AUSTRIACARD HOLDINGS AG

ANNUAL FINANCIAL REPORT 2023

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A) GROUP MANAGEMENT REPORT

1. GROUP PROFILE

ACAG Group at a glance

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 a technology company that draws upon 130 years of experience and innovation in the fields of authentication of people, authentication of objects and information management, to provide customer experiences totally imbued in transparency and security. The Group offers a complementary portfolio of products and services in ‚Secure Chip & Payment Solutions' (payments, identification, and personalization), ‚Digital Transformation Technologies' and ‚Document Lifecycle Management' for the financial, government, and the general private sectors, through a workforce of 2,700 people internationally and is listed on the Athens and Vienna Stock Exchanges (ACAG). It has presence in 17 countries, commercial activity in 50 countries, production facilities in 9 countries, and in 2023 it achieved revenues of € 364.6 million (2022: € 314.7 million).

Our Values

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 the industries in which we are active, thus providing our customers with cutting-edge solutions that make an actual difference in their respective businesses.

The principles of AUSTRIACARD HOLDINGS are based on our commitment to a customer centric service. The passion for innovation and well-served customers have been of outmost importance for the Lykos family being the majority shareholder of the Company over four generations. The Group's endurance has been tried and tested through turbulent and significant times in recent European history. It is the partner of choice for 130 years, valued for its high quality products, impeccable services and ethos of integrity. From payments, identification and output management, to digital transformation, trust, reliability and security have been the core values by which our customers have known us.

History

The Group's journey started in 1897 as a printing house under the name "Lykos". In 1982 Nikolaos Lykos, currently Chairman of the Management board and the 4th generation of his family to lead the company, repositioned the company from its core printing sector, to the Information Management sector, renaming it in the process "INFORM P. Lykos S.A." Since then, the company has been constantly growing, gradually evolving into a thriving multinational company with global reach and an international business footprint. A transformational milestone occurred in 2007, when the Company acquired AUSTRIACARD GmbH, a subsidiary of the Central Bank of Austria which at that time was supplying Austrian banks with payment cards and their operating system. This strategic move marks the beginning of the Group's rapid expansion. Strong organic growth, combined with a sequence of acquisitions in Romania (NEXTDOCS in 2019, PINK POST in 2023), Andorra (TAG Systems in 2019), USA (TAG USA in 2019), Cyprus (CLOUDFIN in 2021) and UK (NITECREST in 2021), completed the Group's portfolio of service offerings while driving it to leading market positions in many markets of South East, Central and Western Europe, Scandinavia, Türkiye, Middle East, Africa and USA.

In March 2023 through a cross-border merger between the Group's non-listed parent company, AUSTRIACARD HOLDINGS AG, and its ATHEX listed Greek subsidiary INFORM P. Lykos S.A., the shares of the entire Group were listed and are trading in the Vienna and the Athens Stock Exchanges.

2. GROUP SEGMENTS, STRATEGY AND SOLUTIONS

2.1. Segments

In the past and including FY 2022, the Group had been reporting its business performance under two segments, Digital Security which encompassed the certified production of smart cards and personalization services, along with the associated services as well as the provision of our proprietary operating systems for payments and identification, and Information Management, that encompassed document lifecycle management, security printing, and increasingly digital transformation solutions using the latest technology (Machine Learning, Artificial Intelligence, Data Analytics). Given the rapid geographic expansion of the Group, and the strong growth expectations for our technology related services, during 2023 the Group was reorganized into three geographical clusters, Central, Eastern Europe & DACH - Western Europe, Nordics & Americas - Türkiye, Middle East & Africa, in order to allow for a single point of contact for the whole array of Group solutions within each geographic area. An Executive Vice President reporting to the Group CEO is heading each of these clusters, and we expect that this structure will enable the faster expansion in new markets, facilitate the cross-selling of the Group's widening portfolio of products and solutions, enabling also a holistic approach to customer service.

2.2. Strategy

Our strategy for growth has two major pillars. The one pillar is geographic and market share expansion and the other is products and services portfolio enhancement. Under geographic and market share expansion we focus in geographical areas that have high potential for growth, such as the US, UK, Middle East and Africa, while at the same time we are taking actions to enhance cross-selling and upselling in the Group established markets, and to capitalize on our leadership in specific market segments, such as Challenger banks. With respect to the products and services portfolio enhancement pillar, the drivers of growth will be payment and banking solutions as a service, the provision of innovative Secure Chip & Payment Solutions, such as biometric and metal cards, and to a larger extent digital transformation technologies. Digital transformation technologies is an area we put increased focus and we have already signed significant public sector digitalization contracts with various state entities in Greece. These will be funded by EU's RRF and will involve digitization through scanning and data extraction using cutting edge technologies such as Machine Learning (ML), Artificial Intelligence (AI) etc. At the same time we are continuously developing our digitization solutions for non-state entities (DOB, KYC/KYB, RPA, Digital Wallets, OCR, and e-Signature).

We are in the process of integrating the Group post the cross border of the Group's parent company, AUSTRIACARD HOLDINGS AG and its Greek subsidiary INFORM P. Lykos S.A. that took place in the beginning of 2023, in order to derive synergies and fuel organic growth. At the same time with selective acquisitions we aim to drive our product offering enhancement and geographical footprint expansion. We aim to leverage the long-standing relationships we have with financial institutions, utility companies, industrial companies and public institutions, in order to offer additional complementary as well as new innovative services to our clients.

2.3. Solutions portfolio outline

The Group's solutions portfolio and associated revenue can be broadly split into two categories, a legacy one that includes the Document Lifecycle Management, which has a more industrial foundation, and the second category which is technology related and is the sum of the Secure Chip & Payment Solutions combined with Digital Transformation Technologies. This split for 2023 was at one third industrial revenues (€ 112 million) and two thirds technology revenues (€ 239 million), with the technology part being the main driver of growth going forward.

2.3.1. Document Lifecycle Management

Through the Document Lifecycle Management the Group offers to its clients document lifecycle management, security printing, election services, tax labels etc. Products and services range from digital printing of bills, forms management, printing of tax labels for alcohol, tobacco, pharmaceuticals to lotto tickets, voter cards and ballots among others. The company uses the most advanced electronic and digital printing equipment, and is incorporating value added services, in order to upgrade its client offering.

It should be noted that there are few remaining secure printing operations globally with the Group's know-how and reliability, something which provides significant optionality for either one-off or recurring revenue projects related to tax labels for pharmaceuticals, beverages, alcohol, tobacco and ballot papers in areas such as MEA. For example during 2022 the Group executed the extremely complex Kenyan elections project, which involved from state of the art security printing of ballots and electoral catalogues to IoT monitoring of the process, proving it is the partner of choice for the implementation of elections in Middle East and Africa that require the highest security standards.

This business field is covered by two production facilities located in Greece and in Romania catering to the regional markets as well as exporting printing products and services internationally. In addition, with its fulfilment services, either through third parties or owned entities such as Pink Post in Romania, the Group also covers the last mile to the end-customer, providing vertically integrated end-to-end services to its customers.

In 2023 the business field of Document Lifecycle Management generated for the Group revenues amounting to € 112 million (2022: € 110 million).

2.3.2. Secure Chip & Payment Solutions

Within the Secure Chip & Payment Solutions, the Group's entities and operations provide end-to-end secure data solutions and personalization services for financial institutions, governments, public sector entities, transportation as well as industry & retail. Products and services of that category are based on highest security standards (such as EMV certifications in payment smart cards) and range from dual interface payment cards and government electronic identification cards, driving licences, health cards, identity and authentication, to innovative digital payment solutions. Additional services offered include advisory during the card design and certification process, flexible solutions for PIN distribution, project management throughout the product life cycle and the development and customization of embedded smart card operating systems.

The Group has developed its own proprietary chip operating systems ("ACOS" & "ACOS ID") for both payment cards and identity cards, which provide a significant differentiating factor by offering flexible functionalities to our customers. These proprietary operating systems are continuously developed by our extensive R&D department to both conform at all times to the highest security standards set by the related certification bodies, as well as offer a high level of customization potential to better serve the specific needs of our customers.

The smart payment card business has extensive obligatory certification requirements, which form significant barriers to entry for new entrants in the market, on top of the requirement for trust, which is only built over long periods of quality service. AUSTRIACARD HOLDINGS besides others is a certified producer of Visa, Mastercard (CQM) and Diners Club International brands and operates under permanent supervision of external auditors appointed or accredited by the PCI Security Standards Council (PCI SSC) and other institutions following strict standards for digital and physical security.

Payment cards, which constitute the major part of our Secure Chip & Payment Solutions revenue, contrary to the common view, are growing across the world. Alternative payment schemes, peer-to-peer payments, mobile payments, digital wallets (mostly funded with payment cards), and payment cards have all been growing at the expense of cash usage. Moreover there is no visible technological invention in the payments area that can substitute the security, convenience and wide acceptance of the secure chip (smart) payment card. Based on the filings of Visa and Mastercard, the global leaders of payment card services, cards outstanding globally are growing constantly at a rate of 4% over the last seven years, and are expected to continue at this rate according to industry reports. In addition, AUSTRIACARD HOLDINGS is expanding in geographic areas that are still growing at robust rates and where saturation is still far away, enabling it to record above market growth rates. AUSTRIACARD is the market leader in Austria, Scandinavia, Central and Eastern Europe as well as South Eastern Europe, while the Group holds also the market leading position in the provision of payment products to the Challenger/Neo Banks, hence addressing a growing market segment with significant potential on world-wide scale.

Secure Chip & Payment Solutions are served by our four production facilities located in Andorra, Austria, Romania and UK and eight personalization centres located in the United Kingdom, Spain, Austria, Poland, Romania, Greece and Türkiye, as well as in the USA. Sales offices in Norway, Czech Republic, Croatia, Serbia, Jordan, the UAE and a network of partners and selling agencies around the world complement the Group's distribution network.

The Secure Chip & Payment Solutions segment generated revenues amounting to € 224 million in 2023 (2022: € 193 million) and estimates that it is among the top worldwide EMV-based smart card manufacturers.

2.3.3. Digital Transformation Technologies

Digital Transformation Technologies is the fastest growing segment of the Group, offering to both the private and the public sector a series of technologically advanced solutions such as: enterprise process automation, virtual assistants, digital on boarding, scanning archiving and indexing services, IoT, OCR / Data Capture Solutions using machine learning, robotic process automation etc., in order to support existing and new customers in their own digital transformation. The Group is also expanding into data analytics and AI, while public sector digitalization projects funded by EU's RRF are expected to be an important driver of growth in the next years, as the company's expertise in the area has already enabled it to win several related tenders, either alone or through partnerships.

In 2023 the business field of Digital Transformation Technologies generated for the Group revenues amounting to € 15 million (2022: € 10 million).

3. GROUP BUSINESS PERFORMANCE

3.1. Economic, market and industry environment

According to the Global Economic Prospects report issued by the World Bank in January 2024, global growth is estimated to reach 2.6% in 2023, following a 3.0% increase in 2022. Global economic activity will continue to be affected by tight monetary policies, restrictive financial conditions, and weak global trade growth. According to the same publication, in the Euro Area high energy prices weighed on household spending and firms' activity particularly in manufacturing, leading to growth slowing down in 2023 to an estimated 0.4%, and for 2024 the forecast is for 0.7% growth. Easing price pressures and falling gas prices should boost real wages and lift disposable incomes, counterbalanced by the lagged effects of past monetary tightening affecting domestic demand, especially business investment, thus affecting credit growth.

The payment cards market is growing globally at an estimated 4% annually, with non-chip cards and simple smart cards being replaced by dual interface cards. While alternative payment schemes, peer-to-peer payments, mobile payments & digital wallets (mostly funded with payment cards), have grown during the last years, this has happened at the expense of cash usage, as payment cards been expanding too in all markets. Going forward we expect a stronger trend towards high-end products such as metal cards and biometric cards. Challenger Banks, which are driving innovation in the financial sector are at the forefront of such developments, as they use upscale payment cards as a marketing tool and a growth lever towards their global expansion. At the same time the growth of payment products based on recycled materials in order to cope with sustainability targets, create further opportunities. Following a period of price pressure in the payment card market during the last decade, the global chip shortage and inflation has led to a more favourable pricing environment. In addition, the payment card and solutions sector is experiencing a phase of consolidation and rationalization, which was highlighted in 2017 by the merger of Oberthur and Morpho, now "Idemia", and continued in 2019 with the takeovers of Gemalto by Thales, of Thames by Paragon and of TAG Systems by AUSTRIACARD as well as in 2021 with the acquisition of Nitecrest by AUSTRIACARD.

The digital transformation technologies market is growing fast across the globe, as organizations of both the private and the public sector seek ways to reduce physical locations of presence, staff costs, and increase services offered while enhancing customer experiences. The need for solutions enabling the remote acquisition and servicing of customers, for solutions facilitating efficient operations, for solutions enabling the organization, processing and analysis of the enormous quantity of data created from operations, leads to very strong expansion of the sector. The multitude of areas that digital transformation technologies can have a tangible effect in the efficiency of operations means that the role of a consolidator-provider of such solutions is becoming quite important, for providing guidance, best practices and optimized end-to-end solution to customers.

The printing business is passing through a transitional phase, as the gradual migration from digital printing to digital communication and interactive data management is taking place. New on-line and digital services replace the printed statements, creating opportunities for digital transformation technologies. At the same time the competition in the traditional printing business is more local with diminishing competition, offering optionality for one-off, as well as recurring revenue projects, in areas such as election ballots, tax stamps, medical labels etc. across the developing world.

3.2. Significant events of the financial year

3.2.1. Business development

Coming into 2023, the Group had to offset € 25 million in revenues related to the Kenya election security printing project implemented in 2022. This goal was more than achieved as a result of strong demand and growth with payment products and services, especially in the Turkish market. The Group also added the Pink Post distribution business by vertically integrating its service portfolio in Romania which added revenue and profitability with a comparatively low investment. Thirdly, the Group continued its strategy to expand its digital services and solutions offering and footprint and most importantly won contracts in the framework of the EU RRF subsidized public digitalization projects in Greece which already benefited the Group in 2023 but will continue to contribute through 2024, 2025 and 2026.

In 2023 Challenger Banks in general and the US Fin tech market in particular faced adverse winds due to the economic slowdown, inducing reprioritization of projects and thus growth was weaker than expected in these markets in 2023. This situation shows signs of improvement currently.

In the beginning of 2023 the Group still dealt with the effects of the global chip supply shortage and despite that achieved a record output in the first six months of 2023. In the second half of 2023 the situation normalized and suppliers started to deliver the ordered raw materials as ordered after several years of under and late delivering. As a result inventories for raw materials and especially chips have increased substantially after being on a very low level at the end of 2022. As a consequence net working capital has increased from 7.4% as of 31 December 2022 to 16.6% as a percentage of revenues as of 31 December 2023, after coming in at 15.8% as of 31 December 2021. This normalization of net working capital however negatively affected the operating cash flow in 2023.

In December 2023 the Group signed a € 186.6 million financing agreement, comprising of a revolving credit facility, term loan tranches and a guarantee facility, maturing in 3 to 5 years, with a consortium of 10 European banks led by Unicredit. Part of the funds raised were used to refinance existing credit facilities at various subsidiaries of the Company, while the rest is intended to be used for general corporate purposes and to finance the Group's growth. This refinancing extended the debt maturity profile, while significantly simplifying its structure, enabling more flexibility to the Company to pursue its corporate strategy.

The Group continued to be affected by price increases of suppliers and of energy costs remaining at a high level. To mitigate resulting negative effects the Group is implementing measures to improve operating efficiency, has implemented photovoltaics installations in Romania, Austria with another installation in Greece to be completed within 2024 and additionally proceeded to price increases for its products and services to the extent possible.

3.2.2. Merger and acquisitions

In March 2023, the Group completed its acquisition of a majority stake (50.1%) of the Pink Post postal and courier services business in Romania through an asset deal. The aim of this acquisition was to generate synergies on the postal and courier services and related activities of the parties and to increase operational efficiency within the value chain.

3.2.3. Group reorganization and listing

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

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

Having completed task (a) in 2022, the Company proceeded to listing its shares at the stock exchanges of Athens and Vienna in January 2023 and completed the cross-border merger with subsequent commencement of trading of its shares in March 2023.

In line with point (iii) above and in order to promote growth through cross-selling and geographic expansion, the Group proceeded in June 2023 to an enlargement of the Group Management Board and reallocation of responsibilities by the main geographic clusters in which the Group operates:

- Western Europe, Nordics and Americas
- Central Eastern Europe and DACH
- Türkiye, Middle East and Africa

3.3. Business performance of AUSTRIACARD HOLDINGS Group

Group management monitors business development based on actual comparable performance excluding accounting and valuation-driven effects resulting – among others – from IAS 29 Hyperinflation, share option plan accounting, gains and losses from foreign exchange differences and fair value accounting. Following this approach,

- Section 3.3.1 provides a reconciliation of the IFRS Income statement as presented in section 8 "Segment reporting" of the notes to the consolidated financial statements with the Management Income Statement (MGMT) and
- Section 3.3.2 and following show the Management (MGMT) Income statement and provide relevant commentary explaining the operating business as well as other non-operating effects.

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.

3.3.1. Effect of IAS 29 Hyperinflation on business performance

As presented in the table below, the application of IAS 29 Hyperinflation with respect to our Türkiye-based operations, hyperinflation accounting increased Revenues by € 13.3m reaching € 364.6m in 2023 compared to an increase by € 4.4m reaching € 314.7m in 2022.

Hyperinflation accounting also increased Operating expenses (OPEX), adjusted EBITDA, adjusted EBIT and adjusted Profit before tax in the IFRS Income statement compared to the management Income statement by € 1.3m, € 1.2m respectively € 1.1m each in 2023 compared to € 0.4m in 2022.

Due to the negative impact of IAS 29 in Net finance costs, Profit before tax and Profit as per management Income statement are lower by € 0.2m in 2023 and by € 0.3m respectively € 0.4m lower in 2022.

Impact of hyperinflation in € million	2023			2022		
	IFRS	**IAS29 Effect**	**MGMT**	**IFRS**	**IAS29 Effect**	**MGMT**
Revenues	364.6	13.3	**351.3**	314.7	4.4	**310.3**
Gross Profit I	161.3	2.5	**158.8**	138.8	0.8	**138.0**
Gross Profit II	88.3	1.5	**86.8**	74.9	0.4	**74.4**
OPEX	(113.0)	(1.3)	**(111.7)**	(98.9)	(0.4)	**(98.5)**
adjusted EBITDA	50.4	1.2	**49.3**	39.1	0.4	**38.7**
adjusted EBIT	34.3	1.2	**33.2**	24.7	0.4	**24.3**
adjusted Profit before tax	27.3	1.1	**26.1**	20.5	0.4	**20.1**
Profit before tax	21.0	(0.2)	**21.2**	8.4	(0.3)	**8.7**
Profit	16.8	(0.2)	**17.0**	4.8	(0.4)	**5.3**

3.3.2. Business performance of AUSTRIACARD HOLDINGS Group as monitored by Management

The following analysis is based on the business performance as monitored by Group management excluding effects of IAS 29 Hyperinflation accounting.

Business performance excl. hyperinflation in € million	2023	2022	D '23-'22	D '23-'22 %
Revenues	**351.3**	**310.3**	**40.9**	**13.2%**
Costs of material & mailing	(192.5)	(172.3)	(20.2)	11.7%
Gross profit I	**158.8**	**138.0**	**20.7**	**15.0%**
Gross margin I	*45.2%*	*44.5%*	*0.7%*	
Production costs	(72.0)	(63.6)	(8.4)	13.2%
Gross profit II	**86.8**	**74.4**	**12.3**	**16.6%**
Gross margin II	*24.7%*	*24.0%*	*0.7%*	
Other income	3.8	2.9	0.9	31.1%
Selling and distribution expenses	(23.3)	(22.1)	(1.2)	5.6%
Administrative expenses	(25.2)	(20.9)	(4.2)	20.3%
Research and development expenses	(7.4)	(6.3)	(1.1)	17.7%
Other expenses	(1.6)	(3.8)	2.2	-57.2%
+ Depreciation, amortization and impairment	16.1	14.4	1.7	11.9%
adjusted EBITDA	**49.3**	**38.7**	**10.6**	**27.2%**
adjusted EBITDA margin	*14.0%*	*12.5%*	*1.6%*	
- Depreciation, amortization and impairment	(16.1)	(14.4)	(1.7)	11.9%
adjusted EBIT	**33.2**	**24.3**	**8.8**	**36.3%**
Financial income	0.3	0.1	0.2	355.0%
Financial expenses	(7.4)	(4.4)	(3.0)	68.9%
Result from associated companies	0.1	0.1	(0.1)	-57.0%
Net finance costs	**(7.0)**	**(4.2)**	**(2.8)**	**67.2%**
adjusted Profit (Loss) before tax	**26.1**	**20.1**	**6.0**	**29.9%**
Special items	(4.9)	(11.4)	6.5	-56.9%
Profit (Loss) before tax	**21.2**	**8.7**	**12.5**	**142.1%**
Income tax expense	(4.2)	(3.4)	(0.8)	23.2%
Profit (Loss) after tax	**17.0**	**5.3**	**11.7**	**220.9%**

AUSTRIACARD HOLDINGS Group revenues reached € 351.3m increasing by € 40.9m or 13.2% compared to 2022. The main drivers of this revenue increase are attributed to a strong performance of the Secure Chip & Payment Solutions (€ +27m), especially in the Turkish market and also includes € 9.5m revenues related to not-yet invoiced Contract assets. The number of sold and invoiced cards increased by 7.1m or 5.6% from 127.7m to 134.8m cards. Revenues from postal and distribution services grew by € 20m mainly attributable to the Romanian market through the majority stake acquisition of Pink Post solutions business. Additionally, revenues in the field of digitalization solutions increased by € 6m due to the start of the implementation of the public digitalization projects in Greece and continued business growth in that area in general. This strong performance together with good performance in other sectors more than compensated the reduction in security printing related to the Kenya elections project implemented 2022.

From regional perspective, this increase is due to good business development in Romania and Türkiye which positively affected the CEE segment and compensated the 2022 Kenya elections project included in the MEA segment in 2022.

Revenues by segment in € million	Actual Revenues – MGMT view				*pro-forma Revenues excl. Kenya elections*			
	2023	**2022**	**D '23-'22**	**D '23-'22%**	**2023**	**2022**	**D '23-'22**	**D '23-'22%**
Western Europe, Nordics, Americas	116.0	116.6	(0.7)	-0.6%	116.0	116.6	(0.7)	-0.6%
Central Eastern Europe & DACH	224.6	166.1	58.4	35.2%	224.6	166.1	58.4	35.2%
Türkiye / Middle East and Africa	53.7	55.3	(1.7)	-3.0%	53.7	30.5	23.2	76.1%
Eliminations & Corporate	(43.0)	(27.8)	(15.2)	54.8%	(43.0)	(27.8)	(15.2)	54.8%
Total	**351.3**	**310.3**	**40.9**	**13.2%**	**351.3**	**285.4**	**65.7**	**23.0%**

Gross profit I increased by € 20.7m or 15.0% to € 158.8m in 2023 as a result of the strong increase in revenues. The Gross margin I increased by 0.7 percentage points to 45.2% mainly due to a higher average sales price and the increase in service related revenues such as Document Digitalization and distribution services.

Gross profit II increased by € 12.3m or 16.6% to € 86.8m in 2023 and Gross margin II increased by 0.7 percentage points to 24.7% due to revenue growth and economies of scale as result of the higher utilization of the group's production facilities.

Operating expenses excl. D,A&I (OPEX) in € million	**2023**	**2022**	**D '23-'22**	**D '23-'22 %**
Production costs	(72.0)	(63.6)	(8.4)	13.2
Selling and distribution expenses	(23.3)	(22.1)	(1.2)	5.6
Administrative expenses	(25.2)	(20.9)	(4.2)	20.3
Research and development expenses	(7.4)	(6.3)	(1.1)	17.7
+ Depreciation, amortization and impairment	16.1	14.4	1.7	11.9
Total	**(111.7)**	**(98.5)**	**(13.2)**	**13.4**
Operating expenses as a percentage of revenues	**31.8%**	**31.7%**	**0.1%**	

Operating expenses excluding depreciation, amortization and impairment (OPEX) increased by € 13.2m or 13.4% from € 98.5m to € 111.7m in 2023 mainly due to the addition of the Pink Post distribution business in Romania (€ 10m), the finalization of the set-up of the personalization plan in the US (€ 2.6m), higher central expenses in the wake of the listing at the Athens and Vienna stock exchanges and the reorganization of group management (€ 1.4m) and as well as additional OPEX to cope with the business growth and inflationary salary and costs increases more than offsetting the reduction in OPEX related to the Kenya election project implemented in 2022 (€ -8.5m). As percentage of revenues Operating expenses remained stable at 31.8% compared to 31.7% in 2022.

Other income increased by € 0.9m to € 3.8m in 2023 due to a reversals of allowances for doubtful receivables in the US market (€ +0.5m) and R&D related subsidies (€ 0.3m). Other expenses were decreased by € 2.2m to € 1.6m in 2023 mainly due to lower charges for impairments of trade receivables (€ -0.9m) and lower charges for obsolete inventory (€ -0.7m) and other assets (€ -0.7m).

Adjusted EBITDA increased by € 10.6m or 27.2% from € 38.7m to € 49.3m in 2023 essentially as a result of the strong operating performance with Secure Chip & Payment Solutions driven by the Turkish market, the addition of the Pink Post distribution business and by growth with digitalisation services and solutions more than compensating higher OPEX requirements and the Kenya election project in 2022. As a result, also adjusted EBITDA margin increased by 1.6 percentage points from 12.5% to 14.0%.

Adjusted EBIT increased by € 8.8m or 36.3% reaching € 33.2m as the increase in adjusted EBITDA was partially compensated by higher depreciation & amortization mainly related to recent investments. Adjusted Profit before tax increased by € 6.0m or 29.9% reaching € 26.1m as the higher adjusted EBIT was partially offset by higher interest expenses driven by the increase in Euribor.

Profit after tax increased by € 11.7m and thus more than tripled from € 5.3m to € 17.0m due to the adjusted Profit before tax and the reduction of non-cash expenses for management participation programs by € 5.0m.

Special Items in € million	**included in**	**2023**	**2022**	**D '23-'22**	**D '23-'22 %**
Management participation programs	EBITDA	(2.9)	(7.9)	5.0	-63.4%
Foreign exchange gains	Profit before tax	0.1	0.0	0.1	380.3%
Foreign exchange losses	Profit before tax	(1.0)	0.3	(1.3)	-387.5%
Income from Financial assets and liabilities at fair value through profit or loss	Profit before tax	0.2	0.0	0.2	n/a
Expense from Financial assets and liabilities at fair value through profit or loss	Profit before tax	(1.3)	(3.8)	2.5	-66.7%
Total		**(4.9)**	**(11.4)**	**6.5**	**-56.9%**

3.3.3. Pro forma business performance excluding Kenya election project

As presented in the table below, excluding the effects of the Kenya election project implemented in 2022 Revenues have increased by 23.0%, Gross Profit II by 28.9% as the Gross profit II margin improved by 1.1 percentage points from 23.6% to 24.7% based on average sales price increases, economies of scale and a higher contribution of services and solutions related revenues.

OPEX in absolute terms increased by 24.3% while OPEX as a percentage of revenues slightly increased by 0.3 percentage points compared to 2022.

Adjusted EBITDA increased by 50.6% and the adjusted EBITDA margin improved by 2.6 percentage points to 14.0% in 2023.

pro forma Key performance indicators ***excl. 2022 Kenya election project*** in € million	**2023**	**2022**	**D '23-'22**	**D '23-'22 %**
Revenue	351.3	285.5	65.8	23.0%
Gross profit I	158.8	122.4	36.4	29.7%
Gross margin I	45.2%	42.9%	2.3%	n/a
Gross profit II	86.8	67.3	19.4	28.9%
Gross margin II	24.7%	23.6%	1.1%	n/a
OPEX excluding depreciation and impairment	(111.7)	(89.9)	(21.8)	24.3%
OPEX excluding depreciation and impairment as % on sales	31.8%	31.5%	0.3%	n/a
adjusted EBITDA	49.3	32.7	16.6	50.6%
adjusted EBITDA margin	14.0%	11.5%	2.6%	n/a

3.4. Report on segments

The following analysis is based on the business performance as monitored by Group management excluding effects of IAS 29 Hyperinflation accounting.

