 |
| <i>Gross margin I</i> | <i>43.2%</i> | <i>44.7%</i> | <i>-1.5%</i> | | <i>44.1%</i> | <i>44.6%</i> |
| Production costs | (34.4) | (27.2) | (7.2) | 26.6% | (18.3) | (14.2) |
| Gross profit II | 43.9 | 34.2 | 9.7 | 28.5% | 22.0 | 20.0 |
| <i>Gross margin II</i> | <i>24.2%</i> | <i>24.9%</i> | <i>-0.7%</i> | | <i>24.1%</i> | <i>26.1%</i> |
| Other income | 1.5 | 1.3 | 0.2 | 14.2% | 0.9 | 0.6 |
| Selling and distribution expenses | (11.0) | (10.0) | (1.0) | 10.5% | (5.7) | (5.3) |
| Administrative expenses | (12.5) | (9.1) | (3.4) | 37.4% | (6.9) | (4.9) |
| Research and development expenses | (3.5) | (3.0) | (0.5) | 16.4% | (1.8) | (1.6) |
| Other expenses | (0.1) | (0.4) | 0.3 | -75.6% | 0.0 | (0.2) |
| + Depreciation, amortization and impairment | 7.7 | 6.8 | 0.9 | 13.8% | 4.0 | 3.5 |
| adjusted EBITDA | 26.0 | 19.8 | 6.2 | 31.5% | 12.5 | 12.2 |
| <i>adjusted EBITDA margin</i> | <i>14.4%</i> | <i>14.4%</i> | <i>-0.1%</i> | | <i>13.7%</i> | <i>15.9%</i> |
| - Depreciation, amortization and impairment | (7.7) | (6.8) | (0.9) | 13.8% | (4.0) | (3.5) |
| adjusted EBIT | 18.3 | 13.0 | 5.3 | 40.7% | 8.5 | 8.7 |
| Financial income | 0.1 | 0.0 | 0.1 | 249.3% | 0.1 | 0.0 |
| Financial expenses | (3.0) | (1.9) | (1.1) | 56.4% | (1.5) | (1.0) |
| Result from associated companies | 0.0 | 0.0 | (0.0) | -100.0% | 0.0 | 0.0 |
| Net finance costs | (2.9) | (1.8) | (1.0) | 56.9% | (1.5) | (1.0) |
| adjusted Profit (Loss) before tax | 15.4 | 11.2 | 4.2 | 38.1% | 7.1 | 7.7 |
| Adjustments | (0.5) | (4.6) | 4.2 | -90.2% | 1.6 | (3.8) |
| Profit (Loss) before tax | 15.0 | 6.6 | 8.4 | 128.0% | 8.7 | 3.9 |
| Income tax expense | (2.7) | (1.8) | (0.9) | 51.8% | (1.2) | (1.2) |
| Profit (Loss) | 12.3 | 4.8 | 7.5 | 156.8% | 7.5 | 2.7 |

AUSTRIACARD HOLDINGS Group revenues reached € 181.2 million in H1 2023 increasing by € 44.0 million or 32.1% compared to same period of 2022. From products and services perspective this increase mainly results from a significant increase in sales of smart cards (€ +19.8 million), as well as printing and postal services (€ +10.1 million) mainly attributed to the Romanian market through the majority stake acquisition of Pink Post solutions business (€ +9.8 million). The number of cards sold increased by 13.1% and reached 68.9 million in the first half 2023. From segment perspective, all market clusters contributed to the revenue growth compared to H1 2022 as presented in the table below.

| Revenues by Segments in € million | H1 2023 | H1 2022 | D '23-'22 | D '23-'22 % |
|---|----------------|----------------|------------------|--------------------|
| Western Europe, Nordics and Americas | 68.2 | 52.3 | 15.9 | 30.4% |
| Central Eastern Europe and DACH | 84.5 | 70.6 | 13.9 | 19.7% |
| Türkiye, Middle East and Africa | 32.0 | 18.3 | 13.7 | 74.7% |
| <i>Eliminations & Corporate</i> | <i>(3.5)</i> | <i>(4.0)</i> | <i>0.5</i> | <i>-12.9%</i> |
| Total | 181.2 | 137.1 | 44.0 | 32.1% |

Gross profit I increased by € 17.0 million or 27.6% from € 61.4 million to € 78.3 million in the first half of 2023 mainly as a result of profitable sales growth. Gross margin I decreased by 1.5 percentage points to 43.2% mainly due to higher material costs and a change in sales mix.

