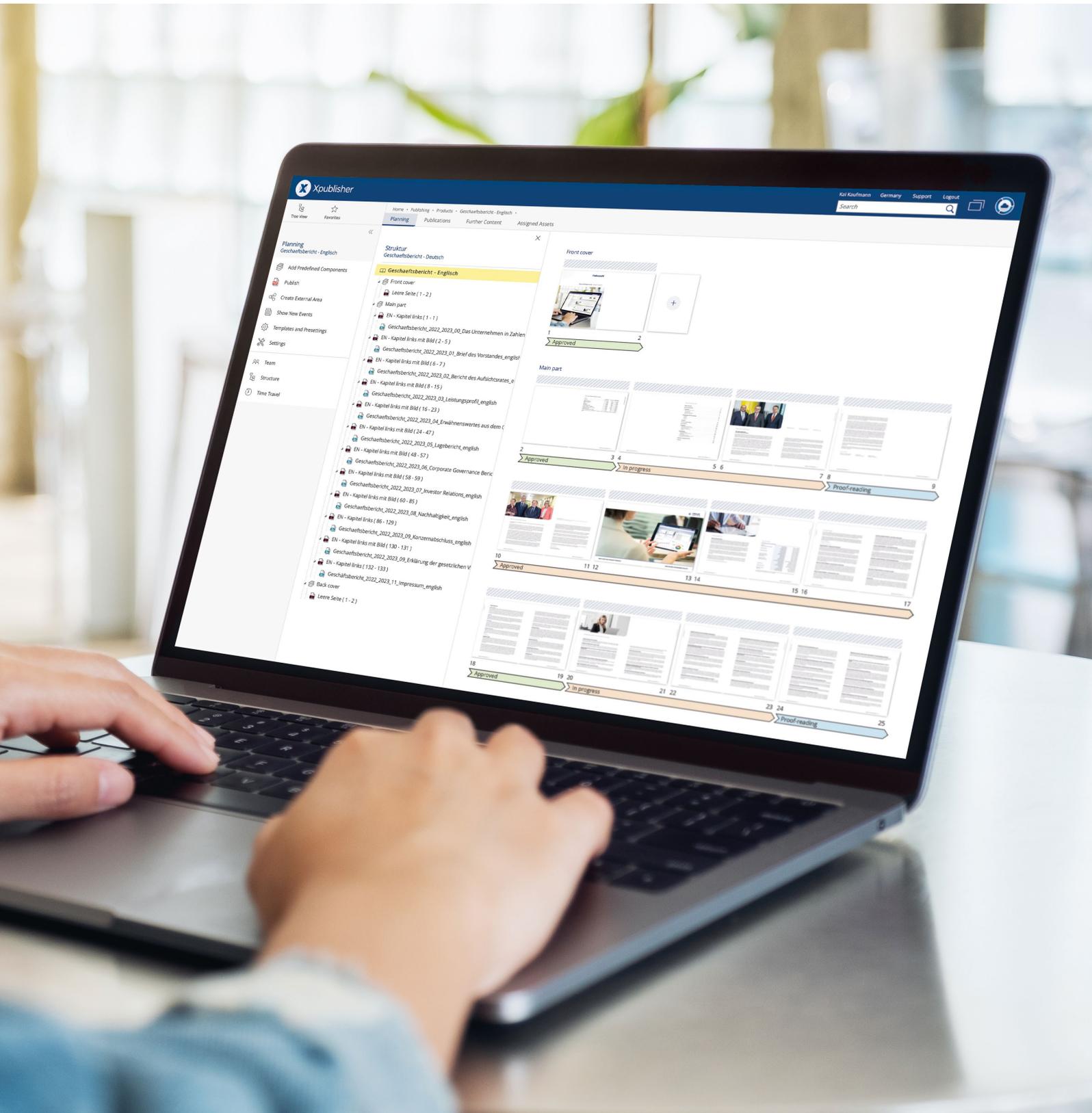


Fabasoft AG 2023/2024 6 Months Report 1 April - 30 Sep 2023



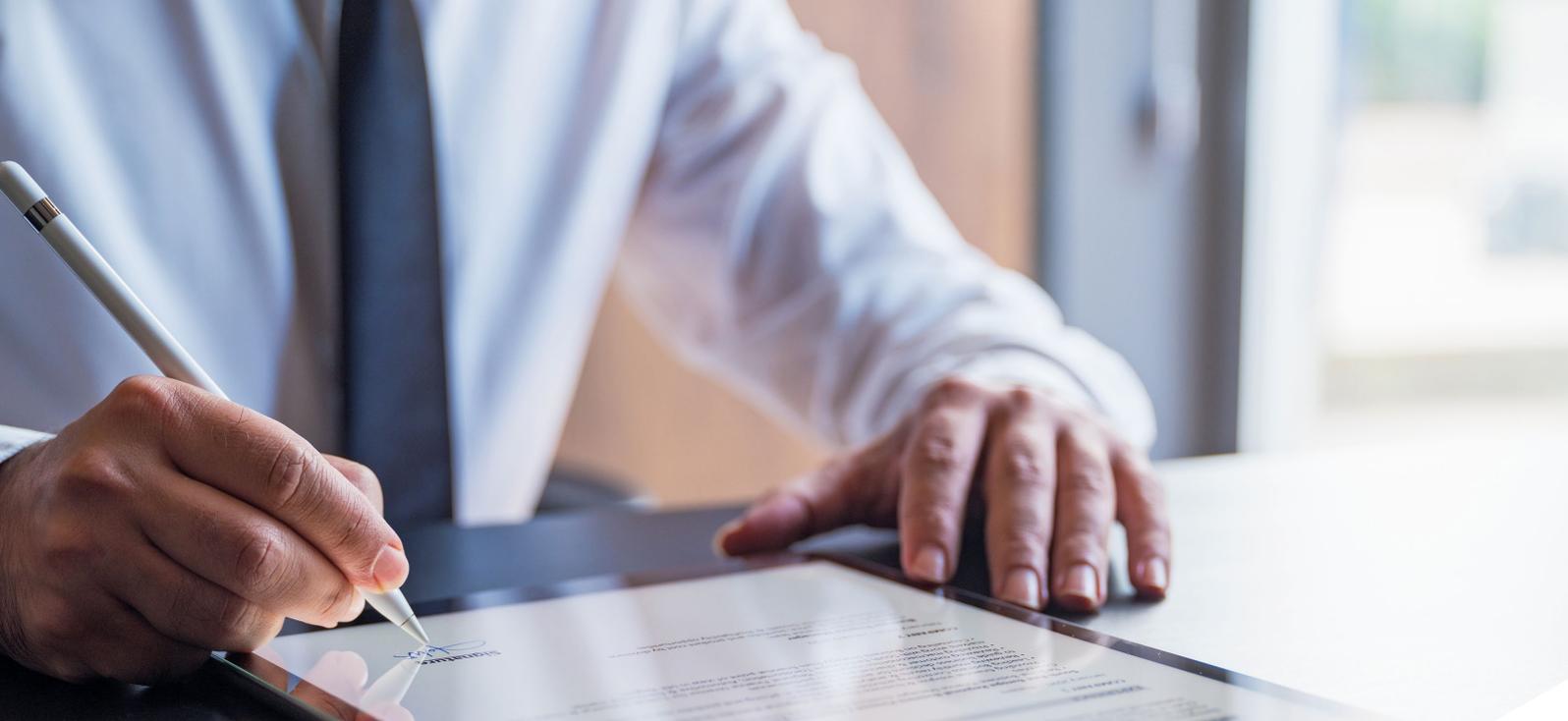
KEY DATA

in kEUR	April - Sep 2023	April - Sep 2022	Change
Sales revenue	39,478	31,792	24.2%
Result before income taxes	6,522	4,825	35.2%
EBIT (Operating result) ¹⁾	6,697	4,863	37.7%
EBITDA ¹⁾	10,464	8,096	29.2%
Result for the period	4,781	3,476	37.5%
Equity at end of period	27,930	22,064	26.6%
Cash flows from operating activities	4,566	-624	> 200%
Cash and cash equivalents at end of period	19,202	24,057	-20.2%
Employees at end of period	488	404	20.8%
Basic earnings per share (in EUR)	0.40	0.30	33.3%

¹⁾Definition of the key figures: www.fabasoft.com under investors, business reports, alternative key performance indicators.