3.4.1. Western Europe, Nordics, Americas

Business performance in € million	**2023**	**2022**	**D '23-'22**	**D '23-'22 %**
Revenues	**116.0**	**116.6**	**(0.7)**	**-0.6%**
Costs of material & mailing	(63.6)	(66.5)	2.8	-4.3%
Gross profit I	**52.3**	**50.2**	**2.2**	**4.3%**
Gross margin I	*45.1%*	*43.0%*	*2.1%*	
Production costs	(21.6)	(18.0)	(3.5)	19.6%
Gross profit II	**30.8**	**32.1**	**(1.4)**	**-4.3%**
Gross margin II	*26.5%*	*27.6%*	*-1.0%*	
Other income	0.7	0.2	0.6	321.4%
Selling and distribution expenses	(9.7)	(8.8)	(0.9)	10.8%
Administrative expenses	(9.0)	(6.7)	(2.3)	34.3%
Research and development expenses	(0.5)	(0.6)	0.1	-14.5%
Other expenses	(0.1)	(1.2)	1.1	-91.3%
+ Depreciation, amortization & impairment	5.7	5.2	0.5	10.3%
adjusted EBITDA	**17.9**	**20.3**	**(2.4)**	**-11.7%**
adjusted EBITDA margin	*15.4%*	*17.4%*		
- Depreciation, amortization & impairment	(5.7)	(5.2)	(0.5)	10.3%
adjusted EBIT	**12.2**	**15.1**	**(2.9)**	**-19.2%**

The Segment Western Europe, UK, Nordics and Americas (WEST) recorded revenues of € 116.0m in 2023 slightly decreasing by € 0.7m or 0.6% compared to 2022. This stability in revenues of this segment mainly results from a reduction in standard payment card deliveries (approx. -10%) and revenues following a big re-card program of major customer in 2022 which was mostly compensated by sales price increases and increased metal card sales (+2.8m) in the European market in 2023.

Gross profit I increased by € 2.2 million or 4.3% from € 50.2m to € 52.3m in 2023 since Gross margin I picked up by 2.1 percentage points to 45.1%. This margin increase relates mainly to increases in average sales prices more than offsetting also increased purchasing costs for raw materials.

Gross profit II decreased by € 1.4m or 4.3% from € 32.1m to € 30.8m and the Gross margin II by 1.0 percentage points from 27.6% to 26.5% mainly due to the increase in operating costs following the finalization of the set-up of the US site and inflation related cost increases.

Operating expenses excl. D,A&I (OPEX) in € million	**2023**	**2022**	**D '23-'22**	**D '23-'22 %**
Production costs	(21.6)	(18.0)	(3.5)	19.6%
Selling and distribution expenses	(9.7)	(8.8)	(0.9)	10.8%
Administrative expenses	(9.0)	(6.7)	(2.3)	34.3%
Research and development expenses	(0.5)	(0.6)	0.1	-14.5%
+ Depreciation, amortization & impairment	5.7	5.2	0.5	10.3%
Total	**(35.1)**	**(28.9)**	**(6.2)**	**21.3%**
Operating expenses as a percentage of revenues	**30.2%**	**24.8%**	**5.4%**	

OPEX increased by € 6.2m or 21.3% in 2023 due to the in 2023 finalized ramp up of the new personalization center in the US with an effect of € 2.6m, central group allocations of approx. € 1m as well as inflation related cost increases. As percentage of revenues OPEX increased from 24.8% to 30.2% in 2023.

Other income increased by € 0.6m and Other expenses decreased by € 1.1m since previously doubtful receivables could be cashed-in and due to the reduction of charges related to doubtful receivables in 2023 compared to 2022.

Adjusted EBITDA decreased by € 2.4m or 11.7% to € 17.9m and adjusted EBIT by € 2.9m or 19.2% to € 12.2m as the improvement in Gross Profit could not compensate for the increase in operating expenses related to the finalization of the US site and to inflationary costs increases.

3.4.2. Central Eastern Europe & DACH

Business performance in € million	**2023**	**2022**	**D '23-'22**	**D '23-'22 %**
Revenues	**224.6**	**166.1**	**58.4**	**35.2%**
Costs of material & mailing	(127.4)	(99.5)	(28.0)	28.1%
Gross profit I	**97.1**	**66.7**	**30.5**	**45.7%**
Gross margin I	*43.3%*	*40.1%*	*3.1%*	
Production costs	(45.9)	(34.1)	(11.8)	34.6%
Gross profit II	**51.2**	**32.6**	**18.7**	**57.4%**
Gross margin II	*22.8%*	*19.6%*	*3.2%*	
Other income	3.0	2.7	0.2	8.5%
Selling and distribution expenses	(12.2)	(12.8)	0.6	-4.7%
Administrative expenses	(14.3)	(13.0)	(1.4)	10.5%
Research and development expenses	(6.1)	(5.6)	(0.5)	8.5%
Other expenses	(1.3)	(1.2)	(0.1)	11.0%
+ Depreciation, amortization and impairment	10.1	8.7	1.3	15.3%
adjusted EBITDA	**30.3**	**11.4**	**18.9**	**166.8%**
adjusted EBITDA margin	*13.5%*	*6.8%*	*6.7%*	
- Depreciation, amortization and impairment	(10.1)	(8.7)	(1.3)	15.3%
adjusted EBIT	**20.2**	**2.6**	**17.6**	**668.3%**

The segment Central Eastern Europe & DACH ("CEE") recorded revenues of € 224.6m increasing by € 58.4m or 35.2% compared to 2022. The significant increase in turnover is mainly due to payment card products and services (€ 26m) of which a significant part is related to orders for the Turkish market and includes € 9m revenues related to not-yet invoiced Contract assets. Additionally, the Postal business and especially the addition of Pink Post contributed to the revenue growth by € 20m as well as the start of the implementation of the public digitalization projects in Greece and generally growth in the business field of digitalization solutions by € 6m.

Gross profit I increased by € 30.5m or 45.7% as a result of higher revenues and the Gross margin I improved by 3.1 percentage points from 40.1% to 43.3% mainly because of higher average sales prices and a higher share of service related revenues which more than compensated material price increases.

Gross profit II increased by € 18.7m or 57.4% from € 32.6m to € 51.2m and the Gross margin II improved as a result of economies of scale despite a substantial increase in Production expenses in parallel to Gross margin I by 3.2 percentage points reaching at 22.8%.

Operating expenses excl. D&A (OPEX) in € million	**2023**	**2022**	**D '23-'22**	**D '23-'22 %**
Production costs	(45.9)	(34.1)	(11.8)	34.6%
Selling and distribution expenses	(12.2)	(12.8)	0.6	-4.7%
Administrative expenses	(14.3)	(13.0)	(1.4)	10.5%
Research and development expenses	(6.1)	(5.6)	(0.5)	8.5%
+ Depreciation, amortization and impairment	10.1	8.7	1.3	15.3%
Total	**(68.5)**	**(56.9)**	**(11.7)**	**20.5%**
Operating expenses as a percentage of revenues	**30.5%**	**34.2%**	**-3.7%**	

OPEX increased by € 11.7m or 20.5% to € 68.5m mainly as a result of the addition of the Pink Post business in Romania (€ 10m). The remaining increase mostly relates to higher personnel expenses resulting inflationary salary raises and staff hirings. As percentage of revenues Operating expenses reduced from 34.2% to 30.5% in 2023.

Adjusted EBITDA increased by 166.8% or € 18.9m to € 30.3m and adjusted EBIT soared by 668.3% or € 17.6m to € 20.2m, as a result of the addition of the Pink Post distribution business and business growth in the main areas generating economies of scale.

3.4.3. Türkiye / Middle East and Africa

Business performance excl. hyperinflation in € million	**2023**	**2022**	**D '23-'22**	**D '23-'22 %**
Revenues	**53.7**	**55.3**	**(1.7)**	**-3.0%**
Costs of material & mailing	(42.0)	(32.6)	(9.4)	28.9%
Gross profit I	**11.7**	**22.7**	**(11.1)**	**-48.7%**
Gross margin I	*21.7%*	*41.1%*	*-19.4%*	
Production costs	(4.6)	(11.6)	6.9	-60.1%
Gross profit II	**7.1**	**11.2**	**(4.1)**	**-36.9%**
Gross margin II	*13.1%*	*20.2%*	*-7.1%*	
Other income	0.0	0.0	0.0	n/a
Selling and distribution expenses	(1.4)	(0.8)	(0.6)	71.8%
Administrative expenses	(0.8)	(0.6)	(0.2)	25.5%
Research and development expenses	0.0	0.0	0.0	n/a
Other expenses	(0.2)	(1.1)	0.9	-80.8%
+ Depreciation, amortization and impairment	0.3	0.4	(0.1)	-13.0%
adjusted EBITDA	**4.9**	**9.0**	**(4.0)**	**-44.8%**
adjusted EBITDA margin	*9.2%*	*16.2%*		
- Depreciation, amortization and impairment	(0.3)	(0.4)	0.1	-13.0%
adjusted EBIT	**4.6**	**8.6**	**(4.0)**	**-46.2%**

The Türkiye, Middle East and Africa (MEA) segment recorded revenues of € 53.7m decreasing by € 1.7m or 3.0% compared to 2022. This decrease stems from the security forms and ballots project for the elections in Kenya implemented in August 2022 with an effect of approx. € -25m which was mostly offset by strong business performance with payment products and services in the Turkish Market (€ +21m).

Pro forma Business performance excl. Kenya in 2022 in € million	**2023**	**2022**	**D '23-'22**	**D '23-'22 %**
Revenue	53.7	30.5	23.2	76.0%
Gross profit I	11.7	7.1	4.6	65.0%
Gross profit I margin	21.7%	23.2%	-1.4%	n/a
Gross profit II	7.1	4.1	3.0	72.9%
Gross profit II margin	13.1%	13.4%	-0.2%	n/a
Total OPEX excluding depreciation	(6.5)	(4.0)	(2.5)	60.8%
Total OPEX excluding depreciation as % on sales	12.1%	13.3%	-1.1%	n/a
adjusted EBITDA	4.9	2.9	2.0	68.1%
adjusted EBITDA margin	9.2%	9.7%	-0.4%	n/a

Excluding the effects from the Kenya election project, revenues grew by € 23.2m or 76.0% and Gross profit I by € 4.6m or 65.0% as the Gross margin I dipped by 1.4 percentage points from 23.2% to 21.7% due to increased purchasing costs. Gross Profit II improved by € 3.0m or 72.9% as Gross margin II dipped by 0.2 percentage points to 13.1% as a result of revenue growth exceeding the increase in Production costs.

Operating expenses excl. D&A (OPEX) in € million	**2023**	**2022**	**D '23-'22**	**D '23-'22 %**
Production costs	(4.6)	(11.6)	6.9	-60.1%
Selling and distribution expenses	(1.4)	(0.8)	(0.6)	71.8%
Administrative expenses	(0.8)	(0.6)	(0.2)	25.5%
Research and development expenses	0.0	0.0	0.0	n/a
+ Depreciation, amortization and impairment	0.3	0.4	(0.1)	-13.0%
Total	**(6.5)**	**(12.6)**	**6.1**	**-48.6%**
Operating expenses as a percentage of revenues	**12.1%**	**22.8%**	**-10.7%**	

OPEX decreased by € 6.1m or 48.6% to € 6.5 million mainly due to the Kenya election project in 2022 while OPEX excluding the effects Kenya project increased by € 2.5m or 60.8% in 2023. This increase is mainly related to higher business activity increasing Production and Selling expenses.

Adjusted EBITDA decreased by € 4.0m from € 9.0m in 2023 including the 2022 Kenya project while excluding these effects adjusted EBITDA increased by € 2.0m or 68.1% as a result of the strong operating performance of the Turkish payment market.

3.5. Financial position

Consolidated statement of financial Position in € million	**31/12/2023**	**31/12/2022**	**D '23-'22**	**D '23-'22 %**
Non-current assets	156.8	153.8	3.0	1.9%
Current assets	164.9	116.4	48.5	41.7%
Total assets	**321.7**	**270.2**	**51.5**	**19.1%**
Total Equity	107.2	80.8	26.3	32.6%
Non-current liabilities	115.2	90.0	25.3	28.1%
Current Liabilities	99.3	99.4	(0.1)	-0.1%
Total Equity and Liabilities	**321.7**	**270.2**	**51.5**	**19.1%**

Total assets increased by € 51.5m from € 270.2m to € 321.7m as of 31 December 2023 which is mainly related to increases in inventories for raw materials, goods-in-transit (€ +22.2m) and contract assets (€ +9.5m) and restricted cash deposits received from customers included in other receivables and contract liabilities (€ +8.1m). Non-current assets increased by € 3.0m to € 156.8m mainly due to the cyclical revaluation of land and buildings and the effects of hyperinflation accounting for the operations in Türkiye (€ +2.5m) and investments in machinery which were partially offset by depreciation and amortization and the reduction in fair value of interest rate swaps for hedging purposes (€ -1.4m).

Non-current liabilities increased by € 25.3m from € 90.0m to € 115.2m as a result of the group-wide refinancing of loans & borrowings (€ +31.8m) being partially offset by the derecognition of long-term liabilities for management participation programs. Equity increased by € 26.3m due to the Profit of the financial year and the implementation of the equity settled stock option plan for senior group management (€ +9.4m). As a result of the Company's merger with its former subsidiary Inform P. Lykos Holdings SA, Greece, non-controlling interest was reduced from € 11.6m to € 0.7m. The Group's equity ratio thus increased from 29.9% to 33.3% as of 31 December 2023.

Net Working Capital in € million	**31/12/2023**	**31/12/2022**	**D '23-'22**	**D '23-'22 %**
Inventories	58.2	36.1	22.1	61.2%
Contract assets	20.4	10.9	9.5	87.8%
Current tax assets	0.8	0.3	0.5	134.4%
Trade receivables	44.7	40.0	4.6	11.6%
Other receivables	17.1	7.5	9.6	127.7%
	141.1	94.8	46.3	48.8%
Current tax liabilities	(3.0)	(3.5)	0.5	-14.6%
Trade payables	(43.6)	(44.0)	0.3	-0.7%
Other payables	(18.3)	(13.8)	(4.5)	32.8%
Contract liabilities	(17.4)	(7.1)	(10.4)	146.6%
Deferred income	(0.5)	(3.4)	2.9	-85.3%
	(82.9)	(71.8)	(11.2)	15.5%
Net Working Capital	**58.2**	**23.0**	**35.1**	**152.5%**
Net Working Capital as % on revenues	**16.6%**	**7.4%**	**9.1%**	**n/a**

Coming from a low level as of 31 December 2022, Net working capital increased by € 35.1m or 152.5% from € 23.0m to € 58.2m due to the high level of Inventory and Contract assets. Net working capital as a percentage of revenues increased from a very low level in 2022 of 7.4%, after being at 15.8% in 2021 to 16.6% as of 31 December 2023.

Statement of cash flows in € million	**2023**	**2022**	**D '23-'22**	**D '23-'22 %**
Cash flows from operating activities	9.1	40.9	(31.8)	-77.7%
Cash flows from investing activities	(11.8)	(17.4)	5.5	-31.8%
Cash flows from financing activities	5.6	(12.8)	18.4	-143.8%
Net increase (decrease) in cash and cash equivalents	**2.9**	**10.7**	**(7.9)**	**-73.1%**
Capital expenditure incl. ROU, excl. M&A (CAPEX)	**(18.3)**	**(21.4)**	**3.1**	**-14.5%**

The Group's cash flow from operating activities decreased by € 31.8m or 77.7% from € 40.9m to € 9.1m in 2023. This decrease is essentially linked to the substantial increase in net working capital compared to 2022 whereas in 2022 the reduction in net working capital contributed positively to the operating cash-flow.

Net cash flow from investing activities was a net outflow of € 11.8m after a net outflow of € 17.4m in 2022 and mainly relates to investments in tangible and intangible assets as well as the acquisition of the Pink Post business through an asset deal in Romania. Additions to tangible and intangible assets including right-of-use assets (CAPEX) decreased from € 21.4m in 2022 to 18.3m in 2023. CAPEX includes € 2.6m right-of-use assets and mainly relates to assets acquired and rented in the context of the acquisition of the Pink Post business (€ 3.4m), continued development of our in-house as well as acquisition of third party software (€ 3.6m) as well as improvement of the machinery park and expansion of our operations at different sites of the Group.

Net cash flow from financing activities was a net inflow of € 5.6m in 2023 compared to a net outflow of € 12.8m in 2022 and mostly relates to the proceeds of loans and borrowings which were partially compensated by interest and leasing payments as well as to the payment of the annual dividend.

Net Debt in € million	**31/12/2023**	**31/12/2022**	**D '23-'22**	**D '23-'22 %**
Cash and cash equivalents	(23.8)	(21.6)	(2.2)	10.2%
Loans and borrowings	118.9	98.2	20.6	21.0%
Net Debt	**95.0**	**76.6**	**18.5**	**24.1%**

Net Debt increased by € 18.5m from € 76.6m as of 31 December 2022 to € 95.0m as of 31 December 2023 due to the normalization and thus increase in working capital requirements. The net debt / adjusted EBITDA ratio decreased from 2.0 in 2022 to 1.9 as of 31 December 2023.

3.6. Financial performance indicators

Key performance indicators in € million	2023	2022	D '23-'22	D '23-'22 %
Revenue	351.3	310.3	40.9	13.2%
Gross profit I	158.8	138.0	20.7	*15.0%*
Gross profit I margin	45.2%	44.5%	0.7%	n/a
OPEX excluding depreciation and impairment	(111.7)	(98.5)	(13.2)	13.4%
OPEX excluding depreciation and impairment as % on sales	-31.8%	-31.7%	-0.1%	n/a
Gross profit II	86.8	74.4	12.3	16.6%
Gross profit II margin	24.7%	24.0%	0.7%	n/a
adjusted EBITDA	49.3	38.7	10.6	27.2%
adjusted EBITDA margin	14.0%	12.5%	1.6%	n/a
adjusted EBIT	33.2	24.3	8.8	36.3%
adjusted EBIT margin	9.4%	7.8%	1.6%	n/a
adjusted Profit before tax	26.1	20.1	6.0	29.9%
adjusted Profit before tax margin	7.4%	6.5%	0.9%	n/a
adjusted Profit after tax	21.9	16.7	5.2	31.3%
adjusted Profit after tax margin	6.2%	5.4%	0.8%	n/a
Profit after Tax	17.0	5.3	11.7	220.9%
Profit after Tax margin	4.8%	1.7%	3.1%	n/a
Net Equity / Total Assets	33.3%	29.9%	3.4%	n/a
Operating Cash Flow	9.1	40.9	(31.8)	-77,7%
Operating Cash Flow as % on sales	2.6%	13.2%	-10.6%	n/a
Net Working Capital	58.2	23.0	35.2	152.7%
Net Working Capital as % on sales	16.6%	7.4%	9.2%	n/a
Net Debt / adjusted EBITDA	1.9	2.0	(0.0)	n/a

3.7. Non-financial performance indicators

Non-financial performance indicators	2023	2022	D '23-'22	D '23-'22 %
Number of sold cards in million	134.8	127.7	7.1	5.6%
Average number of employees in full-time-equivalent	2,175	1,434	741	51.7%
Number of employees in Headcount as of 31 December	2,739	1,591	1,148	72.2%

4. FUTURE DEVELOPMENT AND RISKS

4.1. Future development

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

A. Market penetration and market development through:

   i. Expanding its geographical presence in markets where it is underrepresented or has not reached maturity level. The focus markets/ regions are US, UK, Türkiye, Middle East and Africa.

   ii. Increasing the contribution of digital services and solutions in the markets of its current operation, by making the Group's combined product and solutions portfolio available initially to its existing clientele.

   iii. Increasing its client base starting from the banking sector by serving the rapidly growing Challenger Banks in existing and new markets, exploiting its track record and references on how to serve the needs of this different client base.

B. Product portfolio development and diversification through:

   i. Enhancing the Group's product portfolio, which is serving the banking sector, focusing on solutions like biometric payment cards as a service and on end-to-end solutions for digital and neo-banks

   ii. Providing additional formats of payment cards addressing the client's needs and recent technical trends (like fingerprint cards, metal cards, eco-friendly cards, wearables, micro tags stickers)

   iii. Continue investing in owned developed software for digitalization solutions using machine learning and AI technologies. Also advancing in data analytics providing tools for trends understanding and management decisions

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

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

4.2. Outlook

After the strong business growth in 2023 and despite the continued weak outlook for the global and European economy in 2024, we expect further business growth for the business year 2024. The rationale behind this growth expectation can be associated mainly with the following drivers: a) significant increase in the turnover from Digital Transformation Technologies, especially with the implementation of the public digitalization projects in Greece and b) uptick in demand from challenger banks after a slowdown in the second half of 2023.

4.3. Risk Management, 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, 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 Management Board is responsible for the Group's risk management, defines the risk policy which is generally characterized by a conservative approach and sets the framework for Group-wide risk management. Following the listing of the Group and based on a history of effectively managing risks and opportunities, the Management Board has implemented the following formalized risk process in order to ensure compliance with the Austrian Corporate Governance Code. There is a focus on risk prevention and risk reduction which are, as far as economically justifiable, achieved by appropriate control measures and complemented by the Group's insurance program. Each risk area that is considered to be significant is assigned to a risk area officer with relevant expertise who is responsible for analysing, assessing, controlling, and monitoring the respective risks. Thus, the risk management process does not take place in an isolated way, but as an integral part of the organization and its procedures. The identified risks are evaluated in terms of potential damage and probability of occurrence before as well as after taking safeguarding and steering measures.

For each risk that is identified and considered to be significant for the Group, specific control, steering and safeguarding measures are determined, taking into account the Group-wide risk policy, in order to manage the respective risk. These measures are continuously evaluated and developed or amended. They are oriented towards improving the Group's risk position, however without restricting possible opportunities.

If any of the risks outlined in the section below materialises, this could have an adverse effect on the business, financial condition, and result of operations of the Group:

4.3.1. Risks relating to the (macro-) economic and political environment

Risks related to uncertainty in the current economic context

Following the COVID-19 pandemic there is a higher than usual degree of uncertainty in the current economic context, mainly due to the heightened geopolitical tensions following Russia's invasion of Ukraine and the conflict in Gaza, which have exacerbated inflationary pressures, supply chain bottlenecks and volatility in commodity and financial markets. The combined effect thereof may have an adverse effect on business and consumer confidence and the global economy generally. An economic downturn may impact the Group's customers, resulting in their inability to pay amounts owed to the Group and may affect demand for the Group's goods and services. Additionally, the sourcing and cost of raw materials may be negatively affected.

Inflationary pressures

The Group's business and operations may be affected by the current inflation surge, which started around mid 2021 after a few decades of very low inflation and was accelerated by Russia's invasion of Ukraine. Inflation is expected to put upward pressure on the Group's expenses, particularly wages, operating expenses and material costs.

4.3.2. Risks relating to the Group's industry and business

Evolving market trends and changing technologies

The market for electronic payment systems is characterized among others by: rapid technological advancements, frequent product introductions and enhancements, local certification requirements and product customizations, evolving industry and government performance and security standards and regulatory requirements, introductions of competitive products and alternative payment solutions, such as mobile payments and processing, at the POS (point of service) and rapidly changing customer and end user preferences or requirements. Because of these factors, the Group must continually enhance its existing solutions and develop and market new solutions and it must anticipate and respond timely to these industry, customer and regulatory changes in order to remain competitive.

Additionally, while the Group expects innovative solutions developed to address the ongoing digital transformation to comprise an important and increasing component of the Group's services portfolio going forward, the Group faces the risk that some industries may not continue to aggressively pursue their "digital reinvention". The fact that the Group has a wide industry reach and does not depend on one industry only gives the ability to mitigate any turbulence or slower digital transformation progress.

Sales and competition

The markets for the Group's solutions and services are highly competitive and rapidly evolving, and it has been and expects to continue to be subject to significant competition from existing and new competitors and a variety of technologies. Traditionally, the Group has competed with other large manufacturers which are considerably larger, have more resources, are more established and benefit from greater name recognition. In certain areas, the Group also competes with smaller companies that have been able to develop strong local or regional customer bases. In addition, some of these competitors may use aggressive pricing policies which may result in the Group facing significant downward pressures on prices in certain countries and regions.

The electronic payment industry is facing recent competition emerging from non-traditional competitors, such as Apple, PayPal and Google, which offer alternative payment methods that generally bypass the traditional card-based interchange-based payment processing systems on which much of the industry's current business model is largely based. Moreover, these non-traditional competitors have considerable financial resources and strong networks and are highly regarded by consumers. However, EMV cards are the pre-eminent mean of payment and is a reliable back up to new means of payment such as electronic wallets. On the other hand there is still a big migration to happen from cash payment to credit/debit cards which will ensure the growth projected. Additionally, Challenger Banks where the Group has a big market penetration, as well as traditional banks issue cards as a marketing tool and to have a physical connection with their customers since the number of physical branches is reducing.

To mitigate that risk, the Group aims at effectively competing with existing competitors and new market entrants by developing and offering, in a timely manner, an attractive solutions portfolio with technological features its customers desire.

Procurement

The Group utilizes, as customary in this industry, a limited number of suppliers and service providers to supply certain of the key components of the cards, the print products and other components, used in the development and operation of the Group's services and products. In particular, the Group collaborates with specific suppliers for the supply of materials based on long-term partnerships which are mainly governed by framework contracts with an indefinite duration or a definite duration of up to 3 years based on which materials and services are ordered according to operational requirements.

The Group relies upon these suppliers to produce and deliver products and materials on a timely basis and at an acceptable cost. Business interruptions could affect the ability of these suppliers to produce and deliver the ordered products and services on time. If these suppliers and service providers were unable to continue providing their services, the Group could encounter difficulty finding alternative suppliers. Nevertheless for some of the critical components used in production we have qualified alternative supplier to mitigate this risk.

Supply chain management

If the Group inaccurately forecasts demands for its products, it could end up with either excess or insufficient inventory to satisfy demand. This problem is exacerbated because the Group generally receives a volume of customer orders on short notice which leaves the Group little time to adjust inventory mix to match demand. During the transition from an existing product to a new replacement product, the Group must accurately predict the demand for the existing and the new product. Furthermore, introducing new products into the Group's current markets or existing products into new markets involves the uncertainty of whether the market shall adopt the Group's product in the volumes and time frames that it anticipates or at all. Not properly managed inventory levels could lead to increased expenses associated with writing off excessive or obsolete inventory, maintaining significant inventory of components and thus increasing net working capital and indirectly financing costs and decreasing liquidity, additional shipping costs to meet immediate demand and a corresponding decline in gross margins or lost sales. As such forward looking rolling forecast is being implemented from the Group in order to manage in the best possible way the demand coming from its client base.

Business interruption

The Group depends on the efficient and uninterrupted operation of numerous systems, including its computer systems, software, servers and data centers. The services the Group delivers are designed to securely and reliably process very complex and sensitive digital data volumes and to manage and distribute these data at very high volumes and processing speeds. Any failure to deliver an effective and secure service or performance issues that result in significant processing or reporting errors or service outages could have an adverse effect on a potentially large number of users, the Group's business, and, ultimately, its reputation. Events that could cause system interruptions include, but are not limited to, fire, natural disasters, telecommunications failure, computer viruses, unauthorized entry, terrorist acts and war. To mitigate such risks, the Group is developing and implementing plans for disaster recovery, back-up sites and protective measures against natural disasters and other potential causes for business interruption.

Information security and Data breach

The Group operates in an industry that makes it a target of cyber and other attacks, including hacking attacks, on its systems as well as on its payment solutions. The Group's business involves the collection, transmission, storage and use of proprietary data or personally-identifying information of its customers, business partners and employees, as well as, in certain cases, end-users of its products or services, including names and addresses, cardholder data, and payment history records, among other data and information. The confidentiality and integrity of the client and consumer information on the Group's servers and other information systems is critical to the operation of its business. As a result, the Group is exposed to risks of third-party security breaches, including hacking attacks, employee error, malfeasance, or other irregularities or compromises of its systems which could result in the loss or misappropriation of sensitive data, corruption of business data or other disruption to the Group's operations.

The Group has devoted significant resources to security measures, processes and technologies to protect and secure its networks and systems, but they cannot provide absolute security, especially in light of rapid advances in computer capabilities and cryptography. Key measures to mitigate these risks are among others data privacy and data protection measures, data leakage prevention controls and the implementation of cyber security measures including vulnerability and penetration testing.

Compliance with industry and government regulations and standards

The Group's products and services must meet industry standards such as the Payment Card Industry standards (PCI for Card Production and Provisioning - PCI CP&P) as well as those imposed by payment transactions standards setting organizations such as EMV and other associations and standard setting organizations (such as ISO). The Group's operational sites are certified according to the above mentioned standards.