Gross profit II increased by € 9.7 million or 28.5% from € 34.2 million to € 43.9 million in the first half 2023 in line with revenue growth and Gross margin II decreased slightly by 0.7 percentage points to 24.2% as economies of scale mostly offset the reduction in Gross margin I.

| Operating expenses (OPEX) in € million | H1 2023 | H1 2022 | D '23-'22 | D '23-'22 % |
|--|----------------|----------------|------------------|--------------------|
| Production Costs | (34.4) | (27.2) | (7.2) | 26.6% |
| Selling and distribution expenses | (11.0) | (10.0) | (1.0) | 10.5% |
| Administrative expenses | (12.5) | (9.1) | (3.4) | 37.4% |
| Research and development expenses | (3.5) | (3.0) | (0.5) | 16.4% |
| + Depreciation & amortization | 7.7 | 6.8 | 0.9 | 13.8% |
| Total | (53.7) | (42.5) | (11.2) | 26.5% |
| <i>Operating expenses as a percentage of Sales</i> | <i>29.6%</i> | <i>31.0%</i> | | |

Operating expenses as presented in the table above increased by € 11.2 million or 26.5% mainly because of higher personnel costs (€ +7.1 million) and expenses for third party services (€ 2.3 million). The main underlying reason for this increase is the incremental business activities, shown by the increase in headcount by nearly 1,000 employees, among others as a result of the addition of the Pink Post business in Romania, as well as the salary inflationary raises and costs associated with the cross-border merger with Inform P. Lykos, Greece and the new listing at ATHEX and VSE that was concluded in H1 2023. Nevertheless, OPEX as percentage of revenues, decreased from 31.0% to 29.6% having the additional activities being integrated with accretive margin.

Adjusted EBITDA increased by € 6.2 million in the first half of 2023 and reached € 26.0 million as a result of an increased Gross profit which was only partially offset by the increase in Operating expenses. As a result of these economies of scale the adjusted EBITDA margin remained at 14.4%. Adjusted EBIT increased by € 5.3 million or 40.7% as the increase in adjusted EBITDA was partially compensated by regular depreciation & amortization (€ 0.9 million).

Adjusted Profit before tax increased by € 4.2 million or 38.1% as the increase in adjusted EBIT was partially offset by higher interest expenses related to the significant increase in interest rates and the ensuing high interest costs (€ +1.0 million). Profit after tax increased by € 7.5 million or 156.8% from € 4.8 million to € 12.3 million mainly due to a significantly lower balance of Adjustments as presented in the table below amounting to € -0.5 million in the first half 2023 compared € -4.6 million in H1 2022.

| Adjustments in € million | Included in | H1 2023 | H1 2022 | D '23-'22 | D '23-'22 % |
|--|--------------------|----------------|----------------|------------------|--------------------|
| Management participation programs | EBITDA | (0.6) | (1.3) | 0.7 | -51.3% |
| Foreign exchange gains | Profit before tax | 0.0 | 0.2 | (0.2) | -100.0% |
| Foreign exchange losses | Profit before tax | (0.1) | 0.0 | (0.1) | n/a |
| Effect Hyperinflation IAS 29 | Profit before tax | 0.2 | (0.4) | 0.6 | -162.4% |
| Expense from financial assets and liabilities at fair value through profit or loss | Profit before tax | 0.0 | (3.1) | 3.1 | -100.0% |
| Total | | (0.5) | (4.6) | 4.2 | -90.2% |

H1 2023 FINANCIAL POSITION

| Consolidated statement of financial Position in € million | 30/06/2023 | 31/12/2022 adjusted | D '23-'22 | D '23-'22 % |
|---|-------------------|-------------------------------|------------------|--------------------|
| Non-current assets | 156.6 | 153.7 | 2.9 | 1.9% |
| Current assets | 127.9 | 116.4 | 11.5 | 9.9% |
| Total assets | 284.6 | 270.2 | 14.4 | 5.3% |
| Equity | 100.9 | 82.6 | 18.4 | 22.2% |
| Non-current liabilities | 83.8 | 89.6 | (5.7) | -6.4% |
| Current Liabilities | 99.8 | 98.0 | 1.8 | 1.8% |
| Total Equity and Liabilities | 284.6 | 270.2 | 14.4 | 5.3% |

Total assets increased by € 14.4 million from € 270.2 million as of 31.12.2022 to € 284.6 million as of 30.06.2023 which is mainly related to higher inventory and contract assets due to a higher business activity level during the financial year. The reduction in non-current liabilities mainly concerns the de-recognition of put-option liabilities related to a divisional share option plan that was cancelled in H1 2023.