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PERFORMANCE PROFILE

About the Fabasoft Group

Fabasoft is one of the leading software product companies and cloud service providers for digital document, process and records management in Europe. With the unique Fabasoft PROCECO Ecosystem, Fabasoft unites selected powerful software solutions for document-intensive business processes. Numerous well-known private enterprises and public-sector organizations have trusted in the quality and experience of Fabasoft for over three decades.

The products help to digitalize, accelerate, simplify and boost the quality of business processes. They include the receipt, structuring, team and process-oriented provision, processing and handling, secure storage and context-sensitive finding of all business documents as well as the preparation and provision of content for different publication channels. This is complemented by digital, sustainable knowledge transfer based on neuroscientific findings.

Fabasoft offers innovative possibilities for cooperation across organizations and across national frontiers in the form of both informal collaboration and structured workflows. Customers benefit from access that is independent of location and equipment, efficient knowledge management, applied artificial intelligence as well as from faster and more cost-efficient work completion and improved compliance.

The Fabasoft Group is represented by subsidiaries in Germany, Austria and Switzerland as well as in the USA by Mindbreeze Corporation (a 100% subsidiary of Mindbreeze GmbH) and Xpublisher Inc. (a 100% subsidiary of Xpublisher GmbH). It also operates in other countries via selected sales and implementation partners. Fabasoft AG, with its headquarters in Linz, Austria, acts as the Group's administrative body.

The company employed a workforce of 488 as at 30 September 2023.

Group Structure

Fabasoft Group as of 30 September 2023

Fabasoft AG	Honauerstrasse 4	4020 Linz, Austria
Fabasoft International Services GmbH	Honauerstrasse 4	4020 Linz, Austria
	Laxenburger Strasse 2	1100 Vienna, Austria
Fabasoft R&D GmbH	Honauerstrasse 4	4020 Linz, Austria
	Laxenburger Strasse 2	1100 Vienna, Austria
Fabasoft Austria GmbH	Honauerstrasse 4	4020 Linz, Austria
	Laxenburger Strasse 2	1100 Vienna, Austria
	Waagner-Biro-Strasse 47	8020 Graz, Austria
Fabasoft Approve GmbH	Honauerstrasse 4	4020 Linz, Austria
Fabasoft Contracts GmbH	Honauerstrasse 4	4020 Linz, Austria
Fabasoft Talents GmbH	Honauerstrasse 4	4020 Linz, Austria
	Laxenburger Strasse 2	1100 Vienna, Austria
Mindbreeze GmbH	Honauerstrasse 2	4020 Linz, Austria
	Laxenburger Strasse 2	1100 Vienna, Austria
Mindbreeze BidForce GmbH	Honauerstrasse 2	4020 Linz, Austria
Fabasoft Deutschland GmbH	THE SQUAIRE 13, Am Flughafen	60549 Frankfurt am Main, Germany
	Potsdamer Platz 1	10785 Berlin, Germany
	Bahnhofstrasse 38	99084 Erfurt, Germany
	Schleissheimer Strasse 6-10	80333 Munich, Germany
Xpublisher GmbH	Schleissheimer Strasse 6-10	80333 Munich, Germany
	Edlmairstrasse 1	94469 Deggendorf, Germany
Fabasoft 4teamwork AG	Dammweg 9	3013 Bern, Switzerland
	Oberer Graben 46	9001 St. Gallen, Switzerland
Mindbreeze Corporation	311 West Monroe Street	Chicago, IL 60606, USA
Xpublisher Inc.	311 West Monroe Street	Chicago, IL 60606, USA

Business Model

The Fabasoft Group's business model includes developing and distributing its own software products, as well as providing related services. Fabasoft software products can be used on a recurring usage fee basis or as a purchase model against one-time software license fees and optional recurring update fees.