The Group is a certified producer of Visa, Mastercard (CQM) and Diners Club International brands and operates under permanent supervision of external auditors appointed or accredited by the PCI Security Standards Council (PCI SSC) and other institutions following strict standards for digital and physical security. The Company has effective specific security policies and procedures which are audited on an annual basis with respect to physical and logical security by PCI Card Production Security Assessors (CPSA), card schemes and relevant ISO Standards' accreditation bodies. All previous audit procedures have been successfully concluded without any impact on the relevant certifications.

4.3.3. Regulatory and legal risks

Privacy and protection of personal data

In conducting its activities, the Group regularly acts as processor of personal data. Therefore, the Group is subject to data privacy and protection laws and regulations of various jurisdictions that apply to the collection, transmission, storage and use of proprietary information and personally-identifying information. As data processors, the Group companies are most often subject to more obligations in terms of data protection than a data controller, in light of the fact that these obligations are of two categories, respectively those provided by law as mentioned above and those arising from the contractual relationships concluded with data controllers who have the freedom to send specific instructions to the processor regarding data protection. The regulatory environment surrounding information security and data privacy varies from jurisdiction to jurisdiction and is constantly evolving and increasingly demanding.

The Group’s failure to keep apprised of and comply with privacy, data use and security laws, standards and regulations could result in the suspension or revocation of licenses or registrations, the limitation, suspension or termination of services and the imposition of administrative, civil or criminal penalties including fines, or may cause existing or potential customers to be reluctant to conduct business with the Group, damage to the Group’s reputation and its brand, any of which could have an adverse effect on the Group’s business, results of operations and financial condition. To mitigate this risk the Group has implemented relevant data privacy and data protection measures.

Compliance with laws and regulations

Compliance risks arising from possible non-conformity with standards, laws, ethical codes of conduct, and, where applicable, voluntary commitments, such as the code of conduct, are managed especially by means of preventive measures such as regular systematic compliance monitoring, the four-eyes principle as well as Group-wide guidelines and trainings. The aim is to ensure strict adherence to compliance requirements.

4.3.4. Financial risks

Currency risk

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

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

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

Interest rate risk

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

In order to reduce the Group's interest rate risk, interest rate swaps have been concluded to change the variable interest rate to a fixed interest rate for long-term loans.

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.

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 360 day forecasts. Net cash requirements are compared to available borrowing limits, to identify surpluses or deficiencies in liquidity.

5. INTERNAL CONTROL SYSTEM WITH REGARD TO THE ACCOUNTING PROCESS

The Management Board is responsible for establishing and structuring an appropriate internal control and risk management system with regard to the accounting process, financial reporting and the preparation of the consolidated financial statements. This ensures the completeness, reliability and traceability of financial information. In addition, the appropriateness and efficiency of the processes and compliance with legal, contractual and internal regulations are ensured.

The organizational and operational structure defines clear and unambiguous responsibilities for the individual companies and the Group. The central functional areas "Group Reporting" and "Group Controlling" are responsible for drawing up uniform, state-of-the-art Group guidelines and for organizing and monitoring financial reporting within the Group.

The basis of the processes for Group accounting and reporting is an accounting manual, which is regularly updated and is based on the International Financial Reporting Standards (IFRS). Group guidelines, work instructions and process descriptions form another important basis of the internal control system (ICS). Key elements of the ICS include regular compliance with the principle of dual control, the upright separation of functions and defined control steps for monitoring and auditing the effectiveness and efficiency of operating activities, the reliability of financial reporting and compliance with the relevant legal requirements for the company. AUSTRIACARD HOLDINGS acts in accordance with international standards and best practices.

Business transactions are recorded using different software solutions. The individual companies deliver monthly reporting packages to Group headquarters containing all relevant accounting data for the statement of comprehensive income, balance sheet and cash flow statement. This data is entered into the central consolidation system IDL Konsis on a monthly basis. The financial information is reviewed at Group level and forms the basis for ongoing management reporting as well as for the annual financial report and the half-year interim report in accordance with IAS 34.

Defined consolidated Group reports consisting of the income statement, balance sheet, equity reconciliation and cash flow statement are prepared on a monthly basis and submitted to the Executive Board and the extended Group management. These reports include a comparison with the budget and the previous year. The Management Board informs the Supervisory Board on a quarterly basis about economic developments in the form of presentations consisting of the consolidated financial statements, segment reporting, earnings performance with budget and previous year comparisons, forecasts and selected key figures.

Internal Audit has been set up as a staff unit of the Management Board, with the Group CFO being technically responsible. The annual audit plan is approved by the Audit Committee of the Supervisory Board based on the proposal of Internal Audit and of the Management Board. Internal Audit reports in writing on the results of the audits to the Management Board and the Audit Committee of the Supervisory Board on a quarterly basis.

6. INFORMATION ON CAPITAL, SHARE, VOTING AND CONTROL RIGHTS AND RELATED AGREEMENTS IN ACCORDANCE WITH SECTION 243 A (1) UGB

Composition of capital, stock categories

Please refer to note 22.A (Share capital and additional paid in capital).

Restrictions concerning the voting rights and the transfer of shares

There were no restrictions on voting rights or the transfer of shares as at the reporting date.

Direct or indirect participation in capital of at least 10 %

As at December 31, 2023, according to the information disclosed to the company, the following persons held interests of at least 10 percent in the company's capital:
Mr. Nikolaos Lykos, Chairman of the Company's Management Board

Owners of shares with special control rights and a description of these rights

There are no shares with special control rights.

Type of voting rights control for capital participation by employees, if they do not directly exercise the right to vote

There is no such capital participation model for employees.

Provisions for appointment and revocation of members of the Management Board and the Supervisory Board and regarding alteration of the Articles of Association of the Company that do not arise directly from the Act

There are no provisions of this type.

Authorization of the members of the Management Board that does not arise directly from the Act, in particular with regard to the option of issuing or repurchasing shares

Please refer to note 22.A (Share capital and additional paid in capital) and 22.B (Authorized capital).

All significant agreements to which the Company is a party and that take effect are modified or terminated in the event of a change of control of the Company as a result of a takeover offer as well as its effects; agreements which would significantly damage the Company if made public are excepted, unless the Company is obligated to make such information public as a result of other statutory provisions

There is a standard market "change of control" clause, which may lead to the termination of the agreement, with regard to the company's syndicated financing facility totaling € 186.6 million.

Existence and significant content of compensation agreements between the Company and the members of its Management and Supervisory Boards or employees in the event of a public takeover offer

There are no agreements of this type.

7. CONSOLIDATED NON-FINANCIAL STATEMENT IN ACCORDANCE WITH SECTION 267 A UGB

The option was chosen to meet the obligations pursuant to section 267a UGB by preparing a separate consolidated non-financial report.

8. PERSONNEL

The expertise and dedication of our employees in all segments have made a significant contribution to the success of AUSTRIACARD HOLDINGS. Operating growth was achieved despite difficult market conditions and related challenges as a result of the support of each individual employee.

The COVID-19 pandemic in Europe has reminded us that health is the most important thing and cannot be taken for granted. As a Group, we are committed to protect the health of our employees even after the end of the pandemic. For this reason, various measures have been taken to promote both physical and mental health.

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 (Revenues, adjusted EBITDA and adjusted Profit before tax targets) 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 1,591 as of 31/12/2022 to 2,739 as of 31/12/2023 mainly as of the addition of the Pink Post postal and courier services business in Romania.

Number of employees	31/12/2023	31/12/2022	D '23-'22	D '23-'22 %
Western Europe, UK, Nordics, Americas	534	549	(15)	-2.7%
Central Eastern Europe & DACH	2,082	942	1,140	121.0%
Türkiye / Middle East and Africa	102	97	5	5.2%
Corporate	21	3	18	600.0%
Total	**2,739**	**1,591**	**1,148**	**72.2%**

The average number of employees counted as full-time-equivalents was increased by 741 FTE from 1,434 FTE in 2022 to 2,175 FTE in 2023.

9. ENVIRONMENTAL MANAGEMENT

AUSTRIACARD HOLDINGS prevents any pollution caused during production as far as possible by means of an effective environmental management system. This management system is based on statutory provisions and requirements. Therefore we

- Comply with environmental protection laws and regulations in all Countries of operations
- Take into consideration regular environmental impact assessment
- Apply appropriate practices to systemically identify and review our environmental impact, to improve our environmental performance
- Conduct regular management review meetings to examine environmental issues and assess our environmental performance

Additionally, our operating entities AUSTRIACARD GmbH, TAG Systems SAU, TAG Systems Smart Solutions SLU and TAG SYSTEMS UK Limited, INFORM LYKOS (HELLAS) S.A., INFORM LYKOS ROMANIA and NEXT DOCS comply with ISO 14001:2015 (Environmental management systems). AUSTRIACARD GmbH also complies with EMAS (Eco Management and Audit Scheme) and INFORM LYKOS (HELLAS) S.A., INFORM LYKOS ROMANIA and TAG SYSTEMS UK Limited comply with FSC (Forest Stewardship Council). The managers of the respective production and business premises are responsible for complying with these provisions. Furthermore, there are clear regulations governing the responsibilities for environmental protection issues in all countries where the Group operates.

10. RESEARCH AND DEVELOPMENT

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

With the key development teams being located in Andorra, UAE (Dubai), Poland, Spain and Austria, the R&D focus areas of the business field Secure Chip & Payment Solutions are the following:

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

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

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

Vienna, 19 March 2024

Nikolaos Lykos Chairman of the Management Board	Panagiotis Spyropoulos Vice Chairman & Group CEO
Emmanouil Kontos Member of the Management Board	Jon Neeraas Member of the Management Board
Burak Bilge Member of the Management Board	Markus Kirchmayr Member of the Management Board

B) CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position

in € thousand	Note	31 December 2023	31 December 2022 restated	01 January 2022 restated
Assets				
Property, plant and equipment and right of use assets	16	96,275	90,418	82,955
Intangible assets and goodwill	17	55,526	57,166	60,651
Equity-accounted investees	18	324	292	260
Other receivables	20	2,386	4,533	634
Other long-term assets	9	136	318	500
Deferred tax assets	15	2,116	1,046	370
Non-current assets		**156,764**	**153,772**	**145,370**
Inventories	19	58,164	36,074	23,188
Contract assets	9	20,386	10,852	8,693
Current income tax assets		791	338	387
Trade receivables	20	44,677	40,037	29,267
Other receivables	20	17,082	7,501	8,026
Cash and cash equivalents	21	23,825	21,628	11,484
Current assets		**164,924**	**116,431**	**81,046**
Total assets		**321,688**	**270,203**	**226,416**
Equity				
Share capital	22	36,354	16,862	14,638
Share premium	22	32,749	34,511	7,000
Other reserves		17,303	7,008	6,358
Retained earnings		19,995	10,825	25,275
Equity attributable to owners of the Company		**106,401**	**69,206**	**53,271**
Non-controlling interests	29	753	11,610	12,971
Total Equity		**107,154**	**80,816**	**66,242**
Liabilities				
Loans and borrowings	24	102,432	70,626	75,843
Employee benefits	13	4,207	10,897	4,532
Other payables	25	81	11	8,645
Deferred tax liabilities	15	8,497	8,424	8,261
Non-current liabilities		**115,217**	**89,958**	**97,280**
Current income tax liabilities		2,968	3,529	1,645
Loans and borrowings	24	16,440	27,600	20,737
Trade payables	25	43,649	43,969	24,279
Other payables	25	18,317	13,790	11,879
Contract liabilities	9	17,442	7,073	4,158
Deferred income		501	3,405	132
Provisions		0	63	63
Current Liabilities		**99,317**	**99,429**	**62,893**
Total Liabilities		**214,534**	**189,387**	**160,174**
Total Equity and Liabilities		**321,688**	**270,203**	**226,416**

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 – 31/12/2023 and the respective comparative figures of the previous year are the following:

in € thousand	Note	2023	2022 restated
Revenues	9	364,563	314,720
Cost of sales		(276,255)	(239,855)
Gross profit		**88,308**	**74,865**
Other income	10	3,837	2,926
Selling and distribution expenses	10	(23,483)	(22,107)
Administrative expenses	10	(28,222)	(28,864)
Research and development expenses	10	(7,360)	(6,254)
Other expenses	10	(1,675)	(3,771)
+ Depreciation, amortization and impairment	16, 17	16,127	14,408
EBITDA		**47,533**	**31,204**
- Depreciation, amortization and impairment	16, 17	(16,127)	(14,408)
EBIT		**31,406**	**16,796**
Financial income	11	534	76
Financial expenses	11	(10,978)	(8,606)
Result from associated companies	18	54	125
Net finance costs		**(10,391)**	**(8,405)**
Profit (Loss) before tax		**21,015**	**8,390**
Income tax expense	15	(4,231)	(3,544)
Profit (Loss)		**16,784**	**4,847**
Profit (Loss) attributable to:			
Owners of the Company		15,812	4,150
Non-controlling interests		972	697
		16,784	**4,847**
Earnings (loss) per share			
basic	12	**0.65**	**0.28**
diluted	12	**0.61**	**0.28**

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

Consolidated statement of comprehensive income

in € thousand	Note	2023	2022 restated
Profit (Loss)		**16,784**	**4,847**
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Revaluation of property, plant and equipment	16	2,210	31
Related tax		(488)	34
Revaluation of defined benefit liability	13	(164)	233
Related tax		36	(31)
		1,594	**267**
Items that are reclassified to profit or loss			
Cash flow hedges	26	(1,353)	3,119
Related tax		311	(715)
Currency translation differences of foreign operations		674	(2,000)
		(368)	**403**
Other comprehensive income, net of tax		**1,226**	**671**
Total comprehensive income		**18,010**	**5,517**
Total comprehensive income attributable to:			
Owners of the Company		16,944	4,799
Non-controlling interests		1,066	718
		18,010	**5,517**

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 2023										
		Attributable to owners of the Company										
in € thousand	Note	Share capital	Share premium	Translation reserve	Revaluation reserve	IAS 19 reserve	Cash flow hedge reserve	Reserve for share-based payments	Retained earnings	Total	Non-con-trolling interests	Total equity
Balance at 1 January 2023 restated		**16,862**	**34,511**	**(8,098)**	**13,268**	**(392)**	**2,230**	**-**	**10,825**	**69,206**	**11,610**	**80,816**
Profit (Loss)		-	-	-	-	-	-	-	15,812	**15,812**	972	**16,784**
Other comprehensive income		-	-	580	1,722	(127)	(1,042)	-	-	**1,132**	94	**1,226**
Total comprehensive income		**0**	**0**	**580**	**1,722**	**(127)**	**(1,042)**	**-**	**15,812**	**16,944**	**1,066**	**18,010**
Cross-border merger and capital increase	**6, 22**	1,315	16,415	(392)	-	-	-	-	(6,018)	**11,321**	(11,321)	**0**
Capital increase from own funds	**22**	18,177	(18,177)	-	-	-	-	-	-	**-**	-	**-**
Distribution of dividends		-	-	-	-	-	-	-	(909)	**(909)**	-	**(909)**
Effect hyperinflation IAS 29		-	-	-	-	-	-	-	(165)	**(165)**	-	**(165)**
Management participation programs	**13**	-	-	-	-	-	-	10,004	-	**10,004**	(602)	**9,401**
Other movements		-	-	49	-499	-	-	-	449	**-**	-	**-**
Balance at 31 December 2023		**36,354**	**32,749**	**(7,860)**	**14,491**	**(519)**	**1,187**	**10,004**	**19,995**	**106,401**	**753**	**107,154**

in € thousand		Share capital	Share premium	Translation reserve	Revaluation reserve	IAS 19 reserve	Cash flow hedge reserve	Retained earnings	Total	Non-controlling interests	Total equity
		For the year ended 31 December 2022 restated									
		Attributable to owners of the Company									
Balance at 1 January 2022 as disclosed		**14,638**	**7,000**	**(5,846)**	**13,070**	**(600)**	**(174)**	**27,306**	**55,394**	**13,041**	**68,434**
Adjustments due to error corrections	**7**	-	-	(225)	133	-	-	(2,031)	**(2,123)**	(69)	**(2,192)**
Balance at 1 January 2022 restated		**14,638**	**7,000**	**(6,071)**	**13,203**	**(600)**	**(174)**	**25,275**	**53,271**	**12,971**	**66,242**
Profit (Loss)		-	-	-	-	-	-	4,150	**4,150**	697	**4,847**
Other comprehensive income		-	-	(2,027)	65	208	2,404	-	**650**	21	**671**
Total comprehensive income		**0**	**0**	**(2,027)**	**65**	**208**	**2,404**	**4,150**	**4,800**	**718**	**5,517**
Increase of share capital and share premium		2,224	27,511	-	-	-	-	(17,256)	**12,479**	(1,071)	**11,408**
Distribution of dividends		-	-	-	-	-	-	-	**-**	(433)	**(433)**
Effect hyperinflation IAS 29		-	-	-	-	-	-	929	**929**	59	**988**
Acquisition of non-controlling interests without loss of control		-	-	-	-	-	-	(2,305)	**(2,305)**	(1,237)	**(3,542)**
Management participation programs		-	-	-	-	-	-	33	**33**	603	**636**
Balance at 31 December 2022 restated		**16,862**	**34,511**	**(8,098)**	**13,268**	**(392)**	**2,230**	**10,825**	**69,206**	**11,610**	**80,816**

Consolidated statement of cash flows

The statement of cash flows of the Group for the year 1/1 – 31/12/2023 and the respective comparative figures of the previous year are the following:

in € thousand	Note	2023	2022 restated
Cash flows from operating activities			
Profit (Loss) before tax		21,015	8,390
Adjustments for:			
-Depreciation, amortization and impairment	16, 17	16,127	14,408
-Net finance cost	11	10,391	8,405
-Net gain or loss on disposal of non-current assets		(24)	(685)
-Change in associated companies		32	32
-Change in provisions	13	(143)	6,365
-Other non-cash transactions		3,402	2,839
		50,800	39,755
Changes in:			
-Inventories	19	(22,090)	(12,886)
-Contract assets	9	(9,534)	(2,160)
-Trade and other receivables	20	(14,221)	(10,791)
-Contract liabilities	9	10,369	2,915
-Trade and other liabilities	25	180	25,670
-Taxes paid		(6,383)	(1,630)
Net cash from (used in) operating activities		**9,121**	**40,874**
Cash flows from investment activities			
Interest received		329	72
Proceeds from sale of property, plant and equipment		24	12
Dividends received from associated companies		22	14
Payments for acquisition of subsidiaries and business, net of cash acquired	17, 28	(1,140)	(2,905)
Payments for acquisition of property, plant and equipment & intangible assets	16, 17	(11,065)	(14,503)
Payments for acquisition of equity of other companies		0	(45)
Net cash from (used in) investing activities		**(11,829)**	**(17,355)**
Cash flows from financing activities			
Interest paid		(7,700)	(4,169)
Acquisition of non-controlling interests		0	(3,095)
Proceeds from loans and borrowings	24	107,905	12,770
Repayment of borrowings	24	(90,807)	(14,047)
Payment of lease liabilities	24	(2,895)	(3,799)
Dividends paid to non-controlling interest		0	(433)
Dividends paid to owners of the company		(909)	0
Net cash from (used in) financing activities		**5,594**	**(12,773)**
Net increase (decrease) in cash and cash equivalents		**2,886**	**10,746**
Cash and cash equivalents at 1 January		**21,628**	**11,484**
Effect of movements in exchange rates on cash held		(690)	(602)
Cash at 31 December		**23,825**	**21,628**

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

C) 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, 1230, Vienna, Austria. These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies'). The Group is an international group active in the business areas of "Secure Chip & Payment Solutions", "Document Lifecycle Management" and „Digital Transformation Technologies".

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 34 and 35.

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.

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

When companies were acquired in the past, customer relationships were identified as the main identifiable intangible assets. There were determined using the "Multi-Period-Excess-Earnings" method. These calculations require the use of estimates, such as planning future revenues and expenses, as well as deriving the discount rate.

iii. Valuation of management participation programs

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

iv. Revaluation of land and building

The revaluation model in accordance with IAS 16 is applied to the Groups own land and real estate. The necessary revaluations are carried out with sufficient regularity. In addition, a review is carried out at least once a year to determine whether the relevant m² price of the properties has changed significantly. If this is the case, an external revaluation report is prepared on ad hoc basis.

4. IAS 29 Financial Reporting in hyperinflation economies

The financial statements of the Turkish subsidiary – previously prepared on the basis of the concept of historical acquisition and production costs – were adjusted in accordance with the criteria of IAS 29 as of 31.12.2023 as well as 31.12.2022. The CPI 2003 consumer price index published by the Turkish Statistical Institute, the national institute for statistics, was used as an appropriate price index. The price index as of 31.12.2023 was 1859.38 (31.12.2022: 1128.45). The change in the index in fiscal year 2023 can be found in the following table:

Date	Index CPI 2003	Monthly change
31/12/2022	1128.45	
31/01/2023	1203.48	6.6%
28/02/2023	1241.33	3.1%
31/03/2023	1269.75	2.3%
30/04/2023	1300.04	2.4%
31/05/2023	1300.60	0.0%
30.06.2023	1351.59	3.9%
31.07.2023	1479.84	9.5%
31.08.2023	1614.31	9.1%
30.09.2023	1691.04	4.8%
31.10.2023	1749.11	3.4%
30.11.2023	1806.50	3.3%
31.12.2023	**1859.38**	**2.9%**

The effects of IAS 29 on these consolidated financial statements are presented in the individual relevant sections of the financial statements.

5. Impact of macroeconomic conditions and climate risk on consolidated financial statements

From a macroeconomic perspective, the 2023 financial year was characterized by the further rise in interest rates and persistently high inflation and energy prices, which - among other effects - led to an increase in operating expenses and interest expenses. These cost increases were offset in the past financial year by economies of scale and, where possible, sales price adjustments. A similar development, albeit with lower inflation expectations and adjusted for the specific situation of the respective CGU, was also assumed for purposes of the medium-term planning and impairment testing.

The Group recognizes environmental protection as a particularly important global need. The industry in which the Group companies operate has no significant negative impact on the environment. To protect the environment, the Group complies with the applicable environmental protection laws and regulations in all countries in which it operates. In addition, suitable practices are used to systematically identify and review the impact of business activities on the environment. At present, the climate crisis does not have any immediate, direct impact on the consolidated financial statements or the Group as a whole that would require a fundamental adjustment to the business models currently used. Group management monitors developments in this area as part of ongoing business activities and risk management and acts with foresight in order to identify any strategic risks and opportunities that may arise in good time and take them into account in its business policy.

6. Cross-border merger and listing

On 30 January 2023, the extraordinary general assemblies of Inform P. Lykos Holdings SA and AUSTRIACARD HOLDINGS AG have resolved on the cross-border merger of Inform P. Lykos Holdings SA as transferring company into AUSTRIACARD HOLDINGS AG as absorbing company. The cross-border merger has become legally effective on 17 March 2023.

The completion of the cross-border merger was a premise for AUSTRIACARD HOLDINGS AG for getting admission for trading on the regulated market of the Vienna Stock Exchange as well as the Athens Stock Exchange. From first trading day on 23 March 2023 the shares of the Company are now traded in the segment prime market of the Vienna Stock Exchange and the segment main market of the Athens Exchange (ATHEX), in each case under the Code "ACAG" (ISIN: AT0000A325L0).

As a result of the cross-border merger the assets of the absorbed company, representing a total value of t€ 17,730 were contributed to the absorbing company as a contribution in kind, and the share capital of the absorbing company was increased by a nominal amount of t€ 1,315 from currently t€ 16,862 to t€ 18,177 by issuing 1,314,867 new bearer shares. t€ 16,415 of the contribution in kind was transferred to the share premium. As a result of the merger former non-controlling interests in related to the former shareholders of Inform P. Lykos Holdings SA amounting to t€ 11,321 were reclassified to equity attributable to the owners of the Company.

7. Correction of error and change in presentation

Correction of error

Error correction regarding non-controlling interests with put options

As remuneration from a management participation program that has already expired and one that is still running, a member of the Management Board in his function as managing director of a subsidiary received shares in the subsidiary or can continue to receive additional shares if certain conditions are met (with an absolute upper limit of 10% of the shares). The shares previously received by the member of the Management Board were recognized as non-controlling interests in the consolidated financial statements in previous reporting periods. However, with the agreement of the ongoing management participation program in 2021, the Group was granted a call option and the member of the Executive Board was granted a put option for the total shares transferred from both programs up to the date of exercise. The options can be exercised when the Management Board member leaves the management of the subsidiary; the exercise price is set at a value based on the current EBITDA and net debt of the subsidiary at the time of exercise. According to the Group's accounting policies, such puttable equity interests in subsidiaries with put options held by non-controlling shareholders represent financial liabilities for the Group. Irrespective of whether the non-controlling shareholders are currently the beneficial owners of the shares or not, they are therefore accounted for as an early acquisition, i.e. the shares covered by the Management Board member's put option are attributed to the Group from the outset as if the right had already been exercised. As a result, the liability from the put option is measured at fair value through profit or loss on each reporting date. As a result, upon conclusion of the call and put option, the shares already transferred to the Management Board member and subsequently the additional shares transferred to this member would no longer have been recognized in the consolidated financial statements as non-controlling interests, but as a financial liability in the amount of the exercise price measured using current parameters on the respective reporting date. For this reason, the non-controlling interests and the accumulated results in the consolidated financial statements were overstated in previous periods and the financial liabilities were understated. In addition, the annual result of the subsidiary for 2022 is to be allocated in full to the Group and not pro rata to the non-controlling interests. The effects of the retrospective error correction on the consolidated financial statements as at the respective reporting dates are shown in the tables below in column "error correction liability put option". Further details on the current management participation program are explained in section 13.E.

As part of the error correction in the consolidated income statement for 2022, the effect of the subsequent measurement at fair value as at 31.12.2022 also had to be recognized for the financial liability from puttable instruments recognized retrospectively as at 1.1.2022. This measurement effect is recognized in the income statement under administrative expenses. The profit distribution of t€ 33 attributable to the shares held by the member of the Management Board in 2022, which was previously recognized directly in equity as a reduction in non-controlling interests, had to be recognized as a financing expense in the consolidated income statement as a result of the correction relating to the shares.

Error correction regarding vacation credits not recognized as liabilities

In two Romanian Group companies, existing employee vacation credits were incorrectly not recognized in previous years. The error was corrected by adjusting the corresponding balance sheet items for previous reporting periods and the expense in the previous year. In addition to the (retrospective) recognition of an other liability, deferred taxes also had to be adjusted. The specific effects on the amounts for previous reporting periods and the effect of this error correction on basic and diluted earnings per share can be seen in the table below in the column "error correction provision vacation".

Error correction regarding deferred taxes on temporary differences from revaluation of land and property

The Group uses the revaluation method to account for real estate. When preparing the consolidated financial statements, it was determined that, in the past, for the revaluation of land of a Romanian subsidiary, the revaluation reserve has been decreased by t€ 1,621 in correspondence with accumulated results to account for the impact of the deferred tax but without impacting the deferred tax liabilities, although the revaluation amount represents a taxable temporary difference under Romanian tax law.
Accordingly, the revaluation reserve (reported in the consolidated balance sheet under "Other reserves") was understated by t€ 133 and the deferred tax liabilities by t€ 1,487 in the consolidated financial statements in previous reporting periods, while the accumulated results were overstated by t€ 1,621. The balance sheet items were adjusted retrospectively as shown in the table below in the column "error correction revaluation". As the properties concerned did not undergo any change in value in the previous year, the correction has no impact on the consolidated income statement or the consolidated statement of comprehensive income for the previous year.

Error correction regarding incorrectly reported transportation expenses

In a Group company in Poland, transportation expenses of t€ 917 in connection with the transportation of deliveries to customers were incorrectly reported in the consolidated income statement under cost of sales instead of as part of selling expenses in the previous year. As a result, the cost of sales was too high and the selling expenses too low in the consolidated income statement for the 2022 financial year. The gross profit was therefore also too low by this amount. This incorrect presentation of the consolidated income statement for 2022 was corrected retrospectively and the income statement for 2022 was adjusted accordingly. This resulted in an increase in gross profit for 2022 of t€ 917; the correction had no impact on EBITDA or EBIT.

The effects of the retrospective error corrections on the consolidated financial statements for previous reporting periods are shown in detail in the following tables. The adjustments had no impact on the other comprehensive income for the period or the cash flows from the Group's operating, investing and financing activities.