As a result of the strong earnings and the consolidation of the Group's formerly divisional share option plans on the level of the Company as one equity-settled plan, Equity increased by € 18.4 million and the Group's equity ratio increased from 30.6% to 35.5% as of 30 June 2023.

| Working Capital in € million | 30/06/2023 | 31/12/2022 | D '23-'22 | D '23-'22 % |
|--|-------------------|-------------------|------------------|--------------------|
| Inventories | 46.2 | 36.1 | 10.1 | 28.0% |
| Contract assets | 14.7 | 10.9 | 3.8 | 35.3% |
| Current income tax assets | 0.2 | 0.3 | (0.1) | -39.0% |
| Trade receivables | 42.2 | 40.0 | 2.2 | 5.4% |
| Other receivables | 8.4 | 7.5 | 0.9 | 11.4% |
| | 111.6 | 94.8 | 16.8 | 17.7% |
| Current income tax liabilities | (3.9) | (3.5) | (0.4) | 11.4% |
| Trade payables | (42.9) | (44.0) | 1.1 | -2.5% |
| Other payables | (16.1) | (12.4) | (3.7) | 29.8% |
| Contract liabilities | (4.6) | (7.1) | 2.5 | -35.5% |
| Deferred income | (0.3) | (3.4) | 3.1 | -91.8% |
| | (67.7) | (70.4) | 2.7 | -3.8% |
| Net Working Capital | 43.9 | 24.4 | 19.5 | 79.6% |

As of 30 June 2023, Net working capital amounted to € 43.9 million increasing by € 19.5 million or 79.6% compared to 31 December 2022 mainly as a result of the high growth during this business year which resulted in higher inventories for raw materials, Contract assets as well as Trade receivables.

| Statement of cash flows in € million | H1 2023 | H1 2022 | D '23-'22 | D '23-'22 % |
|---|----------------|----------------|------------------|--------------------|
| Cash flows from operating activities | 2.5 | 9.4 | (6.9) | -73.2% |
| Cash flows from investing activities | (7.7) | (8.3) | 0.6 | -7.0% |
| Cash flows from financing activities | 0.3 | 4.3 | (4.0) | -93.9% |
| Net decrease in cash and cash equivalents | (4.9) | 5.4 | (10.3) | -190.8% |
| Capital expenditure incl. ROU, excl. M&A (CAPEX) | (9.9) | (13.0) | 3.1 | -23.7% |

The Group's cash flow from operating activities decreased by € 6.9 million from € 9.4 million in 2022 to € 2.5 million in the first half of 2023. This decrease is essentially linked to the increase in Net working capital by € 19.5 million which mostly offset the strong business performance in the first half of 2023 while in 2022 increase in Net working capital only amounted to € 8.8 million.

Net cash flow from investing activities was a net outflow of € 7.7 million, mainly related to investments in tangible and intangible assets. Additions to tangible and intangible assets decreased to € 9.9 million in 2023 from € 13.0 million in the first half of 2022. The investments mainly relate to research & development, software, photovoltaics installation at our production facility in Vienna (Austria), finalization of our new personalization site in the USA, enlargement of our sites in Poland and the UK to support the increased demand, ramping up our new postal/courier business in Romania (Pink Post) as well as production and personalization machinery.

Net cash flow from financing activities was a net inflow of € 0.3 million compared to a net inflow of € 4.3 million in the first half of 2022 and mostly relates to the higher use of existing credit lines for financing net working capital and investments.

| Net Debt in € million | H1 2023 | 31/12/2022 | D '23-'22 | D '23-'22 % |
|---------------------------------|----------------|-------------------|------------------|--------------------|
| Cash and cash equivalents | (16.3) | (21.6) | 5.3 | -24.6% |
| Loans and borrowings | 103.4 | 98.2 | 5.2 | 5.3% |
| Net Debt | 87.1 | 76.6 | 10.5 | 13.7% |

Net debt increased by € 10.5 million from € 76.6 million as at 31 December 2022 to € 87.1 million as at 30 June 2023 which is mainly due to the increase in Inventory and Contract assets paired with continued investment in the Group's businesses. The net debt / adjusted EBITDA (12 months) ratio decreased from 2.8x in H1 2022 to 1.9x in H1 2023.