The comparative figures of the balance sheet as of 31 December 2022 and 01 January 2022 have been adjusted due to correction of error as follows:

Consolidated statement of financial position in € thousand	31 December 2022 adjusted	error correction liability put option	error correction provision vacation	error correction revaluation	31 December 2022 previous year report
Deferred tax assets	1,046	0	50	0	996
Non-current assets	**153,772**	**0**	**50**	**0**	**153,723**
Total assets	**270,203**	**0**	**50**	**0**	**270,153**
Other reserves	7,008	(372)	0	133	7,247
Retained earnings	10,825	(653)	(262)	(1,621)	13,360
Equity attributable to owners of the Company	**69,206**	**(1,025)**	**(262)**	**(1,487)**	**71,980**
Non-controlling interests	11,610	(73)	0	0	11,683
Total Equity	**80,816**	**(1,098)**	**(262)**	**(1,487)**	**83,664**
Deferred tax liabilities	8,424	0	0	1,487	6,936
Non-current liabilities	**89,958**	**0**	**0**	**1,487**	**88,470**
Other liabilities	13,790	1,098	312	0	12,380
Current liabilities	**99,429**	**1,098**	**312**	**0**	**98,019**
Total liabilities	**189,387**	**1,098**	**312**	**1,487**	**186,490**
Total Equity and Liabilities	**270,203**	**0**	**50**	**0**	**270,153**

Consolidated statement of financial position in € thousand	01 January 2022 adjusted	error correction liability put option	error correction provision vacation	error correction revaluation	01 January 2022 previous year report
Deferred tax assets	370	0	31	0	339
Non-current assets	**145,370**	**0**	**31**	**0**	**145,340**
Total assets	**226,416**	**0**	**31**	**0**	**226,385**
Other reserves	6,358	(225)	0	133	6,450
Retained earnings	25,275	(250)	(160)	(1,621)	27,306
Equity attributable to owners of the Company	**53,271**	**(475)**	**(160)**	**(1,487)**	**55,394**
Non-controlling interests	12,971	(69)	0	0	13,041
Total Equity	**66,242**	**(545)**	**(160)**	**(1,487)**	**68,434**
Deferred tax liabilities	8,261	0	0	1,487	6,774
Non-current liabilities	**97,280**	**0**	**0**	**1,487**	**95,793**
Other liabilities	11,879	545	191	0	11,144
Current liabilities	**62,893**	**545**	**191**	**0**	**62,158**
Total liabilities	**160,174**	**545**	**191**	**1,487**	**157,951**
Total Equity and Liabilities	**226,416**	**0**	**31**	**0**	**226,385**

The comparative figures in the Group income statement as of 31 December 2022 have been adjusted due to correction of error as follows:

Consolidated income statement in € thousand	**31 December 2022 adjusted**	**error correction liability put option**	**error correction provision vacation**	**error correction transport costs**	**change of presentation position associates**	**31 December 2022 previous year report**
Cost of sales	(239,855)	0	(66)	917	0	(240,707)
Gross profit	**74,865**	**0**	**(66)**	**917**	**0**	**74,014**
Selling and distribution expenses	(22,107)	0	(32)	(917)	0	(21,158)
Administrative expenses	(28,864)	(554)	(23)	0	0	(28,287)
Result from associated companies	0	0	0	0	(125)	125
EBITDA	**31,204**	**(554)**	**(121)**	**0**	**(125)**	**32,004**
EBIT	**16,796**	**(554)**	**(121)**	**0**	**(125)**	**17,596**
Financial expenses	8,606	(33)	0	0	0	(8,573)
Result from associated companies	125	0	0	0	125	0
Net finance costs	**(8,405)**	**(33)**	**0**	**0**	**125**	**(8,498)**
Profit (Loss) before tax	**8,390**	**(587)**	**(121)**	**0**	**0**	**9,098**
Income tax expense	(3,544)	0	19	0	0	(3,563)
Profit (Loss)	**4,847**	**(587)**	**(102)**	**0**	**0**	**5,535**
Profit attributable to:						
Owners of the Company	4,150	(436)	(102)	0	0	4,687
Non-controlling interests	697	(151)	0	0	0	848
Earnings (Loss) per share	**0.28**	**(0.02)**	**(0.01)**	**0**	**0**	**0.31**

Change in presentation

Compared to the previous year, the position "result from associated companies" was reclassified in the consolidated income statement. The result from associated companies was previously reported within EBIT as part of the operating result. The result from associates currently only relates to the 25% stake in Seglan SL, which is not part of the Group's operating business. For this reason, the management has decided that reporting the result from associates as part of the financial result and therefore outside the operating result more accurately reflects the Group's earnings situation. The reclassification was made retrospectively for 2022 and an amount of t€ 125 was reclassified. EBITDA and EBIT for 2022 were therefore reduced by t€ 125 compared to the previous year's consolidated financial statements, while the financial result was increased accordingly by t€ 125. Profit before taxes and profit have not changed as a result.

In the first half of 2023, the Group's segment reporting was restructured, see note 8. The segments are now reported according to the regional responsibilities of the respective responsible regional Executive Vice Presidents and members of the Management Board for the main market clusters. The main market clusters reported are:

- Western Europe, Nordics, Americas
- Central Eastern Europe and DACH
- Türkiye, Middle East and Africa

Performance of the year

8. Segment reporting

i. Basis for segmentation

The identification of reportable segments is based on information that is regularly used by the Group's chief decision maker to allocate resources and assess performance. The CEO is the Group's chief decision maker. The Group's CEO reviews the internal report on a monthly and year to date basis. The financial information that forms the basis for internal reporting is based on the accounting policies of IFRS, but is adjusted for the effects of IAS 29 Hyperinflation Accounting. In internal reporting, various adjustments are made for special items in order to present non-operating earnings separately.

Since 2023 internal reporting to the CEO is based on business areas which comprise 3 regional segments. For these segments, there are separate responsibilities for the sale of products and services at the management level. Therefore segment reporting for current period interim reporting 31.12.2023 as well as for prior period 31.12.2022 (for comparative purposes) is presented in new structure in tables below.

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	Regional responsibility EVP
Western Europe, Nordics, Americas = WEST	UK, Ireland, Norway, Sweden, Finland, Demark, Netherlands, Belgium, France, Luxembourg, Monaco, Liechtenstein, Spain, Portugal, Andorra, Baltics, North & Latin America
Central Eastern Europe and DACH = CEE	DACH (Germany, Austria, Switzerland), CEE (Italy, Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovenia, Slovakia), SEE Region (Italy, Greece, Albania, Bosnia and Herzegovina, Kosovo, Northern Macedonia, Montenegro, Serbia).
Türkiye, Middle East and Africa = MEA	Türkiye, MEA Region (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates, North and Sub-Saharan Africa), Asia

Income and expenses that are not attributable to one of the operating segments presented above are summarized in column "Corporate".

Assets and liabilities being used by more than one operating segment are designated to the main segment of the legal entity.

	Reportable Segments							
2023 in € thousand	**WEST**	**CEE**	**MEA excl. IAS 29**	**Corporate**	**Elimi-nations**	**Total excl. IAS 29**	**IAS 29**	**Total**
Revenues	112,305	185,394	53,577	0	0	351,276	13,287	364,563
Intersegment revenues	3,691	39,188	79	1,371	(44,328)	0	0	0
Segment revenues	**115,996**	**224,582**	**53,656**	**1,371**	**(44,328)**	**351,276**	**13,287**	**364,563**
Costs of material & mailing	(63,649)	(127,434)	(41,990)	0	40,562	(192,511)	(10,786)	(203,296)
Gross profit I	**52,347**	**97,148**	**11,665**	**1,371**	**(3,766)**	**158,765**	**2,502**	**161,266**
Production costs	(21,575)	(45,901)	(4,612)	0	109	(71,979)	(980)	(72,958)
Gross profit II	**30,772**	**51,247**	**7,054**	**1,371**	**(3,657)**	**86,786**	**1,522**	**88,308**
Other income	726	2,958	0	421	(268)	3,836	0	3,836
Selling and distribution expenses	(9,708)	(12,199)	(1,445)	0	9	(23,342)	(141)	(23,483)
Administrative expenses	(8,983)	(14,347)	(780)	(4,855)	3,813	(25,151)	(165)	(25,316)
Research and development expenses	(519)	(6,127)	0	(713)	0	(7,360)	0	(7,360)
Other expenses	(101)	(1,290)	(219)	(11)	9	(1,612)	(61)	(1,673)
+ Depreciation, amortization and impairment	5,711	10,055	339	23	0	16,127	0	16,127
adjusted EBITDA	**17,897**	**30,296**	**4,948**	**(3,764)**	**(94)**	**49,284**	**1,155**	**50,439**
- Depreciation, amortization and impairment	(5,711)	(10,055)	(339)	(23)	0	(16,127)	0	(16,127)
adjusted EBIT	**12,187**	**20,241**	**4,610**	**(3,787)**	**(94)**	**33,157**	**1,155**	**34,312**
Financial income						278	52	329
Financial expenses						(7,354)	(70)	(7,424)
Result from associated companies						54	0	54
Net finance costs						**(7,022)**	**(18)**	**(7,041)**
adjusted Profit (Loss) before tax						**26,135**	**1,136**	**27,271**
Special items						(4,904)	(1,352)	(6,256)
Profit (Loss) before tax						**21,231**	**(216)**	**21,015**
Income tax expense						(4,238)	6	(4,231)
Profit (Loss)						**16,993**	**(210)**	**16,784**

In 2023 there has not been impairment on non-current assets.

2022 in € thousand	**Reportable Segments** WEST	CEE	MEA excl. IAS 29	Corporate	Elimi-nations	Total excl. IAS 29	IAS 29	Total adjusted
Revenues	115,158	140,326	54,858	0	0	310,341	4,379	314,720
Intersegment revenues	1,490	25,812	451	1,322	(29,075)	0	0	0
Segment revenues	**116,648**	**166,138**	**55,309**	**1,322**	**(29,075)**	**310,341**	**4,379**	**314,720**
Costs of material & mailing	(66,475)	(99,478)	(32,576)	0	26,225	(172,304)	(3,572)	(175,876)
Gross profit I	**50,172**	**66,660**	**22,733**	**1,322**	**(2,850)**	**138,037**	**807**	**138,844**
Production costs	(18,033)	(34,106)	(11,557)	0	99	(63,598)	(381)	(63,979)
Gross profit II	**31,139**	**32,554**	**11,176**	**1,322**	**(2,751)**	**74,440**	**426**	**74,865**
Other income	172	2,726	0	57	(29)	2,926	0	2,926
Selling and distribution expenses	(8,764)	(12,829)	(841)	0	319	(22,115)	8	(22,107)
Administrative expenses	(6,687)	(13,007)	(622)	(3,054)	2,460	(20,909)	(25)	(20,934)
Research and development expenses	(607)	(5,648)	0	0	0	(6,254)	0	(6,254)
Other expenses	(1,168)	(1,163)	(1,144)	(290)	0	(3,765)	(6)	(3,771)
+ Depreciation, amortization and impairment	5,177	8,723	389	119	0	14,408	0	14,408
adjusted EBITDA	**20,262**	**11,358**	**8,958**	**(1,847)**	**0**	**38,731**	**402**	**39,133**
- Depreciation, amortization and impairment	(5,177)	(8,723)	(389)	(119)	0	(14,408)	0	(14,408)
adjusted EBIT	**15,086**	**2,635**	**8,568**	**(1,966)**	**0**	**24,323**	**402**	**24,725**
Financial income						61	11	72
Financial expenses						(4,387)	(21)	(4,408)
Result from associated companies						125	0	125
Net finance costs						**(4,201)**	**(9)**	**(4,211)**
adjusted Profit (Loss) before tax						**20,122**	**393**	**20,514**
Special items						(11,386)	(738)	(12,124)
Profit (Loss) before tax						**8,736**	**(346)**	**8,390**
Income tax expense						(3,440)	(103)	(3,544)
Profit (Loss)						**5,295**	**(449)**	**4,847**

In 2022 there has not been impairment on non-current assets.

iv. Geographic Information

Non-current assets by country in € thousand	**2023**	**2022 restated**
Greece	27,422	24,941
Romania	35,612	33,593
Austria	29,128	31,154
United Kingdom	28,480	29,005
Andorra	18,089	19,459
USA	7,961	7,432
Cyprus	3,520	3,360
Poland	2,718	2,167
Spain	2,273	1,527
Türkiye	1,498	1,123
Albania	61	12
Total	**156,764**	**153,772**

v. Special items

Special items in € thousand	**included in**	**2023**	**2022 restated**
Management participation programs	EBITDA	(2,906)	(7,929)
Foreign exchange losses	Profit before tax	(998)	(377)
Effect Hyperinflation IAS 29	Profit before tax	(1,217)	(720)
Income from financial assets and liabilities at fair value through profit or loss	Profit before tax	272	4
Expense from financial assets and liabilities at fair value through profit or loss	Profit before tax	(1,407)	(3,100)
Total		**(6,256)**	**(12,124)**

Special items include effects from accounting of management participation programs, gains and losses from foreign exchange differences as well as gains and losses from fair value and hyperinflation accounting.

9. Revenues

A. Revenues from contracts with customers

The Group generates revenue primarily through the provision of services and the sale of solutions and products in the areas of Secure Chip & Payment Solutions, Document Lifecycle Management and Digital Transformation Technologies.

2023 Revenues by region in € thousand	WEST	CEE	MEA	Corporate	Elimini-nations	IAS 29	Summe
Western Europe, UK, Nordics	77,039	6,391	1,089	0	(3,029)	0	81,489
Central & Eastern Europe & DACH	15,539	173,611	234	1,371	(2,769)	60	188,046
Türkiye, MEA, Asia & others	3,697	44,092	52,333	0	(38,227)	13,227	75,122
Americas	19,721	488	0	0	(303)	0	19,905
	115,996	**224,582**	**53,656**	**1,371**	**(44,328)**	**13,287**	**364,563**
Type of revenue							
Revenues from sale of goods	58,358	134,911	44,220	0	(40,445)	11,135	208,178
Revenues from services	17,363	26,912	8,006	1,371	(3,772)	1,817	51,698
Revenues from licenses & royalties	5	607	0	0	0	0	612
Revenues from sale of merchandise	24,046	8,799	1,217	0	0	336	34,397
Revenues from transportation services	16,224	53,353	212	0	(111)	0	69,678
	115,996	**224,582**	**53,656**	**1,371**	**(44,328)**	**13,287**	**364,563**
Timing of revenue recognition							
Products and services transferred over time	91,950	215,783	52,439	1,371	(44,328)	12,951	330,166
Products transferred at a point of time	24,046	8,799	1,217	0	0	336	34,397
	115,996	**224,582**	**53,656**	**1,371**	**(44,328)**	**13,287**	**364,563**

2022 Revenues by region in € thousand	WEST	CEE	MEA	Corporate	Elimini-nations	IAS 29	Summe
Western Europe, UK, Nordics	80,664	2,262	983	0	(1,925)	0	81,983
Central & Eastern Europe & DACH	10,550	136,667	516	1,322	(5,588)	77	143,544
Türkiye, MEA, Asia & others	836	26,945	53,810	0	(21,457)	4,302	64,437
Americas	24,598	264	0	0	(105)	0	24,758
	116,648	**166,138**	**55,309**	**1,322**	**(29,075)**	**4,379**	**314,720**
Type of revenue							
Revenues from sale of goods	68,368	109,587	48,956	0	(26,076)	3,646	204,481
Revenues from services	10,947	17,106	5,422	1,322	(1,693)	625	33,729
Revenues from licenses & royalties	4	82	0	0	0	0	86
Revenues from sale of merchandise	22,698	5,345	740	0	(1,294)	101	27,589
Revenues from transportation services	14,631	34,018	191	0	(11)	7	48,835
	116,648	**166,138**	**55,309**	**1,322**	**(29,075)**	**4,379**	**314,720**
Timing of revenue recognition							
Products and services transferred over time	93,950	160,793	54,569	1,322	(27,781)	4,278	287,131
Products transferred at a point of time	22,698	5,345	740	0	(1,294)	101	27,589
	116,648	**166,138**	**55,309**	**1,322**	**(29,075)**	**4,379**	**314,720**

Previous years table 2022 was adjusted to show comparable data based on new segmentation of the group in 2023.

B. Contract assets and receivables

in € thousand	2023	2022
Trade receivables	44,677	40,037
Contract assets	20,386	10,852
	65,063	**50,890**

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

in € thousand	2023	2022
Balance at 1 January	**7,073**	**4,158**
Prepayments received	16,230	7,525
Recognition as revenue	(5,326)	(4,330)
Effect of movements in exchange rates	(535)	(280)
Balance at 31 December	**17,442**	**7,073**

Contract liabilities essentially relate to prepayments received for the delivery of customer-specific printing and payment products. The prepayments received include € 8.1 million in restricted cash resulting from a customer contract that will be fulfilled in 2024.

D. Costs to fulfill a contract

in € thousand	2023	2022
Balance at 1 January	**318**	**500**
Realized as an expense	(182)	(182)
Balance at 31 December	**136**	**318**

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

10. Income and expenses

A. Other Income

in € thousand	2023	2022
Government grants	281	54
Gain on sale of equipment	46	12
Rental income from property leases	85	80
Reversal of accruals	564	383
Capitalised development expenses	2,286	2,149
Other income	575	249
Total	**3,837**	**2,926**

B. Other Expenses

in € thousand	2023	2022
Contract penalties	203	32
Impairment loss on trade receivables and contract assets	304	1,185
Losses from write-downs of inventories	251	940
Loss on disposal of non-current assets	22	576
Property and other taxes	115	199
Bank charges	203	181
Re-invoiced expenses	73	112
Other expenses	503	546
Total	**1,675**	**3,771**

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.

in € thousand	2023	2022 restated
Employee compensation and expenses	75,400	63,067
Costs of inventories recognized as expense	148,328	132,376
Mailing costs	54,968	43,500
Third party fees	12,968	11,365
Commissions paid	1,228	1,532
Utilities and maintenance expenses	10,736	10,438
Rentals from property and machinery	1,097	745
Tax and duties	756	686
Transportation expenses	4,749	11,233
Inks and similar consumable materials	3,616	3,499
Depreciation, amortization and impairment	16,127	14,408
Other expenses	5,346	4,232
Total	**335,320**	**297,080**

Employee compensation and expenses include management participation program expense amounting to t€ 2,906 (2022: t€ 7,929), see note 13. Previous years figures in this table were adjusted in relation with corrections explained in note 7.

11. Net Finance costs

in € thousand	2023	2022 restated
Interest income under the effective interest method	329	72
Financial assets at fair value through profit or loss – net change in fair value	204	4
Financial income	**534**	**76**
Interest expense on Financial liabilities measured at amortized cost	(6,138)	(3,555)
Commissions of letters of guarantee	(416)	(206)
Foreign exchange losses	(997)	(377)
Effect hyperinflation IAS 29	(1,217)	(721)
Financial assets and liabilities at fair value through profit or loss – net change in fair value	(1,340)	(3,133)
Other financial expenses	(870)	(614)
Financial expenses	**(10,978)**	**(8,606)**
Result from associated companies	**54**	**125**
Net finance costs	**(10,391)**	**(8,405)**

Interest expenses were calculated using the effective interest method.

12. Earnings per share and number of shares

A. Basic and diluted earnings or (losses)

Earnings per share (basic) in € thousand	2023	2022 angepasst
Profit (loss) attributable to owners of the Company	15,812	4,150
Weighted average number of shares per 31. Dezember	24,426,930	15,008,722
Earnings per share (basic)	0.65	0.28

Earnings per share (diluted) in € thousand	2023	2022 angepasst
Profit (loss) attributable to owners of the Company	15,812	4,150
Weighted average number of shares per 31. Dezember	26,007,533	15,008,722
Earnings per share (diluted)	0.61	0.28

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary outstanding shares to assume conversion of all potential dilutive ordinary shares. The company has share options as potential dilutive ordinary shares amounting to 3.161.206, see note 13.E.i. (maximum 8% of shares). Weighted average number of potential dilutive ordinary shares amounts to 1.580.603.

B. Weighted-average number of ordinary shares

	2023	2022
Issued ordinary shares at 1 January	16,862,067	14,638,053
Effects in the year	19,491,801	2,224,014
Total number of ordinary shares at 31st December	**36,353,868**	**16,862,067**
Weighted-average number of ordinary shares at 31st December	**24,426,930**	**15,008,722**

For changes of year 2023 see details in note 22.

Employee Benefits

13. 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 law 2112/20, 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. It is therefore an unfunded defined benefit plan within the meaning of IAS 19. The benefits to employees from this plan relate exclusively to one-off payments, which are paid out in the event of retirement, redundancy and also in the event of death and voluntary retirement under certain conditions.

- **Austria**

Pension plans

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

Severance

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

Contribution-based termination benefits exist for employees whose employment started after 31 December 2002. These obligations for termination benefits are fulfilled by regular contributions to an employee benefit fund. In 2023 t€ 157 were paid to the employee benefit fund (2022: t€ 147). Except for this, there are no further obligations for the Group and hence the recognition of a provision is not necessary.

Jubilee

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

A. Provisions for employee benefits

in € thousand	2023	2022
Post employment benefits	4,020	3,931
Other long-term employee benefits	187	193
Management participation programs	0	6.773
	4,207	**10,897**

The changes in provisions for management participation programs and are explained in more detail in Note 13.E.

B. Movement in Severance, Pension and Jubilee plans

	Defined benefit obligation	
in € thousand	2023	2022
Balance at 1 January	**4,124**	**4,532**
Included in profit or loss		
Current service cost	202	191
Gain from adjustment of a defined benefit plan	0	(31)
Actuarial gains of Jubilee plans	(9)	(73)
Settlement/Curtailment/Termination loss/(gain)	(227)	(52)
Interest cost (income)	150	51
	116	**86**
Included in OCI		
Remeasurement loss (gain):		
– Actuarial loss (gain) arising from:		
- demographic assumptions	18	92
- financial assumptions	(94)	(426)
- experience adjustment	240	101
	164	**(233)**
Sum	**279**	**(147)**
Other		
Benefits paid	(196)	(261)
	(196)	**(261)**
Balance at 31 December	**4,207**	**4,124**

C. Actuarial assumptions

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

- *Post-employment define benefit plans in Greece*

	2023	2022
Discount rate	3.1%	3.8%
Future salary increase	3.5%	3.5%

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

	2023	2022
Years	6.6	7.7

- *Post-employment define benefit plans in Austria*

	2023	2022
Discount rate	3.9%	3.5%
Future salary increase	3.2%	3.2%

A fluctuation rate depending on years of service and fluctuation probability is taken into account for the calculation of provisions for jubilee plans (range: 1st year of service 15.5%, 35.5 years of service 0%).

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

	2023	2022
Years	6.6	7.1

D. Sensitivity analysis

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

	31 December 2023		31 December 2022	
in € thousand	Increase	Decrease	Increase	Decrease
Discount rate (1 percentage point movement)	(142)	149	(185)	190
Salary increase (1 percentage point movement)	147	(141)	194	(174)

E. Management participation programs

i. AUSTRIACARD HOLDINGS AG management participation program 2022 - 2025

Per 30 June 2023, the management participation programs for members of the Group's senior management which were valid for the period 2022 to 2025 (Digital Security - management participation program = "DS program", and Information Management – management participation program = "IM program") and that had previously existed at the level of the subsidiaries INFORM P. LYKOS HOLDINGS S.A. (ILG), in 2023 merged into the parent company, and AUSTRIA CARD Plastikkarten und Ausweissysteme GmbH, Vienna (ACV), were merged and consolidated at the level of AUSTRIACARD HOLDINGS AG (ACAG).

As part of this consolidated program, participants will be able to receive up to 8% of the Company's shares in the following year, depending on the consolidated result in the 2025 financial year. In principle, the management participation program must be fulfilled with the transfer of shares in the Company, but it also grants the Company the option to fulfill the program in whole or in part with cash. The Management Board assumes that the program will indeed be filled with shares and that the program was therefore classified as an equity-settled program.

The participants in the consolidated management participation program also include members of the Management Board of AUSTRIACARD HOLDINGS AG, with Panagiotis Spyropoulos holding 22.7%, Manolis Kontos and Jon Neeraas each holding 18.8% and Markus Kirchmayr holding 9.4% of the options.

The following terms and conditions form the basis of the promised consolidated management participation program:

The total number of options to be granted depends on the return on invested capital ('ROIC') achieved in the 2025 financial year. The ROIC is determined by comparing the fair value of the Group as at 31 December 2025 with the defined fair value as at 31 December 2020. The fair value is calculated using a defined formula based on the audited consolidated financial statements for the financial year 2025. The formula corresponds to a simplified company valuation based on an EBITDA multiple less net debt of the Group.

Options in % of share capital	Minimum yearly net ROIC
0.0%	< 8.4%
1.6%	8.4%
3.2%	11.8%
4.8%	14.9%
6.4%	17.6%
8.0%	20.1%

Starting on 1 January 2022, the options will vest at 1/48 part at the end of each months until 31 December 2025, whereby the number of options granted will not be determined until 2026 and may also be 0. If program participants leave the Group as defined 'bad leavers' before the end of 2025, they will lose all options. If program participants leave the Group as ‚Good Leavers', they will retain the options that have vested, but the remaining options that have not yet vested will be cancelled without consideration.

The fair value of the entire investment program amounted to € 20 million at the time of adoption. The amount is to be recognised in expenses over four years, depending on any fluctuation. The fair value was determined using the Black-Scholes method based on the following parameters:

- Share price at grant date (before issuance of bonus shares): € 14,3
- Strike price: € 0
- Expected volatility, calculated based on the Company's peer group: 43.80%
- Risk-free interest rate (based on 6-month-euribor): 3,58%
- Expected dividends: 1.25%

Both the IM programme and the DS programme had identical ROIC targets and plan criteria compared to the current programme, whereby 10% of the shares in the share capital of the respective company could be acquired. The IM programme was classified as equity-settled and the DS programme as cash-settled. As part of the accounting for the consolidation of the programmes, an adjustment and continuation under the new programme was assumed for the IM programme and a cancellation for the DS programme.

In 2022, 25% of the options vested under the previous management participation programmes, resulting in an expense of € 7.4 million, of which € 6.8 million (DS programme) was recognised in provisions for employee benefits and € 0.6 million (IM programme) directly in equity. In 2023, the € 6.8 million in provisions for the DS programme were derecognised through personnel expenses and thus reducing expenses. For the vested portion of the IM programme, personnel expenses of € 0.6 million were recognised in the income statement and in the corresponding equity reserve in 2022. As 50% of the options for the new management participation program vested as at 31 December 2023 and full target achievement is expected, additional personnel expenses for share-based payments of € 9.4 million were recognised in 2023. After taking into account the income from the reversal of provisions for the DS programme, the net expense for share-based payments from this management participation programmes amounts to € 2.6 million in the financial year 2023.

ii. Management participation program subsidiary

As a part of his remuneration package the managing director of a subsidiary is entitled to receive – assuming the budgeted targets for the respective financial year are achieved – one percent of the subsidiary's shares per anno with a ceiling of 10%. The program ends per 31 December 2025. In addition, both the beneficiary as well as the parent company of the subsidiary dispose of a mutual put- and call-option once the managing director leaves the subsidiary.

The fair value to be disclosed is calculated annually using a defined formula based on the company's audited consolidated reporting package. The formula corresponds to a simplified company valuation based on an EBITDA multiple less financial liabilities and is therefore allocated to level 3 of the fair value hierarchy. The fair value of the liability related to the put-option for the shares in the subsidiary of the beneficiary of € 2.2 million (2022: € 1.1 million) is shown as a financial instrument in other short term financial liability in the balance sheet. The corresponding share option expense of € 1.1 million (2022: € 0.6 million) is included in personnel expenses (€ 0.3 million, 2022: € 0.5 million) as well as partly in financial expense (€ 0.8 million, 2022: € 0). 10% increase/decrease in the EBITDA on which the valuation is based would result in an increase/decrease in the fair value of +/- € 0.2 million.

The liabilities resulting from this agreement have not yet been recognised in the Group's balance sheet, and a non-controlling interest has previously been recognised in equity instead of a liability. The retroactive correction of this error was made in 2023 and is explained in note 7.

14. Employee expenses

in € thousand	2023	2022 restated
Wages and salaries	60,674	46,141
Social security contributions	8,400	6,866
Other expenses for personnel	3,043	2,031
Management participation program expense	2,906	7,929
Expenses related to defined benefit and contribution plans	378	100
Total	**75,400**	**63,067**

Previous years figures in this table were adjusted in relation with corrections explained in note 7.

15. Income taxes

in € thousand	2023	2022 restated
Current taxes	(4,849)	(4,546)
Deferred taxes	618	1,003
Income tax income (expense)	**(4,231)**	**(3,544)**

No deferred taxes were recognized for loss carryforwards of t€ 7,657 (2022: t€ 8,991). Loss carryforwards of t€ 1,958 expire within the next 5 years (2022: t€ 204), loss carryforwards of t€ 15,166 are not forfeitable (2022: t€ 13,928). Deferred tax assets and liabilities were not recognized for temporary differences in connection with investments in subsidiaries and associates and the related proportional share of net assets held by group companies because the Groups is able to control the timing of the reversal of the temporary difference and these differences are not expected to reverse in the foreseeable future.

A. Income tax reconciliation

in € thousand		2023		2022 restated
Earnings before tax		**21,015**		**8,390**
Tax using the Company's domestic tax rate	24.0%	(5,044)	25.0%	(2,098)
Effect of tax rates in foreign jurisdictions		2,950		2,392
Change of tax rates		31		67
Result from associated companies		32		31
Non-deductible expenses		(2,986)		(3,468)
Tax-exempt income		743		233
Tax incentives		142		201
Current-year losses for which no deferred tax asset is recognized		(143)		(1,233)
Recognition of previously unrecognised deferred tax asset on previously tax losses		327		478
Other effects		(285)		(148)
Income taxes		**(4,231)**		**(3,544)**

In Austria, a tax reform was adopted on 20 January 2022 by the Parliament. Among other things, it provides for a gradual reduction of the corporate tax rate from 25% to 23% (2023: 24%, 2024: 23%).

B. Movement in deferred tax balances

	31/12/2023		31/12/2022 restated	
in € thousand	Assets	Liabilities	Assets	Liabilities
Property, plant and equipment	222	4,101	467	3.156
Intangible assets	52	3,494	0	3.793
Receivables	287	24	192	16
Other assets	109	14	176	486
Loans and borrowings	0	0	0	0
Employee benefits	425	0	725	0
Inventories	73	52	15	61
Contract assets	0	1,081	0	350
Contract liabilities	118	0	40	0
Other liabilities	723	2,109	229	2.649
Tax loss carry-forwards	2,487	0	1.290	0
Deferred tax assets /liabilities	**4,494**	**10,875**	**3.133**	**10.512**
Set-off of tax	(2,378)	(2,378)	(2.088)	(2.088)
Net deferred tax assets / liabilities	**2,116**	**8,497**	**1.046**	**8.424**

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

16. Property, plant and equipment and right of use assets

A. Reconciliation of carrying amount

in € thousand	Land and buildings	Plant and equipment	Fixtures and fittings	Under construction	Total
Cost					
Balance at 1 January 2022	**93,803**	**112,611**	**22,848**	**644**	**229,906**
Effect IAS 29 beginning of period	102	261	230	0	593
Additions	5,265	6,424	2,108	4,002	17,798
Disposals	(251)	(5,251)	(1,829)	(942)	(8,273)
Transfers	85	2,008	165	(2,258)	0
Effect IAS 29 reporting period	213	287	189	0	689
Effect of movements in exchange rates	(247)	(1,037)	(200)	(6)	(1,489)
Balance at 31 December 2022	**98,969**	**115,303**	**23,512**	**1,440**	**239,223**
Balance at 1 January 2023	**98,969**	**115,303**	**23,512**	**1,440**	**239,223**
Additions	1,564	5,905	3,328	3,949	14,746
Disposals	(143)	(6,932)	(659)	(1,013)	(8,747
Revaluation	2,205	0	0	0	2,205
Transfers	686	1,514	139	(2,339)	0
Business combinations IFRS 3	9	45	88	0	142
Effect IAS 29 reporting period	349	350	546	0	1,245
Effect of movements in exchange rates	(407)	(264)	6	8	(658)
Balance at 31 December 2023	**103,231**	**115,920**	**26,961**	**2,045**	**248,157**
Accumulated amortization and impairment losses					
Balance at 1 January 2022	**43,127**	**85,032**	**18,791**	**0**	**146,950**
Effect IAS 29 beginning of period	46	194	207	0	447
Depreciation	2,072	5,232	1,356	0	8,660
Disposals	(160)	(4,572)	(1,776)	0	(6,508)
Effect IAS 29 reporting period	24	275	203	0	503
Effect of movements in exchange rates	(154)	(888)	(205)	0	(1,247)
Balance at 31 December 2022	**44,956**	**85,275**	**18,575**	**0**	**148,805**
Balance at 1 January 2023	**44,956**	**85,275**	**18,575**	**0**	**148,805**
Depreciation	2,235	5,915	1,552	0	9,701
Disposals	(93)	(6,324)	(640)	0	(7,059)
Effect IAS 29 reporting period	142	229	274	0	645
Effect of movements in exchange rates	(40))	(115)	(56)	0	(210)
Balance at 31 December 2023	**47,199**	**84,980**	**19,703**	**0**	**151,882**
Carrying amounts					
At 1 January 2022	50,675	27,578	4,057	644	82,955
At 31 December 2022	**54,013**	**30,028**	**4,940**	**1,440**	**90,418**
At 31 December 2023	**56,031**	**30,940**	**7,257**	**2,045**	**96,275**

B. Right of use assets

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

The group leases building spaces, company flats, technical equipment, machines and cars. Following right of use assets are recognized in balance per 31/12/2023:

in € thousand	Land and buildings	Plant and equipment	Fixtures and fittings	Total
Carrying amounts				
Balance at 01 January 2022	**2,950**	**6,382**	**90**	**9,421**
Adjustments previous year	(234)	567	42	374
Additions cost	4,052	2,460	16	6,528
Disposal cost		(126)	0	(126)
Depreciations	(594)	(1,616)	(58)	(2,268)
Effect IAS 29 hyperinflation	254	0	12	266
Balance at 31 December 2022	**6,428**	**7,765**	**101**	**14,294**
Anpassung Vorjahr	0	138	0	138
Additions cost	1,059	5,862	506	7,427
Disposal cost	(148)	(82)	(94)	(324)
Reclassification of costs to own assets	0	(3,653)	(316)	(3,969)
Additions depreciation	(971)	(1,826)	(230)	(3,027)
Disposal depreciation	92	82	75	249
Reclassification of depreciation to own assets	0	3,653	240	3,893
Effect IAS 29 hyperinflation	95	0	19	115
Balance at 31 December 2023	**6,556**	**11,939**	**301**	**18,796**

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 t€ 1,165 (31/12/2022: t€ 1,157) were recognized directly as an expense in business year 2023. Right of use for fixed assets that become property of the companies after the end of the leasing contract are reclassified to own assets.

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.

Development of carrying amounts:

in € thousand	31 Dezember 2023
Carrying amounts	
Balance at 01 January 2022	**45,362**
Depreciation	(1,062)
Additions cost	260
Gains from revaluation recognized in OCI per 31 Dezember 2022	36
Balance at 31 December 2022	**44,596**
Depreciation	(937)
Additions cost	505
Gains from revaluation recognized in OCI per 31 Dezember 2023	2,524
Balance at 31 December 2023	**46,689**

ii. Valuation technique and significant unobservable inputs

The carrying amount of the property using the cost model would have been € 26.8 million as at 31/12/2023 (31/12/2022: € 26.5 million).

Land and buildings used for production in Greece
The fair value of real estate in Greece amounts to € 16.1 million (2022: € 15.0 million). The most recent study conducted by the independent appraiser to estimate the fair value of these property, plant and equipment was carried out with a reference date of 31 December 2023 and resulted in an adjustment of € +1.9 million recognized in other comprehensive income, deferred tax was recognized as well. The valuation was 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 € 204 on average and the replacement cost per square meter which were appraised at € 302/m² on average. If these parameters were increased or decreased by 10% then the fair value would have changed +/- € 1.6 million.

Land and buildings used for production in Romania
The carrying amount of real estate in Romania amounts to € 16.4 million (fair value at revaluation 2022: € 16.0 million). The last revaluation was carried out as at December 31, 2022 and essentially confirmed the reported carrying amounts. For the valuation of the Group's property in Romania was used the same valuation technique, as that was used and described for the properties in Greece. The main input factors for the valuation are the fair value of land per square meter which was appraised at € 143 and the construction cost per square meter which were appraised at € 376 on average after adjustments for current condition of the real estate and market conditions. If these parameters were increased or decreased by 10% then the fair value would have changed +/- € 1.6 million.

Land and buildings used for production in Austria
The fair value of real estate in Austria amounts to € 14.2 million (2022: € 14.7 million). The last revaluation was carried out as of 31/12/2023 and resulted in an adjustment of € +0.3 million recognized in other comprehensive income, deferred tax was recognized as well. The valuation was performed by an independent expert using the gross-rental method for building and all related facilities as well as using the comparative value method for the land on which a building is located. 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 € 380 and the yield value per square meter which was appraised at € 7.7/m² on average. In relation to the present rental space of 12,334 m², this means a market value of rounded € 1,150 per m² of rental space. An increase or decrease of this market value by 10% would change the fair value by +/- € 1.4 million.

D. Encumbrances

In the USA there is a contractual obligation of € 0.3 million per 31 December 2023 from the financing of plant and equipment for business operations (31/12/2022: € 0.8 million).

17. Intangible assets and goodwill

A. Reconciliation of carrying amount

in € thousand	Goodwill	Software, patents, licenses	Internal development	Customer contracts	Total
Cost					
Balance at 1 January 2022	**30,203**	**32,121**	**9,729**	**22,274**	**94,326**
Effect IAS 29 beginning of period	0	52	0	0	52
Additions	0	1,611	2,018	0	3,629
Disposals	(311)	(523)	0	0	(834)
Effect IAS 29 reporting period	0	85	0	0	85
Effect of movements in exchange rates	(1,073)	(54)	0	0	(1,126)
Balance at 31 December 2022	**28,819**	**33,292**	**11,747**	**22,274**	**96,132**
Balance at 1 January 2023	**28,819**	**33,292**	**11,747**	**22,274**	**96,132**
Additions	0	1.549	1.978	0	3,573
Disposals	0	(1,379)	(122)	0	(1,501)
Business combinations IFRS 3	47	998	0	0	998
Effect IAS 29 reporting period	0	94	0	0	94
Effect of movements in exchange rates	497	(82)	(2)	(229)	(183)
Balance at 31 December 2023	**29,363**	**34,471**	**13,600**	**22,045**	**99,478**
Accumulated amortization and impairment losses					
Balance at 1 January 2022	**0**	**25,922**	**4,742**	**3,011**	**33,675**
Effect IAS 29 beginning of period	0	39	0	0	39
Amortization	0	1,694	1,567	2,487	5,747
Impairment	0	0	0	0	0
Disposals	0	(520)	0	0	(520)
Effect IAS 29 reporting period	0	72	0	0	72
Effect of movements in exchange rates	0	(46)	0	0	(47)
Balance at 31 December 2021	**0**	**27,160**	**6,309**	**5,497**	**38,966**
Balance at 1 January 2022	**0**	**27,160**	**6,309**	**5,497**	**38,966**
Amortization	0	1,754	2,173	2,500	6,426
Impairment	0	0	0	0	0
Disposals	0	(1,324)	(122)	0	(1,447)
Effect IAS 29 reporting period	0	77	0	0	77
Effect of movements in exchange rates	0	(65)	(2)	(4)	(71)
Balance at 31 December 2023	**0**	**27,602**	**8,357**	**7,992**	**43,952**
Carrying amounts					
At 1 January 2022	30,203	6,199	4,987	19,263	60,651
At 31 December 2022	**28,819**	**6,131**	**5,438**	**16,777**	**57,166**
At 31 December 2023	**29,363**	**6,868**	**5,243**	**14,052**	**55,526**

In 2023, goodwill of t€ 47 was capitalized in the course of acquisition of a business operation from a third party by a newly established company in Romania, see note 28.

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

B. Impairment test

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

Cash-generating units and allocated goodwill
in € thousand

	31/12/2023	31/12/2022
INFORM Romania	2,041	1,997
TAG SYSTEMS Group	25,380	24,881
Other	1,942	1,942
Total	**29,363**	**28,819**

For other fixed assets as in previous year no impairments were made in the financial year. The new goodwill in 2023 was allocated to CGU INFORM Romania.

INFORM Romania

As at 31 December 2023 the estimated amount in the form of value-in-use of CGU Inform Romania exceeded its carrying amount by € 12.0 million (2022: € 9.5 million). The following tables show key assumptions as well as the value by which key assumptions (discount rate and EBITDA growth rate) would need to change individually for the estimated recoverable amount following the value-in-use method to be equal to the carrying amount. The used discount rate represents the weighted cost of capital for the CGU. The assumed EBITDA growth rate for the next five years is based on internal budgets and takes into account past experience and estimates of future developments based on internal and external forecasts.

Key assumptions	**2023**	**2022**
Discount rate before tax	10.8%	11.4%
Growth rate residual value	2.0%	1.5%
Forecast EBITDA growth rate (average 5 years)	5.1%	10.7%

Sensitivity analysis	**Change 2023**	**Change 2022**
(in percentage points)		
Discount rate	3.6	8.1
Budgeted EBITDA growth rate	(4.4)	(8.3)

TAG Systems

As at 31 December 2023 the estimated amount of CGU TAG Systems exceeded its carrying amount by € 211.0 million (2022: € 223,5 million). The following tables show key assumptions as well as the value by which key assumptions (discount rate and EBITDA growth rate) would need to change individually for the estimated recoverable amount following the value-in-use method to be equal to the carrying amount. The used discount rate represents the weighted cost of capital for the CGU. The assumed EBITDA growth rate for the next five years is based on internal budgets.

Key assumptions	**2023**	**2022**
Discount rate before tax	8.8%	9.8%
Growth rate residual value	0.0%	0.0%
Forecast EBITDA growth rate (average 5 years)	14.9%	18.0%

Sensitivity analysis	**Change 2023**	**Change 2022**
(in percentage points)		
Discount rate	21.8	20.7
Budgeted EBITDA growth rate	(19.2)	(25.2)

18. Equity-accounted investees

Financial statements 2023 of Seglan SL, the company accounted for using the equity method, were not yet available in final version as of the balance sheet date, preliminary figures are presented below:

Summarised financial information

in € thousand	Seglan SL 31/12/2023 preliminary	Seglan SL 31/12/2022
Percentage ownership interest	**25.00 %**	**25.00 %**
Non-current assets	1,585	1,618
Current assets	1,747	1,662
Non-current liabilities	0	0
Current liabilities	357	483
Net assets (100%)	**2,975**	**2,797**
Group's share of net assets	744	700
Revenues	20,561	1,948
Total Profit (100 %)	266	216

Reconciliation of carrying amount

in € thousand	Seglan SL 31/12/2023	Seglan SL 31/12/2022
Percentage ownership interest	**25.00%**	**25.00%**
Carrying amount of interest in associate as of 1.1.2023	**292**	**260**
Group's share of profit registered in 2022	54	46
Dividends received	(22)	(14)
Carrying amount of interest in associate as of 31.12.2023	**324**	**292**
thereof goodwill from acquisition	0	0

19. Inventory

in € thousand	31/12/2023	31/12/2022
Raw materials and consumables	45,009	31,797
Finished and semi-finished goods	1,661	1,302
Merchandise	1,172	1,659
Goods in transit	10,322	1,317
Total	**58,164**	**36,074**

In 2023, inventories of amount t€ 115,973 (2022: t€ 107,409) 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 t€ 223 (2022: t€ 803). As at 31st December 2023, the carrying amount of inventories, which were depreciated as a result of the measurement at net realizable value is t€ 3,466 (31/12/2022: t€ 2,838).

20. Trade and other receivables

in € thousand	31/12/2023	31/12/2022
Trade receivables	46,602	42,638
Minus: Allowance for doubtful accounts	(1,926)	(2,600)
	44,677	**40,037**
Advance payments	1,059	547
Personnel prepayments and loans	71	137
VAT and other Tax related receivables	2,838	2,405
Deferred expenses	2,203	1,308
Other non-financial receivables and assets	1,563	1,636
Other receivables - non financial instruments	*7,734*	*6,033*
Securities at fair value through profit & loss	229	505
Factoring receivables	638	611
Financial instruments at fair value through OCI	1,642	3,019
Deposits	128	115
Other financial receivables and assets	9,096	1,751
Other receivables - financial instruments	*11,734*	*6,001*
Other receivables	**19,468**	**12,034**
Total	**64,145**	**52,071**
Non-current	2,386	4,533
Current	61,758	47,538
	64,145	**52,071**

Other financial receivables and assets include € 8.1 million from a customers advance payment in Türkiye, which is not reported as cash and cash equivalents due to a restriction on disposal.

21. Cash and cash equivalents

in € thousand	31/12/2023	31/12/2022
Cash at hand	11	39
Bank balances	23,813	21,590
Total	**23,825**	**21,628**

Equity and Liabilities

22. Capital and additional paid in capital

A. Share capital and additional paid in capital

The share capital of t€ 36,354 is divided into 36,353,868 no-par value shares, each of which participates in the share capital to the same extent.

The capital reserves mainly result from the amount realized on the issue of shares in excess of the pro rata amount of the share capital (premium). As in the previous year, the capital reserves as at 31 December 2023 are essentially all attributable to appropriated reserves. These may only be released to offset an accumulated loss, that would otherwise have to be reported in the company's annual financial statements in accordance with company law if free reserves are not available to cover it.

Cross-border merger

As a result of the cross-border merger, explained in detail in note 6, the assets of the absorbed company Inform P. Lykos Holdings SA, representing a total net value of t€ 17,730 were contributed to the absorbing company as a contribution in kind, and the share capital of the absorbing company AUSTRIACARD HOLDINGS AG was increased by a nominal amount of t€ 1,315 from currently t€ 16,862 to t€ 18,177 by issuing 1,314,867 new bearer shares. t€ 16,415 of the contribution in kind was transferred to the share premium. As a result of the merger former non-controlling interests in related to the former shareholders of Inform P. Lykos Holdings SA amounting to t€ 11,321 were reclassified to equity attributable to the owners of the Company.

Capital increase from company funds

The Annual General Meeting of the Company on 30 June 2023 resolved to increase the share capital of the Company by t€ 18,177 from t€ 18,177 to t€ 36,354 by converting a partial amount of t€ 18,177 of the fixed capital reserves reported in the annual financial statements as at 31 December 2022 into share capital with the simultaneous issue of 18,176,934 new shares. For each share, one new share was therefore be booked to the respective deposit account and the shares of the Company, previously par value shares, were converted into no-par value shares.

Share buy-back program for own shares

In addition the management board of AUSTRIACARD HOLDINGS AG resolved on 18 December 2023 to implement a share buy-back program for own shares on the basis of the authorization resolution pursuant to Sec 65 para 1 no 4 and 8 Austrian Stock Corporation Act of the annual general meeting held on 30 June 2023, which was published on 30 June 2023. The supervisory board of AUSTRIACARD HOLDINGS approved the implementation of the Share Buy-Back Program by resolution dated 18 December 2023. The maximum volume of the Share Buy-Back Program amounts to up to 727,077 own shares (corresponding to approx. 2% of the current total share capital), the share buy-back under the Share Buy-Back Program will start on 22 December 2023 and is anticipated to continue up to (including) 21 June 2024. In accordance with the resolution of the annual general meeting held on 30 June 2023, the consideration to be paid per share when acquiring shares must (i) not be lower than € 1 (i.e., the calculated proportion of the share capital per share), and (ii) not be more than 20% above the volume-weighted average price of the last 20 trading days preceding the respective purchase. Additionally, the management board has determined a maximum price of € 12 per share. The maximum total consideration under the Share Buy-Back Program amounts to t€ 5,817.

Authorized capital

At the Extraordinary General Meeting on 30 November 2022 the Management Board was authorized to increase the share capital with the approval of the Supervisory Board – also in several tranches – by 30.11.2027 an amount of up to t€ 8,431 by issuing up to 8,431,033 par value bearer shares with voting rights against contribution in cash and/or in kind, whereby the issue price and the issue conditions shall be determined by the Management Board with the approval of the Supervisory Board. Furthermore the Management Board is with approval of the Supervisory Board authorized to fully or partly exclude the subscription rights of the shareholders (exclusion of the subscription rights) (i) if the capital increase is effected against cash contribution and the total portion of the Company's share capital represented by the shares issued against cash contribution under exclusion of the subscription rights does not exceed 10% (ten percent) of the Company's share capital at the time the authorization is granted, (ii) if the capital increase is effected against contribution in kind, or (iii) for the settlement of fractional amounts.

B. Other reserves, retained earnings and non-controlling interest

Other reserves include reserves from other comprehensive income, such as the reserve for currency translation differences, the revaluation reserve for land in accordance with IAS 16, revaluations of obligations from post-employment benefits to employees after deduction of deferred taxes in accordance with IAS 19 and the change in the cash flow hedge reserve after deduction of deferred taxes in accordance with IFRS 9. The reserve for share-based payments for management participation programmes ('equity-settled') is also included.

The retained earnings include the accumulated results for the period attributable to the shareholders less distributions made.

Non-controlling interests comprise minority interests in the equity of fully consolidated subsidiaries.

23. 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.

Group management monitors its capital using the following indicators:

- Equity ratio (Net equity / Total assets): target value > 30%
- Net debt / adjusted EBITDA: target value <3x

	2023	2022
Equity ratio (Net Equity / Total Assets)	33.3%	29.9%
Net debt / adjusted EBITDA	1.9	2.0

24. Loans and Borrowings

in € thousand	31/12/2023	31/12/2022
Non-current financial liabilities		
Secured bank loans	88,992	34,242
Unsecured bank loans	2,496	21,668
Bonds	0	6,113
Lease liabilities	10,944	8,603
	102,432	**70,626**
Current financial liabilities		
Secured bank loans	11,100	12,168
Unsecured bank loans	1,574	8,247
Bonds	0	4,875
Lease liabilities	3,766	2,310
	16,440	**27,560**
Total	**118,872**	**98,226**

As per 18 December 2023 AUSTRIACARD HOLDINGS AG has signed a € 186.6 million financing agreement, comprising of a revolving credit facility, term loan tranches and a guarantee facility, maturing in 3 to 5 years, with a consortium of 10 European banks led by Unicredit. As at the reporting date of 31.12.2023, € 101.1 million of this had been used. Part of the funds raised were used to refinance existing credit facilities at various subsidiaries of the Company, while the rest will be used for general corporate purposes and to finance the Company's growth. This refinancing extends the debt maturity profile, while significantly simplifying its structure, enabling more flexibility to the Company to pursue its corporate strategy.

A. Terms and maturity

in € thousand	Currency	Interest rate fixed/ variable	Range: Nominal interest rate	Range: Year of maturity	Carrying amount in Euro: 31/12/2023	Carrying amount in Euro: 31/12/2022
Secured bank loans	EUR	variable	ÖKB Refinancing Rate 2020 4.345 - 4.395% + Marge 1.55%	2027-2028	26,600	42,317
	EUR	variable	EURIBOR + Marge 1.95 – 2.05%	2028	74,492	0
	EUR	fixed	1.50%-1.70%	2024	0	410
	USD	fixed	10%	2026	0	43
	RON	variable	ROBOR 3M + 2 % EURIBOR 3M +3.25%	2023	0	3,985
					101,092	**46,755**
Unsecured bank loans	EUR	variable	EURIBOR + 0.28% - 3.50%	2026	1,500	27,706
	TRY	fixed	4.75%	2024	153	0
	EUR	fixed	1.53%	2025	431	748
	USD	variable	SOFR 6M + 2.00%	2026	1,388	1,438
	RON	fixed	ROBOR 3M +3.25%	2024	599	109
					4,071	**30,000**
Bonds					**0**	**10,988**
Total					**105,162**	**87,743**

Securities have been provided for liabilities to banks in the amount of t€ 101,092 (previous year: t€ 46,410). The material securities are pledges on shares in three subsidiaries as well as pledges on Intercompany receivables.

B. Lease liabilities

in € thousand	Future minimum lease payments 2023	Future minimum lease payments 2022	Interest 2023	Interest 2022	Present value of minimum lease payments 2023	Present value of minimum lease payments 2022
Less than one year	4,353	3,237	587	347	3,766	2,890
Between one and five years	10,764	6,821	1,140	681	9,623	6,140
More than five years	1,418	1,964	98	80	1,320	1,884
	16,535	**12,022**	**1,825**	**1,108**	**14,710**	**10,914**

C. Reconciliation of loans and borrowings

in € thousand	Secured Loans & Borrowings	Unsecured Loans & Borrowings	Bank overdraft	Bonds	Leasing	Total
1 January 2023	**46,410**	**29,915**	**0**	**10,988**	**10,914**	**98,226**
Proceeds from loans and borrowings	100,092	7,814	0	0	0	107,905
Repayment of loans and borrowings	(46,132)	(33,687)	0	(10,988)	0	(90,807)
Repayment of lease liabilities	0	0	0	0	(2,895)	(2,895)
Sum of changes due to cash flows from financing activities	**53,959**	**(25,874)**	**0**	**(10,988)**	**(2,895)**	**14,203**
Changes in exchange rate	**(29)**	**(56)**	**0**	**0**	**(93)**	**(178)**
Other non-cash changes	**200**	**86**	**0**	**0**	**221**	**507**
New lease liabilities	0	0	0	0	6,974	6,974
Interest expenses	0	0	0	0	(411)	(411)
31 December 2023	**100,539**	**4,071**	**0**	**0**	**14,710**	**119,320**

in € thousand	Secured Loans & Borrowings	Unsecured Loans & Borrowings	Bank overdraft	Bonds	Leasing	Total
1 January 2022	**47,422**	**28,882**	**973**	**11,263**	**8,040**	**96,580**
Proceeds from loans and borrowings	6,517	4,053	1,200	1,000	0	12,770
Repayment of loans and borrowings	(7,529)	(3,070)	(2,173)	(1,275)	0	(14,047)
Repayment of lease liabilities	0	0	0	0	(3,799)	(3,799)
Sum of changes due to cash flows from financing activities	**(1,012)**	**982**	**(973)**	**(275)**	**(3,799)**	**(5,076)**
Changes in exchange rate	**(1)**	**50**	**0**	**0**	**(166)**	**(117)**
New lease liabilities	0	0	0	0	7,174	7,174
Interest expenses	0	0	0	0	(336)	(336)
31 December 2022	**46,410**	**29,915**	**0**	**10,988**	**10,914**	**98,226**

25. Trade and other payables

in € thousand	31/12/2023	31/12/2022 restated
Trade payables	**43,649**	**43,969**
Social security	1,957	1,488
Wages and salaries payable	1,109	475
Accruals – personnel related	4,187	2,729
VAT payable and other taxes	3,751	4,057
Other non-financial payables	1,641	124
Other payables - non financial instruments	***12,646***	***8,873***
Dividends payable	6	20
Other financial payables	5,746	4,908
Other payables - financial instruments	***5,752***	***4,929***
Other payables	**18,398**	**13,801**
Total	**62,047**	**57,770**
Non-current	81	11
Current	61,966	57,759
	62,047	**57,770**

Other financial liabilities include € 2.2 million in connection with the put option for the beneficiary's shares from the management participation program in a subsidiary, see also note 7 and 13.

Financial instruments

26. 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, interest rate swaps as well as liabilities from put option for the beneficiary's shares from the management participation program in a subsidiary. The fair value of all financial instruments approximates the carrying amount, the quotred mixed fund corresponds to Level 1 fair value, interest rate swaps correspond to Level 2 fair value, the put-option corresponds to Level 3 fair value according to IFRS 13. For detailed information to put-option see note 13.E.ii.

31 December 2023 in € thousand	**At amortized cost**	**FVTPL**	**FVTOCI**	**Non-financial instruments**	**Total**
Assets					
Trade receivables	44,677	0	0	0	**44,677**
Other receivables	9,863	229	1,642	7,734	**19,468**
Cash and cash equivalents	23,825	0	0	0	**23,825**
Total	**78,235**	**229**	**1,642**	**7,862**	**87,969**
Liabilities					
Loans and borrowings	118,872	0	0	0	**118,872**
Trade payables	43,649	0	0	0	**43,649**
Other payables	3,461	2,221	69	12,646	**18,398**
Total	**165,982**	**2,221**	**69**	**12,646**	**180,919**

As of 31.12.2023, the positive fair values of the interest rate swaps are recognised in other receivables at fair value through OCI as in previous year. Interest rate swaps with negative fair values are recognized at fair value through OCI in other payables.