H1 2023 KEY PERFORMANCE INDICATORS

| Key performance indicators in € million | H1 2023 | H1 2022 | D '23-'22 | D '23-'22 % |
|---|----------------|----------------|------------------|--------------------|
| Revenue | 181.2 | 137.1 | 44.0 | 32.1% |
| Gross profit I | 78.3 | 61.4 | 17.0 | 27.6% |
| Gross profit I margin | 43.2% | 44.7% | -1.5% | n/a |
| Gross profit II | 43.9 | 34.2 | 9.7 | 28.5% |
| Gross profit II margin | 24.2% | 24.9% | -0.7% | n/a |
| Total OPEX excluding depreciation | 53.7 | 42.5 | 11.2 | 26.5% |
| Total OPEX excluding depreciation as % on sales | 29.6% | 31.0% | -1.3% | n/a |
| adjusted EBITDA | 26.0 | 19.8 | 6.3 | 31.5% |
| adjusted EBITDA margin | 14.4% | 14.4% | -0.1% | n/a |
| adjusted EBIT | 18.3 | 13.0 | 5.3 | 40.7% |
| adjusted EBIT margin | 10.1% | 9.5% | 0.6% | n/a |
| adjusted Profit before tax | 15.4 | 11.2 | 4.3 | 38.1% |
| adjusted Profit before tax margin | 8.5% | 8.2% | 0.4% | n/a |
| adjusted Profit after tax | 12.7 | 9.4 | 3.3 | 35.5% |
| adjusted Profit after tax margin | 7.0% | 6.8% | 0.2% | n/a |
| Profit after Tax | 12.3 | 4.8 | 7.5 | 156.8% |
| Profit after Tax margin | 6.8% | 3.5% | 3.3% | n/a |
| Net Equity / Total Assets | 35.5% | 30.6% | 4.9% | n/a |
| Operating Cash Flow | 2.5 | 9.4 | (6.9) | -73.2% |
| Operating Cash Flow as % on sales | 1.4% | 6.9% | -5.5% | n/a |
| Net Working Capital as of 30 June | 43.9 | 37.0 | 6.8 | 18.5% |
| Working Capital as % on sales (12 months) | 12.2% | 15.8% | -3.6% | n/a |
| Net Debt as of 30 June | 87.1 | 93.9 | (6.8) | -7.3% |
| Net Debt / Adjusted EBITDA (12 months) | 1.9 | 2.8 | (0.9) | n/a |

| Non-financial indicators | H1 2023 | H1 2022 | D '23-'22 | D '23-'22 % |
|--|----------------|----------------|------------------|--------------------|
| Number of sold cards (in million) | 68.9 | 61.0 | 7.9 | 13.1% |
| Average number of employees in Full-time equivalents | 1,998 | 1,392 | 606 | 43.5% |
| Number of employees in Headcount as of 30 June | 2,573 | 1,456 | 1,117 | 76.7% |

The full INTERIM FINANCIAL REPORT of AUSTRIACARD HOLDINGS GROUP AG for the period from January 1 to June 30, 2023, excerpts of which were used in this H1 2023 Results Press Release, is available in the Company's website: <https://www.austriacard.com/investor-relations-ac/>

ABOUT AUSTRIACARD HOLDINGS AG

AUSTRIACARD HOLDINGS AG, headquartered in Vienna, with an international presence is one of the leading providers of Secure Digital Technology Solutions in Europe.

AUSTRIACARD HOLDINGS AG is one of the leading B2B providers of smart cards, personalization and payment solutions, as well as secure data management and digitalization solutions, in Austria, Scandinavia, Central and Eastern Europe and South Eastern Europe, while also having significant market share in many other European countries and Türkiye. The Group is expanding fast in geographical areas outside Europe, such as the USA where it has established a new personalization center, and the Middle East & Africa where sales units have been developed that have already drawn significant new business. In addition, the Company has become a payment products and solutions partner of choice for Challenger Banks/Neo Banks, a growing market segment world-wide.

The Company has a very strong pan-European operational footprint, reaching from the United Kingdom to Greece and Türkiye, with seven production facilities and seven personalization centers in Europe, as well as an additional personalization center in USA, employing currently around 2,500 people. It also has sales offices in Norway, Czech Republic, Germany, Croatia, Serbia, Jordan, the UAE and a network of partners and selling agencies around the world. This footprint enables the provision of a high service level to our customers, confirmed by the very long-lasting business relationships. The Group's international customer base benefits from a complementary product, services and solutions portfolio, with the offering ranging from bill statements management, document digitalization and workflows, to payment solutions, transit and Identity cards, increasingly bundled with online, mobile and digitalization transformation solutions.

| | |
|------------------|---|
| Contact person: | Mr. Dimitrios Tzelepis, Executive Director, Capital Markets, M&A and IR |
| Tel.: | +43 1 61065 - 357 |
| E-Mail: | d.tzelepis@austriacard.com |
| Website: | www.austriacard.com |
| Symbol: | ACAG |
| ISIN: | AT0000A325L0 |
| Stock Exchanges: | Vienna Prime Market, Athens Main Market |