31 December 2022 in € thousand	**At amortized cost**	**FVTPL**	**FVTOCI**	**Non-financial instruments**	**Total restated**
Assets					
Trade receivables	40,037	0	0	0	**40,037**
Other receivables	2,362	505	3,018	6,148	**12,034**
Cash and cash equivalents	21,628	0	0	0	**21,628**
Total	**64,028**	**505**	**3,018**	**6,148**	**73,699**
Liabilities					
Loans and borrowings	98,226	0	0	0	**98,226**
Trade payables	43,969	0	0	0	**43,969**
Other payables	3,830	1,098	0	8,873	**13,801**
Total	**146,025**	**1,098**	**0**	**8,873**	**155,996**

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

i. Derivative financial instruments and hedges

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

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

The hedging relationship may become ineffective if the nominal value of the underlying transactions falls below that of the derivative. If a hedging relationship is no longer effective, rebalancing must restore effectiveness. The Group's derivatives were fully effective as of 31.12.2023 and as of 31.12.2022, there was no rebalancing.

The following table shows the value of the derivative financial instruments held by the Group as of 31 December 2023. The financial instruments, which were recorded as a cash flow hedge, form a valuation unit with the secured loans:

Financial institution	**Derivative**	**Beginning**	**End**	**Nominal value loan** in € thousand	**Fixed interest rate**	**Market value 31/12/2023** in € thousand
Unicredit Bank Austria AG	Interest Rate Swap	30/06/2020	31/03/2027	9,100	0.000%	419
Unicredit Bank Austria AG	Interest Rate Swap	27/10/2021	30/09/2028	17,500	0.150%	1,001
National Bank of Greece SA	Interest Rate Swap	30/12/2022	29/12/2028	3,550	0.685%	187
Raiffeisen Bank International AG	Interest Rate Swap	29/12/2023	18/12/2028	25,000	2.740%	-69

The receivables from positive market values are reported as non-current other receivables from financial instruments in the balance sheet as of 31.12.2023. Payables from negative market values are reported as non-current financial liability in the balance sheet as of 31.12.2023.

The following table shows the value of the derivative financial instruments as of 31 December 2022, which were recorded as a cash flow hedge:

Financial institution	**Derivative**	**Beginning**	**End**	**Nominal value loan** in € thousand	**Fixed interest rate**	**Market value 31/12/2022** in € thousand
Unicredit Bank Austria AG	Interest Rate Swap	30/06/2020	31/03/2027	14,300	0.000%	797
Unicredit Bank Austria AG	Interest Rate Swap	27/10/2021	30/09/2028	21,000	0.150%	1,768
National Bank of Greece SA	Interest Rate Swap	30/12/2022	29/12/2028	3,800	0.685%	327

The receivables from positive fair values were reported non-current other receivables from financial instruments in the balance sheet as of 31.12.2022.

B. Risk Management

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

- Credit risk
- Liquidity risk
- Market risk

i. Credit risk

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

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

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

Credit risk for Trade receivables and Contract assets in € thousand			**31/12/2023**			**31/12/2022**
	Weighted average loss rate	Gross amount 2023	Impairment loss allowance	Weighted average loss rate	Gross amount 2022	Impairment loss allowance
Current - not past due	0.4%	47,417	(188)	1.7%	36,167	(626)
Past due 1 - 30 days	0.1%	8,295	(10)	1.2%	8,751	(108)
Past due 31-90 days	0.1%	5,578	(8)	0.9%	4,290	(41)
Past due 91-120 days	1.0%	1,875	(18)	9.9%	1,948	(193)
Past due more than 121 days		3,829	(1,706)		2,350	(1,645)
Total		**66,993**	**(1,930)**		**53,503**	**(2,613)**

For trade receivables and contract assets an expected credit loss is calculated if no specific valuation allowances were made.

Allowance for impairment of Trade receivables and Contract assets
in € thousand

Balance at 1 January 2022	**(1,575)**
Addition to allowance	(1,191)
Disposal of allowance for amounts written off	154
Balance at 31 December 2022	**(2,613)**
Disposal of allowance	641
Disposal of allowance for amounts written off	41
Balance at 31 December 2023	**(1,930)**

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.

The contractual maturities of long-term bank loans from new consortium loan agreement, which finalised the Group Refinancing on level of AUSTRIACARD HOLDINGS AG in December 2023, are contingent on the Group's compliance with contractual covenants. The covenant mainly concern financial ratio Net Debt / EBITDA (leverage less than 3.5x), which is verified on a 6-months basis. Group management monitors ratios closely as in case of non-compliance, long-term loans could be called due by the lending financial institutions. Up do date agreed covenants have been complied without exception on all reporting dates.

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 2023 in € thousand	**Carrying amount**	**Total**	**1 year or less**	**1–2 years**	**2–5 years**	**More than 5 years**
Secured bank loans	100,092	**106,101**	13,342	12,292	80,467	0
Unsecured bank loans	4,071	**4,249**	1,678	661	1,910	0
Bonds	0	**0**	0	0	0	0
Lease liabilities	14,710	**16,343**	4,272	3,650	5,909	2,512
Trade payables	43,649	**43,649**	43,649	0	0	0
Other payables – financial instruments	5,752	**5,752**	5,683	69	0	0
	168,273	**176,094**	**68,624**	**16,672**	**88,286**	**2,512**

31 December 2022 in € thousand	**Carrying amount**	**Total**	**1 year or less**	**1–2 years**	**2–5 years**	**More than 5 years**
Secured bank loans	46,410	**50,189**	13,866	20,347	13,874	2,103
Unsecured bank loans	29,915	**31,875**	8,858	5,173	14,318	3,526
Bonds	10,988	**11,587**	5,110	1,830	4,629	19
Lease liabilities	10,914	**12,080**	3,289	2,282	3,811	2,697
Trade payables	43,969	**43,969**	43,969	0	0	0
Other payables – financial instruments	3,830	**3,830**	3,830	0	0	0
	146,025	**153,530**	**78,922**	**29,632**	**36,632**	**8,345**

iii. Market risk

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

Currency risk

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

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

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

If exchange rates fluctuate within a range of +/- 10%, the profit or loss net of tax and equity net of tax of foreign currency companies would change as follows:

	Profit or loss net of tax		Equity, net of tax	
in € thousand	**Strengthening**	**Weakening**	**Strengthening**	**Weakening**
31 December 2023				
RON (10% movement)	700	(573)	3,672	(3,004)
TRY (10% movement)	221	(181)	145	(118)
GBP (10% movement)	364	(298)	880	(720)
USD (10% movement)	(182)	149	(158)	129
31 December 2022				
RON (10% movement)	501	(410)	3,429	(2,806)
TRY (10% movement)	114	(93)	237	(194)
GBP (10% movement)	839	(687)	863	(706)
USD (10% movement)	(136)	111	(163)	134

Interest rate risk

Financial assets are invested in bank deposits 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 risk with fixed-interest financial instruments is that a negative market value adjustment may occur due to changes in interest rates. In the case of variable-interest financial instruments, the risk is that fluctuations in cash flow can have a negative impact on cash and cash equivalents and the ability to plan cash flows.

The interest rate risk sensitivity analysis focuses on the risk of floating-rate financial instruments. It is assumed that the variable-interest liabilities existing on the reporting date are outstanding for a full year. In the sensitivity analysis, a change of plus/minus 100 basis points is simulated in each case. This would have the following effects on the financial result:

	Profit or loss		Equity, net of tax	
in € thousand	**100bp increase**	**100bp decrease**	**100bp increase**	**100bp decrease**
31 December 2023	(523)	523	(403)	403
31 December 2022	(523)	523	(409)	409

In order to reduce interest rate risk Group companies also enter into hedging transactions.

Other disclosures

27. List of Subsidiaries

Company	Country	Residence main office	Participation percentage 31.12.2023	Participation percentage 31.12.2022	Consolidation method	Consolidation method prior year
AUSTRIACARD HOLDINGS AG	Austria	Vienna	Parent	Parent	Full	Full
AUSTRIA CARD-Plastikkarten und Ausweissysteme Gesellschaft m.b.H.	Austria	Vienna	100.00%	100.00%	Full	Full
INFORM LYKOS (HELLAS) S.A.	Greece	Korpia/Attica	100.00%	100.00%	Full	Full
TERRANE LIMITED	Cyprus	Nicosia	100.00%	100.00%	Full	Full
Inform Albania Sh.p.k.	Albania	Tirana	75.50%	75.50%	Full	Full
CLOUDFIN LTD	Cyprus	Nicosia	61.50%	61.50%	Full	Full
AUSTRIA CARD SRL	Romania	Bucharest	100.00%	100.00%	Full	Full
AUSTRIA CARD TURKEY KART OPERASYONLARI ANONIM SIRKETI *)	Turkey	Istanbul	93.00%	94.00%	Full	Full
INFORM LYKOS SA	Romania	Bucharest	100.00%	100.00%	Full	Full
Next Docs ECM Expert S.R.L.	Romania	Bucharest	100.00%	100.00%	Full	Full
Next Docs Confidential S.R.L.	Romania	Bucharest	100.00%	100.00%	Full	Full
Cloudfin Single Member SA	Greece	Athen	100.00%	100.00%	Full	Full
TAG SYSTEMS SAU	Andorra	Andorra la Vella	100.00%	100.00%	Full	Full
TAG SYSTEMS SMART SOLUTIONS S.L.U.	Spain	Torres de la Alameda (Madrid)	100.00%	100.00%	Full	Full
TAG Systems Sp z o.o.	Poland	Warsaw	100.00%	100.00%	Full	Full
TSG Norway AS	Norway	Nesna	100.00%	100.00%	Full	Full
TAG SYSTEMS USA INC	United States	Eatontown (New Jersey)	60.00%	60.00%	Full	Full
Tag Nitecrest Ltd (in liquidation)	United Kingdom	Leyland (Lancashire)	100.00%	100.00%	Full	Full
TAG SYSTEMS UK LIMITED	United Kingdom	Leyland (Lancashire)	100.00%	100.00%	Full	Full
TAG BIOMETRICS S.L.	Spanien	Barcelona	90.00%	90.00%	Full	Non
ILRA POST HOLDING S.R.L.	Romania	Voluntari	50.10%	n/a	Full	Non
ILRA PINK POST OPERATIONS S.R.L.,	Romania	Voluntari	100.00%	n/a	Full	Non
SEGLAN S.L.	Spain	Madrid	25.00%	25.00%	At Equity	At Equity
TAG Systems NV (iliquidiert)	Curaçao - Netherlands Antilles	Curaçao	liquidated	100.00%	Non	Non
TAG CADENA S.A.S. (liquidiert)	Colombia	La Estrella (Medellin)	liquidated	24.17%	Non	Non
Austria Card Polska Sp.z o.o. (liquidiert)	Poland	Warsaw	liquidated	100.00%	Non	Full
INFORM P. LYKOS HOLDINGS S.A.	Greece	Koroni/Attica	merged	70.79%	Non	Full

*) The company is already consolidated at 100% due to a put option of the non-controlling shareholder, see note 13.E.

In business year 2023 the group of consolidated companies changed as follows:

	31/12/2023	31/12/2022
As of beginning of the period – fully consolidated	**21**	**22**
Disposal because of liquidation	(1)	0
Disposal because of merger	(1)	0
Disposal because of final consolidation	0	(1)
Addition because of start-up	2	0
Addition because of change of consolidation method	1	0
As of end of the period – fully consolidated	**22**	**21**
As of beginning of the period – at equity consolidated	**1**	**2**
Disposal because of final consolidation	0	(1)
As of end of the period – at equity consolidated	**1**	**1**
As of end of the period - total	**23**	**22**

Within 2023 liquidation of former fully consolidated company Austria Card Polska Sp.z.o.o. was finalised. The group of companies also decreased by one company as Inform P. Lykos Holdings SA was merged into AUSTRIACARD HOLDINGS AG, see note 6.

For two new group companies, ILRA POST HOLDING S.R.L. and ILRA PINK POST OPERATIONS S.R.L., initial consolidation was done in March 2023. The newly formed companies are controlled by TERRANE LTD holding 50.1%, and the minority shareholders DERIVAT INVESTMENT HOLDING S.R.L. and PB DELIVERY EXPRESS S.R.L., holding 37.2% and 12.7% respectively of the share capital.

One company not consolidated per 31.12.2022 due to immateriality, TAG Biometrics SL, was founded shortly before year end 2022 and was initially consolidated in March 2023. For the other two companies not consolidated in previous year due to immateriality, TAG Systems NV and TAG Cadena SAS, liquidation was also finalised in 2023.

28. Acquisition of part of a business

ILRA PINK POST OPERATIONS S.R.L., which was newly founded in the 2023 financial year, subsequently acquired a business operation consisting of fixed assets, employees and suppliers of companies owned by the minority shareholders DERIVAT INVESTMENT HOLDING S.R.L. and PB DELIVERY EXPRESS S.R.L. as part of an asset deal. These former Pink Post entities as well as Romanian Group company INFORM LYKOS SA assumed to transfer their contracts related to postal and courier services to the new company. Agreed price for the transaction was € 1.2 million. Increase of tangible and intangible assets as well as minor goodwill arising of t€ 47 from this deal can be seen in note 17.

29. Non-controlling interests (NCI)

In the process of the cross-border merger of Inform P. Lykos Holdings SA into AUSTRIACARD HOLDINGS AG in 2023 former material non-controlling interests related to the former shareholders of Inform P. Lykos Holdings SA were reclassified to equity attributable to the owners of the Company. As of 31.12.2023, the Group only holds significant non-controlling interests in the subsidiaries CLOUDFIN Ltd. and TAG SYSTEMS USA Inc., which, however, only became material in 2023 in the course of the merger. These are now presented in the following table, including comparative information from the previous year.

in € thousand	CLOUDFIN Ltd. 31.12.2023	CLOUDFIN Ltd. 31.12.2022	TAG SYSTEMS USA Inc. 31.12.2023	TAG SYSTEMS USA Inc. 31.12.2022
NCI percentage	**38.50%**	**38.50%**	**40.00%**	**40.00%**
Non-current assets	650	480	7,961	7,432
Current assets	5,429	590	3,691	5,500
Non-current liabilities	(41)	0	(4,357)	(4,562)
Current liabilities	(2,206)	(482)	(10,321)	(9,840)
Net assets	**3,831**	**588**	**(3,025)**	**(1,469)**
Carrying amount of Non-controlling interests	1,462	296	(1,137)	(228)
Revenue	5,152	931	17,695	18,686
Profit (Loss)	3,244	255	(1,642)	(1,220)
Other comprehensive income	0	0	0	0
Total comprehensive income	**3,244**	**255**	**(1,642)**	**(1,220)**
Profit allocated to Non-controlling interests	1,249	98	(657)	(488)
Other comprehensive income allocated to Non-controlling interests	0	0	0	0
Cash flows from operating activities	342	198	1,503	3,553
Cash flows from investment activities	(331)	(194)	(1,290)	(2,941)
Cash flows from financing activities	0	0	(311)	413
Net increase (decrease) in cash and cash equivalents	**11**	**4**	**(98)**	**1.026**

30. Average number of employees

	2023	2022
Average number of employees based on head-count during the period	**2,359**	**1,560**
thereof white collar employees	854	625
thereof blue collar employees	1,506	934

31. 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 persons, companies, subsidiaries, joint ventures and associates. Business transactions with related parties are carried out at ordinary arm's length conditions.

i. Key management personnel transactions

Directors of the Company control 79.05% of the voting shares of the ultimate Parent Company. Nikolaos Lykos holds a majority stake and can exercise control over the Group. No post-employment benefits exist. None of key management personnel, or their related parties, hold positions in other companies that result in them having direct control or significant influence over these companies.

With regard to management participation programs, see Note 13.E.

Key management personnel compensation is as following:

in € thousand	2023	2022
Short-term employee benefits	2,772	1,733
Management participation programs (long-term)	2,583	2,781
	5,355	**4,514**

With regard to long-term remuneration of the Management Board from management participation programs, please refer to note 13.E.i for Panagiotis Spyropoulos, Manolis Kontos, Jon Neeraas and Markus Kirchmayr, and refer to note 13.E.ii for management participation program for Burak Bilge.

ii. Transactions with members of the Supervisory Board

In 2023 there have been no transactions with members of the Supervisory Board. In previous year 2022 one member of the Board (who has already left the Board within 2022) invoiced t€ 19 for legal consulting services to the Group and received t€ 26 as a member of the Board of Directors of a subsidiary. In 2023 remunerations of t€ 27 were granted to the Supervisory Board, no advance payments or loans were granted.

iii. Transactions with associated companies

As of the balance sheet date 31.12.2023, there was investment in one immaterial associated company. No transactions were carried out with the associate in 2023 as well as in previous year.

32. Auditor's fees

Expenses for services rendered by the Group auditor (including the international network in terms of section 271b UGB) comprised the following:

in € thousand	2023	2022
Audit of consolidated and annual financial statements	486	191
Other confirmation services	70	180
	556	371

33. Subsequent events

After the balance sheet date, 33,238 own shares were acquired by the company as part of the share buy-back program resolved on 18 December 2023, corresponding to 0.0914% of the share capital. There were no other significant subsequent events after the balance sheet date.

Accounting policies

34. 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 01/01/2023.

Standard		Effective date*)	Material impact on consolidated financial statements
IFRS 17	Insurance contracts	01/01/2023	No
IAS 8	Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	01/01/2023	No
IAS 1	Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies	01/01/2023	No
IAS 12	Amendment to IAS 12 Income Taxes: Deferred tax related to Assets and Liabilities arising from a Single Transaction	01/01/2023	No
IAS 12	Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Models Rules	Immediately and 01/01/2023	No
IFRS 17	Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information	01/01/2023	No

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

35. Significant accounting policies

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

A. Basis of consolidation

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

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

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

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

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

Puttable or fixed-term equity interests in subsidiaries with put options held by non-controlling interests represent financial liabilities for the Group. Such liabilities are initially recognized at fair value in accordance with IFRS 9. Irrespective of whether the non-controlling shareholders are currently the beneficial owners of the shares or not, the initial consolidation is carried out as an early acquisition, i.e. the shares covered by the put option are allocated to the Group from the beginning as if the right had already been exercised. Subsequently, the liability from the put option is measured at fair value through profit or loss on each reporting date.

B. Foreign currency

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

i. Foreign currency transactions

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

ii. Foreign operations

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

C. Revenue

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

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

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

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

- Sales of merchandise

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

- Sales of services rendered

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

D. Employee benefits

i. Pensions or similar obligations

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

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

ii. Termination benefits

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

iii. Management participation programs

Share-settled share based payments

The fair value at the grant date of share-based payment arrangements to employees is recognized as an expense with a corresponding increase in equity over the period in which the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the relevant service conditions and non-market performance conditions are expected to be satisfied, so that the final amount recognized as an expense is based on the number of awards that satisfy the relevant service conditions and non-market performance conditions at the end of the vesting period. For share-based payment awards with non-vesting conditions, the fair value is determined at the grant date taking into account these conditions; no adjustment is required for differences between expected and actual outcomes.

Cash settled share based payments

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

E. Government grants & subsidies

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

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

F. Income tax

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

i. Current tax

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

ii. Deferred tax

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

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

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

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

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

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

G. Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average method. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity, these inventories are reclassified to contract assets. 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. Occurred impairment losses are excluded from reversal.
Customer relations	Customer relationships are part of the assets acquired through business combinations of the Group. The fair value was recognized under the income approach using the multi-period excess earnings method. Subsequent to initial recognition, the Group measures the above assets at cost less accumulated depreciation and any impairment losses.
Research and development expenses	Expenditure on research activities is recognized in profit or loss as incurred. 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. An impairment test is also carried out annually for capitalized development costs that have not yet been depreciated.

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

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. If an impairment test for a non-financial asset is not possible at the level of the individual asset, the test is carried out for the CGU to which this asset belongs.

J. Financial instruments

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

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

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

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

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

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

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

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

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

iii. Non-derivative financial liabilities – Measurement

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

K. Share capital

(a) Ordinary shares are classified as equity. Share capital represents the value of company's shares in issue. Any excess of the fair value of the consideration received over the par value of the shares issued is recognized as "share premium" in shareholders' equity.
(b) Incremental external costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

L. Impairment

i. Non-derivative financial assets

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

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

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

ii. Non-financial assets

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

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

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

Impairment losses are recognized in profit or loss.

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

M. Leases

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

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

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

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

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

N. IAS 29 Financial Reporting in hyperinflation economies

IAS 29 is to be applied when the functional currency of a company is that of a country with pronounced high inflation. Like in previous year, this concerns a subsidiary in Türkiye, as the cumulative three-year inflation rate has led to Turkey's classification as a hyperinflationary country within the meaning of IAS 29. IAS 29 requires the adjustment of affected financial statements by applying a general price index:
- Monetary items of the balance sheet are not adjusted.
- Non-monetary items of the balance sheet that are measured at cost are adjusted to the price changes that occurred in the financial year before translation into Group currency on the basis of an appropriate price index to measure purchasing power.
- All items in the statement of comprehensive income and all components of equity are also adjusted on the basis of suitable price indices.
- Gains or losses from the net position of monetary items are reported in the financial result of the consolidated income statement.
- Prior-year figures have not been adjusted in accordance with IAS 21.42 (b).

36. 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
IAS 7 and IFRS 7	Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements	01/01/2024	No
IAS 1	Amendments to IAS 1: Classification of Liabilities as Current or Non-current, Non-current Liabilities with Covenants	01/01/2024	No
IFRS 16	Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	01/01/2024	No
IAS 21	Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	01/01/2025	No

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

Vienna, 19 March 2024

Nikolaos Lykos
Chairman of the Management Board

Panagiotis Spyropoulos
Vice Chairman & Group CEO

Emmanouil Kontos
Member of the Management Board

Jon Neeraas
Member of the Management Board

Burak Bilge
Member of the Management Board

Markus Kirchmayr
Member of the Management Board

AUDITOR’S REPORT

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of

AUSTRIACARD HOLDINGS AG, Vienna,

and of its subsidiaries (the Group) comprising the consolidated statement of financial position as of December 31, 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended and the notes to the consolidated financial statements.

Based on our audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of December 31, 2023 and cashflows and its financial performance for the year then ended in accordance with the International Financial Reportings Standards (IFRS) as adopted by EU, and the additional requirements under Section 245a Austrian Company Code UGB.

Basis for Opinion

We conducted our audit in accordance with the regulation (EU) no. 537/2014 (in the following "EU regulation") and in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained until the date of this auditor’s report is sufficient and appropriate to provide a basis for our opinion by this date.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the fiscal year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We considered the following matters as key audit matters for our audit:

1. Valuation of the reserve for share-based payments
2. Recoverability of goodwill

Key Audit Matter	How our audit addressed the key audit matter
Valuation of the reserve for share-based payments The book value of the reserve for AUSTRIACARD HOLDINGS AG management participation program 2022 – 2025 amounts to EUR 10.0 million as of December 31, 2023. The valuation of the reserve for management participation programs requires judgement and estimations made by management. The main risk refers to management's assessment of the parameters included in the valuation as well as to the accounting treatment. The disclosures related to the management participation programs are included in Notes 3. Use of judgments and estimates, 13. Employee benefits and 35. Significant accounting policies.	We assessed management's valuation and accounting of the management participation programs. Our audit procedures included, among others, the following: • Read the management participation programs to gain an understanding of the significant terms and conditions and to confirm whether the correct accounting treatment has been applied; • Plausibility check of the planning assumptions with regard to management goals' achievement up to the exercise point of the program; • Involve our internal valuation specialists to evaluate the underlying valuation model and parameters; • Check the mathematical accuracy of the valuation model; • Assess the adequacy of the disclosures in the financial statements.

Key Audit Matter	How our audit addressed the key audit matter
Recoverability of goodwill The book value of goodwill amounts to EUR 29.4 million as of December 31, 2023. No impairment charges were recorded in 2023. According to IFRS, goodwill is subject to an impairment test at least annually. The assessment of the recoverability of goodwill requires judgement, in determining whether there is an impairment need and the amount of such an impairment. The main risk relates to management's estimates of future cash flows and discount rates, which are used to assess the recoverability. The disclosures related to the goodwill and the related impairment test are included in Notes 3. Use of judgments and estimates, 17. Intangible assets and goodwill and 35. Significant accounting policies.	We examined management's assessment of the recoverability of goodwill (using the criteria of IAS 36 and the Group's accounting principles). Our audit procedures included, among others, the following: • Assess the determination of the cash generating units (CGUs); • Check the plausibility of the assumptions made in the valuation models with data from operational planning; • Evaluate and assess the assumptions used within the future cash flow models as well as to reconcile them to approved budgets by the supervisory board; • Involve our valuation specialists for analyzing the valuation models, the discount- and growth rates; • Check the mathematical accuracy of the valuation model; • Assess the adequacy of the disclosures in the financial statements.

Reference to other matters

The consolidated financial statements of AUSTRIACARD HOLDINGS AG, Vienna for the year ended December 31, 2022 were audited by another group auditor who expressed an unmodified opinion on those consolidated statements on March 20, 2023.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual financial report, but does not include the consolidated financial statements, the Group's management report and the auditor's report thereon. The annual financial report is estimated to be provided to us after the date of the auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, to consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Management is responsible for the preparation of the consolidated financial statements in accordance with IFRS as adopted by the EU, and the additional requirements under Section 245a Austrian Company Code UGB for them to present a true and fair view of the assets, the financial position and the financial performance of the Group and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, always detect a material misstatement when it exists. Misstatements can arise 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 financial statements.

As part of an audit in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- 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 exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or 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 with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Comments on the Management Report for the Group

Pursuant to Austrian Generally Accepted Accounting Principles, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the management report for the Group was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the management report for the Group in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the management report for the Group.

Opinion

In our opinion, the management report for the group was prepared in accordance with the valid legal requirements, comprising the details in accordance with section 243a UGB (Austrian Company Code), and is consistent with the consolidated financial statements.

Statement

Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances no material misstatements in the management report for the Group came to our attention.

Additional information in accordance with article 10 EU regulation

We were elected as auditor by the ordinary general meeting at June 30, 2023. We were appointed by the Supervisory Board on September 22, 2023. We are auditors without cease since 2023.

We confirm that the audit opinion in the Section "Report on the consolidated financial statements" is consistent with the additional report to the audit committee referred to in article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

Responsible Austrian Certified Public Accountant

The engagement partner is Mr. Mag. Erich Lehner, Certified Public Accountant.

Vienna, March 19, 2024

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Marion Raninger mp	Mag. Erich Lehner mp
Wirtschaftsprüferin / Certified Public Accountant	Wirtschaftsprüfer / Certified Public Accountant

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

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

Nikolaos Lykos
Chairman of the Management Board

Panagiotis Spyropoulos
Vice Chairman & Group CEO

Emmanouil Kontos
Member of the Management Board
Deputy Group CEO and Regional Executive Vice
President (EVP) DACH, CEE/SEE

Jon Neeraas
Member of the Management Board
Regional Executive Vice President (EVP) W/E, Nordics, UK and USA

Burak Bilge
Member of the Management Board
Regional Executive Vice President (EVP)
Middle East, Africa (MEA) and Türkiye

Markus Kirchmayr
Member of the Management Board
Group CFO

AUSTRIACARD HOLDINGS AG
Single Financial Statements 2023

in accordance with the Austrian Commercial Code (UGB)

AUSTRIACARD HOLDINGS AG, Vienna *(translated)*

Annex I/1

Statement of Financial Position as of 31 December 2023

Assets

	31/12/2023 EUR	31/12/2022 EUR'000
A. Fixed assets		
I. Intangible assets		
Software	921.77	2
	921.77	**2**
II. Tangible assets		
1. Land and buildings	35,000.01	0
2. Other equipment	807.93	3
	35,807.94	**3**
III. Financial assets		
1. Investments in affiliated companies	110,782,008.98	89,765
2. Other investments	34,050.00	34
	110,816,058.98	**89,799**
	110,852,788.69	**89,804**
B. Current assets		
I. Accounts receivable		
1. Accounts receivable from affiliated companies	92,985,756.71	62
thereof non-current	*81,988,326.01*	*0*
2. Other receivables	415,768.13	115
thereof taxes	*238,698.87*	*69*
thereof non-current	*0.00*	*0*
	93,401,524.84	**176**
II. Cash in banks	**1,097,394.65**	**344**
	94,498,919.49	**520**
C. Prepaid expenses	**345,947.64**	**0**
D. Deferred tax assets	**369,005.88**	**0**
	206,066,661.70	**90,324**

AUSTRIACARD HOLDINGS AG, Vienna *(translated)*

Annex I/2

Liabilities and Shareholder`s equity

		31/12/2023 EUR	31/12/2022 EUR'000
A.	**Shareholder's equity**		
	I. Share capital	**36,353,868.00**	**16,862**
	II. Additional paid-in capital		
	1. Appropriated	33,033,278.68	34,795
	2. Unappropriated	53 000.00	53
		33,086,278.68	**34,848**
	III. Reserve for share-based payment	**10,004,000.02**	**0**
	IV. Taxed reserves		
	Statutory reserve	**7,000.00**	**7**
	V. Net profit	**20,245,325.43**	**27,573**
	thereof profit carried forward	*26,664,642.64*	*29,167*
		99,696,472.13	**79,291**
B.	**Provisions**		
	1. Tax provisions	152,000.19	0
	thereof deferred tax provisions	*57,200.00*	*0*
	2. Other provisions	2,064,724.33	900
		2,216,724.52	**900**
C.	**Liabilities**		
	1. Bank loans	101,091,557.66	8,900
	thereof current	*11,100,000.00*	*2,300*
	thereof non-current	*89,991,557.66*	*6,600*
	2. Accounts payable	277,939.27	381
	thereof current	*277,939.27*	*381*
	3. Liabilities to affiliated companies	2,295,458.35	653
	thereof current	*2,295,458.35*	*653*
	4. Other liabilities	488,509.77	198
	thereof from taxes	*65,670.16*	*61*
	thereof due to social securitiy	*54,582.55*	*2*
	thereof current	*488,509.77*	*198*
		104,153,465.05	**10,132**
	thereof current	*14,161,907.39*	*3,532*
	thereof non-current	*89,991,557.66*	*6,600*
D.	**Deferred income**	**0.00**	**1**
		206,066,661.70	**90,324**

AUSTRIACARD HOLDINGS AG, Wien *(translated)*

Annex I/3

Income Statement
for the financial year 2023

	2023 EUR	2022 EUR'000
1. Revenues	1,370,882.10	0
2. Other income		
a) Other other income	359,046.86	7
	359,046.86	7
3. Personnel expenses		
a) Salaries	-3,431,130.79	-74
b) Expenses for social security	-229,714.80	-17
thereof contributions to employee provision funds	*-10,732.13*	*-2*
thereof expenses for statutory social security and payroll related taxes and contributions	*-218,982.67*	*-15*
	-3,660,845.59	-91
4. Amortization, depreciation and impairment charges		
a) of intangible assets and equipment	-23,050.54	-4
	-23,050.54	-4
5. Other operating expenses		
a) Taxes other than income taxes	-95,010.14	-286
b) Sundry	-11,356,779.00	-1,459
	-11,451,789.14	-1,745
6. Subtotal from line 1 to 5 **(Operating result)**	**-13,405,756.31**	**-1,833**

AUSTRIACARD HOLDINGS AG, Wien *(translated)*

Annex I/3

Income Statement
for the financial year 2023

		2023 EUR	2022 EUR'000
6.	Subtotal from line 1 to 5 **(Operating result)**	**-13,405,756.31**	**-1,833**
7.	Income from investments	4,351,213.48	583
	thereof from affiliated companies	*4,351,213.48*	*583*
8.	Other interests and similar income	444,928.84	0
	thereof from affiliated companies	*380,750.00*	*0*
9.	Expenses from financial assets	-3,254,980.00	0
	thereof impairment	*-3,254,980.00*	*0*
	thereof from affiliated companies	*-3,254,980.00*	*0*
10.	Interest and similar expenses	-1,441,863.17	-338
11.	Subtotal from line 7 to 10 **(Financial result)**	**99,299.15**	**245**
12.	**Loss before tax**	**-13,306,457.16**	**-1,589**
13.	Income taxes	-65,900.05	-5
	thereof deferred taxes	*-63,623.75*	*0*
14.	Merger result	7,721,843.23	0
15.	Reorganization-related transfer of a result from previous periods	-768,803.23	0
16.	**Loss of the year**	**-6,419,317.21**	**-1,594**
17.	Profit carried forward from prior period	26,664,642.64	29,167
18.	**Net profit**	**20,245,325.43**	**27,573**

AUSTRIACARD HOLDINGS AG

Lamezanstraße 4-8, 1230 Vienna

Notes to the financial statements for the financial year 2023

1. General

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

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

2. Accounting principles

2.1. General

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

The principle of completeness was adhered to.

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

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

The principle of prudence was adhered to by recognizing revenue only if realized at the end of the reporting period. All identifiable risks and potential losses, which arose in 2023 or in a prior period, were taken into account.

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

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

2.2. Intangible assets

Intangible assets are only recognized when they are purchased and are measured at cost less amortization and impairment charges, if any. Internally developed intangible assets and low value items (individual acquisition costs of up to EUR 1,000.00) are expensed when acquired.

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

	Years	Percentage
Software	5	20

An **impairment loss** is recognized to adjust the carrying amount to its lower fair value as of the reporting date, if the decrease in value is expected to be permanent. In 2023, no impairment charge was recognized (prior year: EUR 0).

2.3. Tangible assets

Tangible assets are measured at **acquisition or production costs** less scheduled amortization and impairment charges, if any. Low value items (individual cost below EUR 1,000.00) are expensed in the year of purchase. In accordance with income tax regulations, additions in the first half of the year are subject to a full year's depreciation, and additions in the second half-year, are subject to a half-year's depreciation.

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

	Years	Percentage
Buildings	10 - 40	2.5 - 10
Plant and equipment	3 - 5	20 - 33

An **impairment charge** is recognized to adjust the carrying amount of an item of tangible assets to its lower fair value as of the reporting date, if the decrease in value is expected to be permanent. No impairment charge was recognized for 2023 (prior year: EUR 0k).

2.4. Financial assets

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

Impairment losses to a lower fair value as at the reporting date are recognized if the impairment is expected to be permanent. Impairment losses of EUR 3,254,980.00 were recognized in the financial year (previous year: EUR 0), which relate to the investment in INFORM LYKOS (HELLAS) A.E. in the amount of EUR 3,200,000.00 and the investment in INFORM ALBANIA Sh. pk in the amount of EUR 54,980.00.

2.5. Receivables and other assets

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

2.6. Current and deferred income tax

Deferred taxes are recognized in accordance with Section 198 par. 9 and par. 10 UGB by applying the balance sheet liability method and the current income tax rate of 23% (prior year: 23%). Deferred taxes are not discounted and are not recognized on tax loss carry-forwards.

2.7. Provisions

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

2.8. Liabilities

Liabilities are recognized at their repayment amounts.

2.9. Foreign currency translation

The reporting currency is the Euro. Receivables denominated in foreign currencies are measured at the lower of the transaction rate and buying rate as of the end of the reporting period. Liabilities denominated in foreign currencies are measured at the higher of the transaction rate and selling rate as of the end of the reporting period. In the case of currency forwards, the items are measured at the agreed forward rate. No forward exchange contracts were concluded in 2023.

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

3.1. Notes on the statement of financial position

For the development of assets we refer to Appendix 1.

3.1.1. Financial assets

Investments in affiliated companies

The disclosures on equity and the result of the last financial year of the affiliated companies are the values according to the Group Reporting Package as at December 31, 2023.

Name	Registered office	Equity	Share of equity	Net Profit/Loss of the most recent financial year
AUSTRIA CARD-Plastikkarten und Ausweissysteme Gesellschaft m.b.H. (ACV)	Vienna	EUR 77,078,132	100.00%	EUR 24,378,796
INFORM LYKOS HELLAS SA (ILG)	Koropi (GR)	EUR 11,119,108	99.99%	EUR (2,400,511)
CLOUDFIN LTD	Nicosia (CY)	EUR 3,831,298	61.50%	EUR 3,243,627
TERRANE LTD	Nicosia (CY)	EUR 17,081,599	100.00%	EUR 1,980,329
INFORM ALBANIA Sh.pk	Tirana (AL)	ALL 1,656,401	75.50%	ALL (9,081,505)

For impairment losses recognized in the financial year, see Note 2.4.

Other investments

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

3.1.2. Receivables and other assets

Receivables from affiliated companies amount to EUR 92,985,756.71 (prior year: EUR 62k). Of this amount, EUR 1,384,643.97 results from current service charges and EUR 91,468,326.01 from intercompany loan receivables that AUSTRIACARD HOLDINGS granted to certain Group companies.

3.1.3. Deferred tax assets

Deferred tax assets were recognized as at the balance sheet date for temporary differences between the tax base and the carrying amount under company law for the items below. For 2023, deferred taxes were already calculated using the corporate income tax rate of 23% planned for 2024, or 22% if these relate to the branch based in Greece.

	31.12.2023 EUR	31.12.2022 TEUR
Fixed assets (22%)	810,000.00	0
Intangible assets (22%)	1,993.33	0
Investments (22%)	301,008.00	0
Borrowing costs (23%)	537,500.00	0
Long-term personnel provisions (22%)	2,366.26	0
Amount total differences	1,652,867.59	0
Thereof deferred taxes as of 31 Dec	**369,005.88**	**0**

Movement of deferred tax assets:

	2023 EUR	2022 TEUR
As of 01 Jan	0,00	0
Carrying amount transfer from merger	197,855.32	0
Reorganization-related transfer of a result from previous periods	177,574.31	0
Changes affecting net income of the financial year	-6,423.75	0
As of 31 Dec	**369,005.88**	**0**

The deferred tax expense of EUR 63,623.75 reported in the income statement includes the change in deferred tax assets of EUR 6,423.75 as well as the change in deferred tax liabilities of EUR 57,200.00.

3.1.4. Shareholder’s equity

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

	Share capital kEUR	Additional paid-in capital kEUR	Reserve for share-based payment kEUR	Tax reserves kEUR	Net Profit kEUR	Total kEUR
As of 1 January 2022	**14,638**	**7,337**	**0**	**7**	**29,167**	**51,149**
Capital increase	2,224	27,511	0	0	0	29,735
Loss of the year 2022	0	0	0	0	-1,594	-1,594
As of 31 December 2022	**16,862**	**34,848**	**0**	**7**	**27,573**	**79,291**
Capital increase and merger	1,315	16,415	0	0	0	17,730
Capital increase from company funds	18,177	-18,177	0	0	0	0
Dividend distribution	0	0	0	0	-909	-909
Share-based payment	0	0	10,004	0	0	10,004
Loss of the year 2023	0	0	0	0	-6,419	-6,419
As of 31 December 2023	**36,354**	**33,086**	**10,004**	**7**	**20,245**	**99,696**

Share capital

The share capital of EUR 36,353,868.00 is divided into 36,353,868 no-par value shares, each of which participates in the share capital to the same extent.

Authorized capital

At the Extraordinary General Meeting on November 30, 2022, the Management Board was authorized, with the approval of the Supervisory Board, to increase the company's share capital by up to EUR 8,431,033 until November 30, 2027 - also in several tranches - by issuing a total of up to 8,431,033 bearer shares with voting rights against cash and/or non-cash contributions, whereby the issue price and the issue conditions are determined by the Management Board with the approval of the Supervisory Board. The Management Board is also authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in whole or in part (exclusion of subscription rights) (i) if the capital increase is made against cash contributions and the total calculated proportion of the company's share capital attributable to the shares issued against cash contributions excluding subscription rights does not exceed the limit of 10% (ten percent) of the company's share capital at the time the authorization is granted, (ii) if the capital increase is made against contributions in kind or (iii) for the settlement of fractional amounts.

Cross-border merger

The Extraordinary General Meeting of INFORM P. LYKOS HOLDINGS S.A. ("INFORM") and the Extraordinary General Meeting of the Company resolved on January 30, 2023, each based on the merger agreement dated December 21, 2022, the cross-border merger of INFORM as the transferring company into the Company as the acquiring company. The merger takes place on the basis of the Austrian EU Merger Act in conjunction with Sections 219 et seq. of the Austrian Stock Corporation Act (hereinafter referred to as "AktG") and Article I of the Austrian Reorganization Tax Act as well as the provisions of Greek Law 3777/2009, the provisions of Articles 7-21 and 30-34 of Greek Law 4601/2019 on company transformations and the provisions of Greek Law 4548/2018 and, from the perspective of Greek tax law, the provisions of Article 54 of Greek Law 4172/2013, Article 61 of Greek Law 4438/2016 and Articles 1 to 6 of Greek Law 2578/1998.

On March 17, 2023, the cross-border merger with retroactive effect to September 30, 2022 to incorporate "INFORM" as the transferring company into AUSTRIACARD HOLDINGS AG as the acquiring company became legally effective and the company assumed all assets and liabilities of INFORM, including INFORM's investments in the operating subsidiaries, by way of universal succession and legally assumes all rights, legal relationships, obligations and liabilities of INFORM. The main assets taken over are the investments in INFORM LYKOS HELLAS SA (Greece), CLOUDFIN LTD (Cyprus) and TERRANE LTD (Cyprus) as well as loan liabilities.

The merger was accounted for by continuing the carrying amounts of the acquired assets. The resulting merger result of EUR 7,721,843.23 and the transfer of INFORM's result for the period from October 1, 2022 to December 31, 2022 in the amount of EUR -769,803.23 due to the reorganization are each shown in separate items in the income statement.

In the course of the cross-border merger, the assets of the transferring company Inform P. Lykos Holdings SA with a total value of EUR 17,730,000.00 were transferred to the acquiring company AUSTRIACARD HOLDINGS AG as a contribution in kind and the share capital of the acquiring company was increased by issuing 1,314,867 new bearer shares with a nominal value of EUR 1,314,867.00 to EUR 18,176,934.00. EUR 16,415,133.00 of the non-cash contribution was allocated to the appropriated capital reserve. The total carrying amount of the investment in Inform P. Lykos Holdings SA of EUR 29,384,442.40 is shown as a disposal in the fixed assets schedule as a result of the merger.

The exchange ratio was set at 4.571 : 1, i.e. the granting of one new share in the acquiring company for 4.571 shares in the transferring company. The applicable exchange ratio was determined on the basis of the relative equity values (and therefore share values) of the transferring company and the acquiring company. The determination of the enterprise value of INFORM and the exchange ratio are based on an expert opinion on the enterprise value of the company, AUSTRIA CARD-Plastikkarten und Ausweissysteme GmbH and INFORM as of August 31, 2022 and a simplified projection of the values as of September 30, 2022 based on this and a fairness opinion on the exchange ratio dated December 15, 2022. The valuation was carried out in accordance with the principles of KFS/BW1 using the discounted cash flow method ("DCF") in the form of the entity approach. In a first step, the cash flows available to providers of equity and debt capital are discounted to the valuation date using an interest rate weighted according to the ratio of equity and debt capital ("WACC"). The equity value is determined from this total entity value by deducting the existing net debt on the valuation date. The exchange ratio and the amount of the contribution in kind were confirmed by the merger auditor and the auditor of the contribution in kind. Due to the merger described above, comparability with the previous year is not possible.

Capital increase from company funds

On June 30, 2023, the Annual General Meeting of the company resolved to increase the company's share capital from EUR 18,176,934.00 by EUR 18,176,934.00 to EUR 36,353,868.00 by converting a partial amount of EUR 18,176,934.00 of the appropriated capital reserves reported in the annual financial statements as at December 31, 2022 into share capital with the simultaneous issue of 18,176,934 new shares.

Buyback program for own shares

Furthermore, the company's Management Board resolved on December 18, 2023 to carry out a share buyback program on the basis of the authorization resolution pursuant to Section 65 para. 1 no. 4 and 8 AktG of the Annual General Meeting on June 30, 2023, published on June 30, 2023. The Supervisory Board of AUSTRIACARD HOLDINGS AG approved the implementation of the share buyback program by resolution dated December 18,2023. The maximum volume of the share buyback program amounts to up to 727,077 treasury shares (corresponding to approx. 2% of the current share capital), the buyback under the share buyback program will start on December 22, 2023 and is expected to run until June 21, 2024 at the latest (inclusive). In accordance with the resolution of the Annual General Meeting on June 30, 2023, the consideration to be paid per share for the buyback may (i) not fall below the lower limit of EUR 1.00 (notional interest in the share capital per share) and (ii) not be more than 20% above the average share price weighted by trading volume over the last 20 days prior to the respective purchase. The Management Board has also set an upper price limit of EUR 12.00 per share. The maximum total equivalent value of the share buyback program is EUR 5,816,616.00.

3.1.5. Provisions

The provisions mainly relate to the corporation tax provision in the amount of EUR 59,217.73 (previous year: EUR 0) as well as deferred tax provisions of EUR 57,200.00, recognized in profit or loss in the financial year 2023 at a tax rate of 22% of the branch office on the prepaid expenses.

Other provisions mainly relate to the provision for profit-sharing amounting to EUR 1,276,055.60 (previous year: EUR 0) and outstanding incoming invoices for auditing and consulting expenses.

3.1.6. Liabilities

On December 18, 2023, AUSTRIACARD HOLDINGS AG signed a financing agreement for EUR 186.6 million with a consortium of 10 European banks led by Unicredit, comprising a revolving credit facility, loan tranches and a guarantee facility with terms of 3 to 5 years. Some of the funds raised were used to refinance existing credit facilities of the company and various subsidiaries, while the remainder will be used for general corporate purposes and to finance the company's growth. As at December 31, 2023, the loans drawn down from the total volume amounted to EUR 101,091,557.66.

Liabilities to banks in the amount of EUR 0.00 (previous year: EUR 2,000k) have a remaining term of more than 5 years.

Of the liabilities to affiliated companies amounting to EUR 2,295,458.35 (previous year: EUR 653k), EUR 568,958.35 result from ongoing cost recharges (previous year: EUR 553k), EUR 1,726,500.00 from other liabilities (previous year: EUR 0) and no cash advance (previous year: EUR 100k).

The item other liabilities includes expenses in the amount of EUR 149,580.06 (previous year: EUR 184k) that become cash effective after the balance sheet date only.

Collateral and liabilities

Collateral has been provided for liabilities to banks in the amount of EUR 101,091,557.66. The collateral in rem mainly consists of share pledge agreements for the shares in three subsidiaries and the pledging of intercompany receivables that AUSTRIACARD HOLDINGS AG has granted to the Group companies from this financing.

3.1.7. Derivative financial instruments

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

Financial instrument	Item in statement of financial position	Fair value EUR	book value 31.12.2023 EUR	book value 31.12.2022 EUR
Interest rate swap NBG	Off-balance sheet	187,381.82	0.00	0.00
Interest rate swap RBI	Off-balance sheet	-69,480.32	0.00	0.00

The interest rate swap is designed as a hedging instrument to hedge against interest rate risks. It forms a valuation unit with the underlying bank loan with variable interest rates based on the 6-month Euribor. The hedging period for the interest rate swap NBG starts on December 30, 2022 and ends on December 29, 2028 and relates to the hedging of the 6-month-Euribor which amounts 0.685% per annum, the interest rate swap RBI starts from December 22, 2023 and ends on December 18, 2028 and relates to the hedging of the 6-month-Euribor which amounts 2.740% per annum.

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

The interest rate swap NBG designated as hedging instruments had a positive market value of EUR 187,381.82 (prior year: EUR 327k) as of the reporting date, the interest rate swap RBI had a negative market value of EUR 68,685.18 (prior year: EUR 0) which were not recognised in the balance sheet.

3.2. Notes to the income statement

3.2.1. Revenues

AUSTRIACARD HOLDINGS AG generated revenue of EUR 1,370,882.10 (prior year: EUR 0) from the charging of management fees in the 2023 financial year.

3.2.2. Personnel expense and employees

An amount of EUR 10,732.13 (prior year: EUR 2k) was paid to the employee provision funds.

Average number of employees	2023	Prior year
White-collar workers	14	1

3.2.3. Other operating expenses

Other operating expenses include, in particular, the expenses from share-based payment described in section 4.2 amounting to EUR 8.519.840,93 (previous year: kEUR 0) for entitled management members of the subsidiaries, expenses for third-party services amounting to EUR 1,491,128.39 (previous year: kEUR 773) and expenses for legal advice amounting to EUR 465,419.18 (previous year: kEUR 187).

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

3.2.4. Income tax

On 1 December 2015, the Company established a tax group and signed a tax allocation agreement. Head of the tax group is AUSTRIACARD HOLDINGS AG and the only member of the tax group is AUSTRIA CARD-Plastikkarten und Ausweissysteme Gesellschaft m.b.H. Tax equalization within the Group is achieved through positive and negative tax allocations amounting to 24% of the tax result.

AUSTRIACARD HOLDINGS AG has to pay a tax expense of EUR 77,761.73 for the entire Group for the 2023 assessment year (prior year: EUR 0).

3.2.5. Merger result

From the cross-border merger, as described in section 3.1.4, the company realized a merger gain of EUR 7,721,843.23, which results from the difference between the acquired net assets of INFORM as of the merger date 30 September 2022 in the amount of EUR 37,106,285.63 and the carrying amount of AUSTRIACARD HOLDINGS AG's investment in INFORM in the amount of EUR 29,384,442.40.

4. Other disclosures

4.1. Officers of the Company

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

Mr. Nikolaos Lykos

Mr. Panagiotis Spyropoulos

Mr. Emmanouil Kontos (since July 01, 2023)

Mr. Jon Neeraas (since July 01, 2023)

Mr. Burak Bilge (since July 01, 2023)

Mr. Markus Kirchmayr (since July 01, 2023)

The remuneration of the members of the Management Board amounted to EUR 2,034,360.29 in the 2023 financial year. The participants in the management participation program described in section 4.2 also include members of the Management Board of AUSTRIACARD HOLDINGS AG, with Panagiotis Spyropoulos holding 22.7%, Manolis Kontos and Jon Neeraas each holding 18.8% and Markus Kirchmayr 9.4% of the options.

In 2023, the following persons were members of the Supervisory Board:

Mr. Petros Katsoulas	Chairman
Mr. John Costopoulos	vice-Chairman
Mr. Martin Wagner	member
Mr. Michael Butz	member
Mr. Anastasios Gabrielides	member

There were no transactions with members of the Supervisory Board in 2023. In 2022, one member of the Supervisory Board, who left the Supervisory Board at the end of 2022, charged EUR 19 thousand to the Group for legal advice and received EUR 26 thousand as a member of the Board of Directors of a subsidiary.

In 2023, the Supervisory Board was granted remuneration of EUR 27,095.89; no advances or loans were granted.

4.2. Management Participation Programs

On June 30, 2023, the management participation programs (Digital Security - Management Participation Program = "DS Program") that had previously been in place at the level of the companies of INFORM P. LYKOS HOLDINGS S.A. (merged into AUSTRIACARD HOLDINGS AG in the financial year), and AUSTRIA CARD Plastikkarten und Ausweissysteme GmbH, Vienna (ACV) existing management participation programs (Digital Security - Management Participation Program = "DS Program", and Information Management - Management Participation Program = "IM Program") for members of Group senior management for the period 2022 to 2025 were merged and consolidated at the level of AUSTRIACARD HOLDINGS AG (ACAG). As part of this consolidated program, participants can acquire up to 8% of the company's shares in the following year, depending on the Group's results in the 2025 financial year. The management participation program must generally be fulfilled with the transfer of shares in the company, but the company also has the option of fulfilling the program in whole or in part with cash. The Executive Board assumes that the program will actually be fulfilled with shares and that the program is therefore to be classified as an "equity-settled" program.

The fair value of the entire participation program amounted to EUR 20m at the time of adoption, which is to be recognized as an expense over four years depending on any personnel fluctuation. In the past financial year, an expense of EUR 8.5m for the financial years 2022 and 2023 for employees in subsidiaries was recognized in other operating expenses and EUR 0.9m as personnel expenses of the Company. A related expense of EUR 0.6m is included in the item “Reorganisation-related transfer of earnings from previous periods”. This non-cash expense was recognized in the reserve for share-based payment as a separate position within equity.

The following contractual conditions form the basis of the committed consolidated management participation program.

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

Options in % of the share capital	Minimum annual net ROIC
0.0%	< 8.4%
1.6%	8.4%
3.2%	11.8%
4.8%	14.9%
6.4%	17.6%
8.0%	20.1%

Starting on January 1, 2022, the options will vest 1/48 at the end of each month until the end of December 2025, whereby the number of options granted will not be determined until 2026 and may also be 0. If program participants leave the program as defined 'bad leavers' before the end of 2025, they will lose all options. If program participants leave as 'good leavers', they will retain the options that have vested by then, but the remaining options that have not yet vested will be cancelled without consideration.

4.3. Consolidated financial statements

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

4.4. Significant events after the reporting date

After the balance sheet date, 33,238 treasury shares were acquired by the company as part of the share buyback program resolved on 18 December 2023, corresponding to 0.0914% of the share capital. There were no other significant events after the balance sheet date.

4.5. Dividend distribution

The Management Board plans to propose to the Annual General Meeting to distribute a dividend of EUR 0.10 per dividend-bearing share from the balance sheet profit.

Vienna, 19 March 2024

Management Board

Nikolaos Lykos
Chairman of the Management Board

Panagiotis Spyropoulos
Deputy Chairmen of the Management Board

Emmanouil Kontos
Board member

Jon Neeraas
Board member

Burak Bilge
Board member

Markus Kirchmayr
Board member

AUSTRIACARD HOLDINGS AG, Vienna *(translated)* **Annex 1 to the Notes**

Fixed assets schedule for the financial year 01.01.2023 - 31.12.2023

	Acquisition or production costs					Accumulated amortization					Net carrying amount	
	As of Jan 1 2023 EUR	Additions EUR	Addition from merger EUR	Disposal EUR	As of Dec 31 2023 EUR	As of Jan 1 2023 EUR	Additions EUR	Addition from merger EUR	Disposal EUR	As of Dec 31 2023 EUR	Book value Dec 31 2023 EUR	Book value Dec 31 2022 EUR
I. Intangible assets												
Software	**292,621.08**	**0.00**	**0.00**	**0.00**	**292,621.08**	**290,777.53**	**921.78**	**0.00**	**0.00**	**291,699.31**	**921.77**	**1,843.55**
II. Tangible assets												
1. Land and buildings	0.00	0.00	225,195.68	0.00	225,195.68	0.00	0.00	190,195.67	0.00	190,195.67	35,000.01	0.00
2. Other equipment	12,600.29	823.72	38,491.03	823.72	51,091.32	9,676.87	22,128.76	19,301.48	823.72	50,283.39	807.93	2,923.42
	12,600.29	**823.72**	**263,686.71**	**823.72**	**276,287.00**	**9,676.87**	**22,128.76**	**209,497.15**	**823.72**	**240,479.06**	**35,807.94**	**2,923.42**
III. Financial assets												
1. Investments in affiliated companies	89,765,327.47	17,730,000.00	36,172,132.01	29,384,442.40	114,283,017.08	0.00	3,254,980.00	246,028.10	0.00	3,501,008.10	110,782,008.98	89,765,327.47
2. Other investments	34,050.00	0.00	0.00	0.00	34,050.00	0.00	0.00	0.00	0.00	0.00	34,050.00	34,050.00
	89,799,377.47	**17,730,000.00**	**36,172,132.01**	**29,384,442.40**	**114,317,067.08**	**0.00**	**3,254,980.00**	**246,028.10**	**0.00**	**3,501,008.10**	**110,816,058.98**	**89,799,377.47**
	90,104,598.84	**17,730,823.72**	**36,435,818.72**	**29,385,266.12**	**114,885,975.16**	**300,454.40**	**3,278,030.54**	**455,525.25**	**823.72**	**4,033,186.47**	**110,852,788.69**	**89,804,144.44**

Management report 2023

1. Business development and financial situation

AUSTRIACARD HOLDINGS AG was established on September 29, 2010 as a holding company. The Company is the parent company of the AUSTRIACARD Group since 2014. As such, the Company manages the Group's activities, provides management services for group companies and supports the further development of the Group's portfolio of digitalization solutions.

Business development

In March 2023, the corporate restructuring started in 2022 was completed with the cross-border merger of the Company with the subsidiary INFORM P. LYKOS HOLDINGS S.A., Athens/Greece, ("ILG") and with the listings at the stock exchanges in Athens and Vienna. The merger resulted in merger gain of EUR 7,721,843.23. Since the merger took place retrospectively as of September 30, 2022, the negative result of ILG for the period from October 1, 2022 to December 31, 2022 in the amount of EUR 768,803.23 is presented in the separate position "Reorganisation-related transfer of earnings from previous periods" before the net profit for the year.

As part of the merger, the minority shareholders of ILG were granted 1,314,867 new shares and a capital increase of EUR 1,314,867 was carried out. The premium of EUR 16,415,133.00 was recognized in the appropriated Additional paid-in capital. Based on the resolution of the Annual General Meeting on June 30, 2023, a capital increase from company funds in the amount of EUR 18,176,934 was carried out in August 2023 with the issue of 18,176,934 bonus shares, which doubled the number of shares in the company to 36,353,868.

In June 2023, the existing management participation programs for members of Group senior management at ILG and AUSTRIA CARD GmbH, Vienna, for the period 2022 to 2025 were merged and consolidated at Company level. Under this program, participants can acquire up to 8% of the Company's shares in the following year, depending on the Group's earnings in financial year 2025. The management participation program is generally intended to be fulfilled with the transfer of shares, but the program also grants the Company the option of fulfilling the program in whole or in part with cash. The Management Board assumes that the program will actually be fulfilled with shares and that the program is therefore to be classified as an "equity-settled" program. The fair value of the entire participation program amounted to EUR 20m at the time of adoption, which is to be recognized as an expense over four years depending on any personnel fluctuation. In the past financial year, an expense of EUR 8.5m for the financial years 2022 and 2023 for employees in subsidiaries was recognized in other operating expenses and EUR 0.9m as personnel expenses of the Company. A related expense of EUR 0.6m is included in the item “Reorganisation-related transfer of earnings from previous periods”. This non-cash expense was recognized in the reserve for share-based payment as a separate position within equity.

As part of the restructuring, a Group-wide agreement for the provision and invoicing of management services was concluded in 2023. For this reason, the Company's revenue increased to EUR 1,370,882.10 (previous year: EUR 0). For this purpose and for the execution of an European research and development project, more persons were employed in the Company, resulting in an increase in personnel expenses to EUR 3,660,845.59 (previous year: EUR 91k). Other operating expenses increased from EUR 1,745k to EUR 11,451,789.14 in the 2023 financial year, in particular due to the expenses in connection with the management participation program described above. The operating result therefore decreased from EUR -1,833k to EUR -13,405,756.31.

Income from investments amounted to EUR 4,351,213.48 in 2023 (previous year: EUR 583k) and relates to dividends from subsidiaries. Other interest and similar income mainly relate to the recharging of borrowing costs to subsidiaries in connection with the Group refinancing in December 2023. The expenses from financial assets relate to the value adjustment of two subsidiaries, INFORM LYKOS HELLAS SA, Athens and INFORM Albania. Interest expenses increased from EUR 338k to EUR 1,441,863.17 in the 2023 financial year due to the increase in Euribor and higher average financial liabilities. The Loss before tax increased from EUR -1,589k to EUR -13,306,457.16 in the past financial year, mainly due to expense in connection with the management participation program.

The Net loss for 2023 amounted to EUR 6,419,317.21 (previous year: EUR 1,594k) after considering merger-related effects.

As a result of the merger with capital increase less value adjustments on investments in subsidiaries, financial assets increased from EUR 89,765k to EUR 110,782,008.98. Due to the refinancing carried out in December 2023, as part of which the Company took out syndicated loans and used these to repay existing loan liabilities within the Group by granting loans to subsidiaries, both Bank loans and receivables from affiliated companies increased significantly to EUR 101,091,557.66 and EUR 92,986k respectively. The total assets increased from EUR 90,324k to EUR 206,066,661.70. The equity ratio decreased from 87.8% to 48.4%.

Branches

In the past financial year there was a branch in Thessaloniki, Greece. In 2023, the branch operated a research project in the field of IoT and provided services to affiliated entities, particularly in the area of finance. At the end of the year, the branch had 14 employees (previous year: 1) and revenue of EUR 338,408.04 (previous year: 0). Otherwise, there were no branches.

Performance indicators

Euro values in EUR thousands	2023	2022	2021
Financial performance indicators			
Operating result	-13,406	-1,833	-619
Financial result	99	245	1,271
Equity ratio in % (*Equity / Total assets)*	48.4%	87.8%	84.5%
Working capital *(Current assets minus current liabilities)*	-3,811	-3,913	-1,386

2. Research & Development

In the past financial year, the Company's branch carried out two European research projects in the area of the Internet of Things ("IoT"). One project focused on on developing a Wireless Detection and Decision Support System to maintain the consumption security of vulnerable products during transportation and storage. It addresses challenges in supply chains, particularly for perishable goods, utilizing adaptive wireless sensors, secure APIs, and a decision support platform. The project aims to improve the consumption security of perishable products with a focus on data integrity.

A second project aimed to to establish a remote monitoring system for infrastructure, focusing on proactive surveillance, cost reduction, workforce optimization, and operational efficiency. The goal is to enhance maintenance by providing timely fault diagnosis and preventive surveillance.

Research and development expenses amounted to EUR 713,307.00 in 2023 (previous year: EUR 9k).

3. Future development and risks

Future development

The Company is expected to generate higher revenue from management services in 2024 and will be able to reduce the negative operating result as a result of the reduction in non-cash expenses from the management participation program. Despite the higher interest expenses as a result of the Group refinancing, an improvement in the financial result is expected due to the offsetting of interest on loans to subsidiaries and expected dividends. Excluding the non-cash expenses from the management participation program, the Management Board expects a positive annual result.

Significant risks and uncertainties

As the Group parent company and holding company, the Company is dependent on the timely repayment of loans, interest and dividend payments and the settlement of trade receivables by the Group subsidiaries in order to service existing and future obligations.

To ensure this, the Company acts as an active management holding company with the aim of limiting risks exclusively to unavoidable risks and monitoring the effects of these risks in order 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 Management Board is responsible for the Group’s risk management, defines the risk policy which is generally characterized by a conservative approach and sets the framework for Group-wide risk management. Following the listing of the Group and based on a history of effectively managing risks and opportunities, the Management Board has implemented the following formalized risk process in order to ensure compliance with the Austrian Corporate Governance Code. There is a focus on risk prevention and risk reduction which are, as far as economically justifiable, achieved by appropriate control measures and complemented by the Group’s insurance program. Each risk area that is considered to be significant is assigned to a risk area officer with relevant expertise who is responsible for analysing, assessing, controlling, and monitoring the respective risks. Thus, the risk management process does not take place in an isolated way, but as an integral part of the organization and its procedures. The identified risks are evaluated in terms of potential damage and probability of occurrence before as well as after taking safeguarding and steering measures.

For each risk that is identified and considered to be significant for the Group, specific control, steering and safeguarding measures are determined, taking into account the Group-wide risk policy, in order to manage the respective risk. These measures are continuously evaluated and developed or amended. They are oriented towards improving the Group’s risk position, however without restricting possible opportunities.

If any of the risks outlined in the section below materialises, this could have an adverse effect on the business, financial condition, and result of operations of the Group:

3.1 Risks relating to the (macro-) economic and political environment

Risks related to uncertainty in the current economic context

Following the COVID-19 pandemic there is a higher than usual degree of uncertainty in the current economic context, mainly due to the heightened geopolitical tensions following Russia's invasion of Ukraine and the conflict in Gaza, which have exacerbated inflationary pressures, supply chain bottlenecks and volatility in commodity and financial markets. The combined effect thereof may have an adverse effect on business and consumer confidence and the global economy generally. An economic downturn may impact the Group's customers, resulting in their inability to pay amounts owed to the Group and may affect demand for the Group's goods and services. Additionally, the sourcing and cost of raw materials may be negatively affected.

Inflationary pressures

The Group's business and operations may be affected by the current inflation surge, which started around mid 2021 after a few decades of very low inflation and was accelerated by Russia's invasion of Ukraine. Inflation is expected to put upward pressure on the Group's expenses, particularly wages, operating expenses and material costs.

3.2 Risks relating to the Group’s industry and business

Evolving market trends and changing technologies

The market for electronic payment systems is characterized among others by: rapid technological advancements, frequent product introductions and enhancements, local certification requirements and product customizations, evolving industry and government performance and security standards and regulatory requirements, introductions of competitive products and alternative payment solutions, such as mobile payments and processing, at the POS (point of service) and rapidly changing customer and end user preferences or requirements. Because of these factors, the Group must continually enhance its existing solutions and develop and market new solutions and it must anticipate and respond timely to these industry, customer and regulatory changes in order to remain competitive.

Additionally, while the Group expects innovative solutions developed to address the ongoing digital transformation to comprise an important and increasing component of the Group’s services portfolio going forward, the Group faces the risk that some industries may not continue to aggressively pursue their “digital reinvention”. The fact that the Group has a wide Industry reach and does not depend on one Industry i.e. Financial Institutions gives the ability to mitigate any turbulence or slower Digital Transformation progress.

Sales and competition

The markets for the Group's solutions and services are highly competitive and rapidly evolving, and it has been and expects to continue to be subject to significant competition from existing and new competitors and a variety of technologies. Traditionally, the Group has competed with other large manufacturers which are considerably larger, have more resources, are more established and benefit from greater name recognition. In certain areas, the Group also competes with smaller companies that have been able to develop strong local or regional customer bases. In addition, some of these competitors may use aggressive pricing policies which may result in the Group facing significant downward pressures on prices in certain countries and regions.

The electronic payment industry is facing recent competition emerging from non-traditional competitors, such as Apple, PayPal and Google, which offer alternative payment methods that generally bypass the traditional card-based interchange-based payment processing systems on which much of the industry's current business model is largely based. Moreover, these non-traditional competitors have considerable financial resources and strong networks and are highly regarded by consumers. However, EMV cards are the pre-eminent mean of payment and is a reliable back up to new means of payment such as electronic wallets. On the other hand there is still a big migration to happen from cash payment to credit/debit cards which will ensure the growth projected. Additionally, Challenger Banks where the Group has a big market penetration, as well as traditional banks issue cards as a marketing tool and to have a physical connection with their customers since the number of physical branches is reducing.

The Group expects to continue to experience significant competition. To mitigate that risk, the Group aims at effectively competing with existing competitors and new market entrants by developing and offering, in a timely manner, an attractive solutions portfolio with technological features its customers desire.

Procurement

The Group utilizes, as customary in this industry, a limited number of suppliers and service providers to supply certain of the key components of the cards, the print products and other components, used in the development and operation of the Group's services and products. In particular, the Group collaborates with specific suppliers for the supply of materials based on long-term partnerships which are mainly governed by framework contracts with an indefinite duration or a definite duration of up to 3 years based on which materials and services are ordered according to operational requirements.

The Group relies upon these suppliers to produce and deliver products and materials on a timely basis and at an acceptable cost. Business interruptions could affect the ability of these suppliers to produce and deliver the ordered products and services on time. If these suppliers and service providers were unable to continue providing their services, the Group could encounter difficulty finding alternative suppliers. Nevertheless, for some of the critical components used in production we have qualified alternative supplier to mitigate this risk.

Supply chain management

If the Group inaccurately forecasts demands for its products, it could end up with either excess or insufficient inventory to satisfy demand. This problem is exacerbated because the Group generally receives a volume of customer orders on short notice which leaves the Group little time to adjust inventory mix to match demand. During the transition from an existing product to a new replacement product, the Group must accurately predict the demand for the existing and the new product. Furthermore, introducing new products into the Group's current markets or existing products into new markets involves the uncertainty of whether the market shall adopt the Group's product in the volumes and time frames that it anticipates or at all. Not properly managed inventory levels could lead to increased expenses associated with writing off excessive or obsolete inventory, maintaining significant inventory of components and thus increasing net working capital and indirectly financing costs and decreasing liquidity, additional shipping costs to meet immediate demand and a corresponding decline in gross margins or lost sales. As such forward looking rolling forecast is being implemented from the Group in order to manage in the best possible way the demand coming from its client base.

Business interruption

The Group depends on the efficient and uninterrupted operation of numerous systems, including its computer systems, software, servers and data centers. The services the Group delivers are designed to securely and reliably process very complex and sensitive digital data volumes and to manage and distribute these data at very high volumes and processing speeds. Any failure to deliver an effective and secure service or performance issues that result in significant processing or reporting errors or service outages could have an adverse effect on a potentially large number of users, the Group’s business, and, ultimately, its reputation. Events that could cause system interruptions include, but are not limited to, fire, natural disasters, telecommunications failure, computer viruses, unauthorized entry, terrorist acts and war. To mitigate such risks, the Group is developing and implementing plans for disaster recovery, back-up sites and protective measures against natural disasters and other potential causes for business interruption.

Information security and Data breach

The Group operates in an industry that makes it a target of cyber and other attacks, including hacking attacks, on its systems as well as on its payment solutions. The Group’s business involves the collection, transmission, storage and use of proprietary data or personally-identifying information of its customers, business partners and employees, as well as, in certain cases, end-users of its products or services, including names and addresses, cardholder data, and payment history records, among other data and information. The confidentiality and integrity of the client and consumer information on the Group’s servers and other information systems is critical to the operation of its business. As a result, the Group is exposed to risks of third-party security breaches, including hacking attacks, employee error, malfeasance, or other irregularities or compromises of its systems which could result in the loss or misappropriation of sensitive data, corruption of business data or other disruption to the Group’s operations.

The Group has devoted significant resources to security measures, processes and technologies to protect and secure its networks and systems, but they cannot provide absolute security, especially in light of rapid advances in computer capabilities and cryptography. Key measures to mitigate these risks are among others data privacy and data protection measures, data leakage prevention controls and the implementation of cyber security measures including vulnerability and penetration testing.

Compliance with industry and government regulations and standards

The Group’s products and services must meet industry standards such as the Payment Card Industry standards (PCI for Card Production and Provisioning - PCI CP&P) as well as those imposed by payment transactions standards setting organizations such as EMV and other associations and standard setting organizations (such as ISO). The Group’s operational sites are certified according to the above mentioned standards.

The Group is a certified producer of Visa, Mastercard (CQM) and Diners Club International brands and operates under permanent supervision of external auditors appointed or accredited by the PCI Security Standards Council (PCI SSC) and other institutions following strict standards for digital and physical security. The Company has effective specific security policies and procedures which are audited on an annual basis with respect to physical and logical security by PCI Card Production Security Assessors (CPSA), card schemes and relevant ISO Standards’ accreditation bodies. All previous audit procedures have been successfully concluded without any impact on the relevant certifications.

3.3 Regulatory and legal risks

Privacy and protection of personal data

In conducting its activities, the Group regularly acts as processor of personal data. Therefore, the Group is subject to data privacy and protection laws and regulations of various jurisdictions that apply to the collection, transmission, storage and use of proprietary information and personally-identifying information. As data processors, the Group companies are most often subject to more obligations in terms of data protection than a data controller, in light of the fact that these obligations are of two categories, respectively those provided by law as mentioned above and those arising from the contractual relationships concluded with data controllers who have the freedom to send specific instructions to the processor regarding data protection. The regulatory environment surrounding information security and data privacy varies from jurisdiction to jurisdiction and is constantly evolving and increasingly demanding.

The Group’s failure to keep apprised of and comply with privacy, data use and security laws, standards and regulations could result in the suspension or revocation of licenses or registrations, the limitation, suspension or termination of services and the imposition of administrative, civil or criminal penalties including fines, or may cause existing or potential customers to be reluctant to conduct business with the Group, damage to the Group’s reputation and its brand, any of which could have an adverse effect on the Group’s business, results of operations and financial condition. To mitigate this risk the Group has implemented relevant data privacy and data protection measures.

Compliance with laws and regulations

Compliance risks arising from possible non-conformity with standards, laws, ethical codes of conduct, and, where applicable, voluntary commitments, such as the code of conduct, are managed especially by means of preventive measures such as regular systematic compliance monitoring, the four-eyes principle as well as Group-wide guidelines and trainings. The aim is to ensure strict adherence to compliance requirements.

3.4 Financial risks

Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily the Euro (EUR), RON (Romania), GBP (UK) and USD (USA). The currencies in which the Group’s transactions are denominated are mainly Euro and RON and to a lesser extent GBP (British Pound), USD (US Dollar), TRY (Türkiye), ALL (Albania), PLN (Poland) and others. As the group parent company, the Company is indirectly exposed to exchange rate risk via group subsidiaries.

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

Interest rate risk

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

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.

As the Company only operates as a holding company, there are receivables risks from Group companies and only indirect credit risks from customers of the Group.

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 360 day forecasts. Net cash requirements are compared to available borrowing limits, to identify surpluses or deficiencies in liquidity.

The Company is exposed to a liquidity risk with regard to the scheduled repayment of liabilities to banks, since the Company is dependent on the payment of dividends or the provision of liquidity by the subsidiaries in this respect. In accordance with internal financial planning, the Management Board expects the company to repay its bank liabilities as scheduled.

4. Internal control system with regard to the accounting process

The Management Board is responsible for establishing and structuring an appropriate internal control and risk management system with regard to the accounting process, financial reporting and the preparation of the consolidated financial statements. This ensures the completeness, reliability and traceability of financial information. In addition, the appropriateness and efficiency of the processes and compliance with legal, contractual and internal regulations are ensured.

The organizational and operational structure defines clear and unambiguous responsibilities for the individual companies and the Group. The central functional areas "Group Reporting" and "Group Controlling" are responsible for drawing up uniform, Group guidelines and for organizing and monitoring financial reporting within the Group.

The basis of the processes for Group accounting and reporting is an accounting manual, which is regularly updated and is based on the International Financial Reporting Standards (IFRS). Group guidelines, work instructions and process descriptions form another important basis of the internal control system (ICS). Key elements of the ICS are regular compliance with the principle of dual control, the upright separation of functions and defined control steps for monitoring and auditing the effectiveness and efficiency of operating activities, the reliability of financial reporting and compliance with the relevant legal requirements for the company. AUSTRICARD HOLDINGS acts in accordance with international standards and best practices.

Business transactions are recorded using different software solutions. The individual companies deliver monthly reporting packages to Group headquarters containing all relevant accounting data for the statement of comprehensive income, balance sheet and cash flow statement. This data is entered into the central consolidation system IDL Konsis on a monthly basis. The financial information is reviewed at Group level and forms the basis for ongoing management reporting as well as for the annual financial report and the half-year interim report in accordance with IAS 34.

Defined consolidated Group reports consisting of the income statement, balance sheet, equity reconciliation and cash flow statement are prepared on a monthly basis and submitted to the Executive Board and the extended Group management. These reports include a comparison with the budget and the previous year. The Management Board informs the Supervisory Board on a quarterly basis about economic developments in the form of presentations consisting of the consolidated financial statements, segment reporting, earnings performance with budget and previous year comparisons, forecasts and selected key figures.

Internal Audit has been set up as a staff unit of the Management Board, with the Group CFO being technically responsible. The annual audit plan is approved by the Audit Committee of the Supervisory Board based on the proposal of Internal Audit and of the Management Board. Internal Audit reports in writing on the results of the audits to the Management Board and the Audit Committee of the Supervisory Board on a quarterly basis.

5. Disclosures according to section 243a para. 1 of the Austrian Commercial Code

Composition of capital, stock categories

Please refer to Note 3.1.3 (Share capital).

Restrictions concerning the voting rights and the transfer of shares

There were no restrictions on voting rights or the transfer of shares as at the reporting date.

Direct or indirect participation in capital of at least 10 %

As at December 31, 2023, according to the information disclosed to the company, the following persons held interests of at least 10 percent in the company's capital

Mr. Nikolaos Lykos, Chairman of the Company's Management Board

Owners of shares with special control rights and a description of these rights

There are no shares with special control rights.

Type of voting rights control for capital participation by employees, if they do not directly exercise the right to vote

There is no such capital participation model for employees.

Provisions for appointment and revocation of members of the Management Board and the Supervisory Board and regarding alteration of the Articles of Association of the Company that do not arise directly from the Act

There are no provisions of this type.

Authorization of the members of the Management Board that does not arise directly from the Act, in particular with regard to the option of issuing or repurchasing shares

Please refer to Note 3.1.4 (Authorized capital, buy-back program for treasury shares).

All significant agreements to which the Company is a party and that take effect are modified or terminated in the event of a change of control of the Company as a result of a takeover offer as well as its effects; agreements which would significantly damage the Company if made public are excepted, unless the Company is obligated to make such information public as a result of other statutory provisions

There is a standard market "change of control" clause, which may lead to the termination of the agreement, with regard to the company's syndicated financing facility totalling € 186.6 million.

Existence and significant content of compensation agreements between the Company and the members of its Management and Supervisory Boards or employees in the event of a public takeover offer

There are no agreements of this type.

6. Personnel

The expertise and dedication of our employees in all segments have made a significant contribution to the success of AUSTRIACARD HOLDINGS. Operating growth was achieved despite difficult market conditions and related challenges as a result of the support of each individual employee.

The COVID-19 pandemic in Europe has reminded us that health is the most important thing and cannot be taken for granted. As a Group, we are committed to protect the health of our employees even after the end of the pandemic. For this reason, various measures have been taken to promote both physical and mental health.

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 (Revenues, adjusted EBITDA and adjusted Profit before tax targets) 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 1,591 as of 31/12/2022 to 2,739 as of 31/12/2023 mainly as of the addition of the Pink Post postal and courier services business in Romania. As for AUSTRIACARD HOLDINGS AG, the headcount increased from 1 as of 31/12/2022 to 14 as of 31/12/2023.

7. Environmental management

AUSTRIACARD HOLDINGS prevents any pollution caused during production as far as possible by means of an effective environmental management system. This management system is based on statutory provisions and requirements. Therefore we

• Comply with environmental protection laws and regulations in all Countries of operations

• Take into consideration regular environmental impact assessment

• Apply appropriate practices to systemically identify and review our environmental impact, to improve our environmental performance

• Conduct regular management review meetings to examine environmental issues and assess our environmental performance

Additionally, our operating entities AUSTRIACARD GmbH, TAG Systems SAU, TAG Systems Smart Solutions SLU and TAG SYSTEMS UK Limited, INFORM LYKOS (HELLAS) S.A., INFORM LYKOS ROMANIA and NEXT DOCS comply with ISO 14001:2015 (Environmental management systems). AUSTRIACARD GmbH also complies with EMAS (Eco Management and Audit Scheme) and INFORM LYKOS (HELLAS) S.A., INFORM LYKOS ROMANIA and TAG SYSTEMS UK Limited comply with FSC (Forest Stewardship Council). The managers of the respective production and business premises are responsible for complying with these provisions. Furthermore, there are clear regulations governing the responsibilities for environmental protection issues in all countries where the Group operates.

Vienna, 19 March 2024

Management Board

Nikolaos Lykos
Chairman of the Management Board

Panagiotis Spyropoulos
Deputy Chairmen of the Management Board

Emmanouil Kontos
Board member

Jon Neeraas
Board member

Burak Bilge
Board member

Markus Kirchmayr
Board member

AUDITOR'S REPORT

Report on the Financial Statements

Audit Opinion

We have audited the financial statements of

AUSTRIACARD HOLDINGS AG, Vienna,

These financial statements comprise the balance sheet as of December 31, 2023, the income statement for the fiscal year then ended and the notes.

Based on our audit the accompanying financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Company as of December 31, 2023 and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting.

Basis for Opinion

We conducted our audit in accordance with the regulation (EU) no. 537/2014 (in the following "EU regulation") and in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained until the date of this auditor's report is sufficient and appropriate to provide a basis for our opinion by this date.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the fiscal year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We considered the following matters as key audit matters for our audit:

1. Recoverability of the investments in affiliated companies
2. Valuation of the reserve for share-based payments
3. Cross-border merger

Key Audit Matter	How our audit addressed the key audit matter
Recoverability of the investments in affiliated companies The book value of the investments in affiliated companies amounts to EUR 110.8 million as of December 31, 2023 after an impairment loss of EUR 3.3 million recorded in 2023. The assessment of the recoverability of investments in affiliated companies requires judgement, in determining whether there is an impairment need and the amount of such an impairment. The main risk relates to management's estimates of the parameters used in the valuation. The disclosures related to the investments in affiliated companies are included in the notes disclosures related to the accounting principles in Notes 2.4. Financial assets, 3.1.1. Financial assets and in the Fixed asset schedule.	We critically questioned and examined management's assessment of the recoverability of the book value of the investments in affiliated companies. Our audit procedures included, among others, the following: • Understand and evaluate management's assessment of the existence of impairment indicators; • Check the plausibility of the assumptions made within the valuation; • Involve our internal valuation specialist in assessing the valuation considerations; • Check the mathematical accuracy of the valuation model; • Assess the adequacy of the disclosures in the financial statements.

Key Audit Matter	How our audit addressed the key audit matter
Valuation of the reserve for share-based payments The book value of the reserve for shared-based payments amounts to EUR 10.0 million as of December 31, 2023. The valuation of the reserve for management participation programs requires judgement and estimations made by management. The main risk refers to management's assessment of the parameters included in the valuation as well as to the accounting treatment. The disclosures related to the management participation programs are included in Notes 3.2.3. Other operating expenses and 4.2. Management Participation Programs.	We assessed management's valuation and accounting of the reserve for share-based payments. Our audit procedures included, among others, the following: • Read the management participation programs to gain an understanding of the significant terms and conditions and to confirm whether the correct accounting treatment has been applied; • Plausibility check of the planning assumptions with regard to management goals' achievement up to the exercise point of the program; • Involve our internal valuation specialists to evaluate the underlying valuation model and parameters; • Check the mathematical accuracy of the valuation model; • Assess the adequacy of the disclosures in the financial statements.

Key Audit Matter	How our audit addressed the key audit matter
Cross-border merger In the course of the cross-border merger, the assets of the transferring company Inform P. Lykos Holdings SA with a total value of EUR 17.7 million were transferred to the acquiring company AUSTRIACARD HOLDINGS AG as a contribution in kind and the share capital of the acquiring company was increased by issuing 1,314,867 new bearer shares with a nominal value of EUR 1.3 million to EUR 18.2 million. EUR 16.4 million of the non-cash contribution was allocated to the appropriated capital reserve. The merger became effective on March 17, 2023 upon registration in the commercial register. The merger result of EUR 7.7 million and the transfer of Inform P. Lykos Holdings SA 's result for the period from October 1, 2022 to December 31, 2022 in the amount of EUR -0.8 million due to the reorganization are each shown in separate items in the income statement. The main risk of the cross-border merger relates to the complexity of the reorganization steps. The transaction has a variety of effects on the financial statements and the associated amounts are material. The disclosures related to the cross-border merger are included in Notes 3.1.4. Shareholder's equity and 3.2.5. Merger result.	Our audit work focused on management's accounting for the cross-border merger. Our audit procedures included, among others, the following: • Inspection and assessment of the relevant underlying documents especially the joint merger plan, the minutes of the general meeting, the merger report of the management, the examination report of the super-visory board, the audit report on the merger and the contribution-in-kind as well as the opinion on the financial fairness of the share exchange ratio; • Assessment of the correct accounting treatment based on the merger plan; • Assessment of whether the assets of the absorbed entity were correctly transferred from an accounting point of view on the merger date and the resulted merger gain was correctly determined; • Assess the adequacy of the disclosures in the financial statements.

Reference to other matters

The financial statements of AUSTRIACARD HOLDINGS AG, Vienna, for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on March 20, 2023.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual financial report but does not include the financial statements, the management report and the auditor’s report thereon. The annual financial report is estimated to be provided to us after the date of the auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, to consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, always detect a material misstatement when it exists. Misstatements can arise 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 financial statements.

As part of an audit in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 Company’s internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Comments on the Management Report

Pursuant to Austrian Generally Accepted Accounting Principles, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the management report was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the management report in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the management report.

Opinion

In our opinion, the management report for the Company was prepared in accordance with the valid legal requirements, comprising the details in accordance with section 243a UGB (Austrian Company Code), and is consistent with the financial statements.

Statement

Based on the findings during the audit of the financial statements and due to the thus obtained understanding concerning the Company and its circumstances no material misstatements in the management report came to our attention.

Additional information in accordance with Article 10 EU regulation

We were elected as auditor by the ordinary general meeting at June 30, 2023. We were appointed by the Supervisory Board on September 22, 2023. We are auditors without cease since 2023.

We confirm that the audit opinion in the Section "Report on the financial statements" is consistent with the additional report to the audit committee referred to in Article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

Responsible Austrian Certified Public Accountant

The engagement partner is Mr. Mag. Erich Lehner, Certified Public Accountant.

Vienna, March 19, 2024

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Marion Raninger mp	Mag. Erich Lehner mp
Wirtschaftsprüferin / Certified Public Accountant	Wirtschaftsprüfer/ Certified Public Accountant

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

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

Nikolaos Lykos
Chairman of the Management Board

Panagiotis Spyropoulos
Vice Chairman & Group CEO

Emmanouil Kontos
Member of the Management Board
Deputy Group CEO and Regional Executive Vice President (EVP) DACH, CEE/SEE

Jon Neeraas
Member of the Management Board
Regional Executive Vice President (EVP) W/E, Nordics, UK and USA

Burak Bilge
Member of the Management Board
Regional Executive Vice President (EVP) Middle East, Africa (MEA) and Türkiye

Markus Kirchmayr
Member of the Management Board
Group CFO