Fabasoft addresses the market directly, through its own sales and service organizations and in collaboration with sales and implementation partners. Direct business is carried out via separate companies. These companies have their own project organizations and assume the role as general contractor for project implementation where required. In addition, the group seeks to further establish and develop sales and implementation partnerships.

Product Portfolio

Fabasoft PROCECO

Fabasoft PROCECO – One shared business reality.

Fabasoft PROCECO is a unique, entrepreneurial business process ecosystem. As a curated ecosystem, it combines digital solutions for document-intensive business processes selected by Fabasoft. The technological basis is the powerful and certified Fabasoft Cloud. Fabasoft PROCECO not only opens up new opportunities for customers, but also accelerates the growth of partners, subsidiaries and affiliates through professional support.

Customers benefit from agile PROCECO Solutions tailored to their needs, which can be implemented as well as expanded quickly and ensure efficiency and security. The integrated, cross-organizational process and data world (“One shared business reality”) creates a fast, continuous exchange of information and thus increases decision-making reliability while reducing process costs.

The strategic partners draw on established structures, existing resources and a shared network when creating and developing their solutions. On the one hand they benefit from a reliable and sustainable partner, while on the other hand a professionalization of their organizational and market development and thus an accelerated company growth can be achieved.

Approve on Fabasoft PROCECO

Fabasoft Approve is a Fabasoft PROCECO Solution for managing technical data and documents in industry, that digitally maps the complete information lifecycle as a “single source of truth”. The project partners work together with experts and certification bodies in cross-company testing, release and approval workflows to create complete overall documentation. Computer-supported quality processes, which are effectively based on this documentation, contribute to shortened project processing and reduced administrative effort, by means of standardized inspection plans and checklists. Fabasoft Approve is suitable for handling large-scale industrial projects, including those in the infrastructure sector or in special machinery and plant engineering.

Boards on Fabasoft PROCECO

The Fabasoft Boards digital meeting management software is a Fabasoft PROCECO Solution for management-level meeting administration. Its functionalities include the planning of meetings, the submission of business-relevant requests and the execution of votes. Subsequently, the audit-proof and unchangeable records are created. These can be digitally checked and approved by means of a circulation process. The product enables all meeting participants to prepare for and follow up on meetings efficiently and from any location while it also supports organizations in meeting their compliance requirements.

Contracts on Fabasoft PROCECO

The contract management software Fabasoft Contracts enables a simple, transparent recording, creation, management and audit-proof archiving of agreements. It also promotes secure collaboration between internal and external stakeholders, including legal matter management.

This intelligent standard product reads out the relevant data, provides templates, text modules and a clause library, and provides the necessary overview for rapid information and decision-making through customizable lists and dashboards. An integrated workflow and deadline management system with reminder function, provides support in concluding contracts and meeting deadlines. In addition, the system's own legally valid digital signature accelerates the signing process. Fabasoft Contracts is used across all industries for any legal matters.

Talents on Fabasoft PROCECO

With Fabasoft Talents, both managers and employees benefit from faster and more transparent HR processes. Based on the audit-proof personnel file and digitized HR processes, the administrative effort is reduced by automating routine tasks and improving the interaction between employees and the HR department. In addition, integrated skills management ensures that employees' skills are recorded, validated and evaluated.

The KnowledgeFox learning app ensures an effective, verifiable and sustainable transfer of knowledge. The training content is prepared on the basis of neuroscientific findings via a web-based rapid authoring interface with a predefined "microlearning" structure. Short units in the mobile app, adapted to the individual level of knowledge, promote an active, playful learning experience and a regular use. The areas of application include hard and soft skills and range from preboarding and onboarding, through sales training and training for external partners, to the training of specialists and managers.

Xpublisher on Fabasoft PROCECO

The Xpublisher multichannel publishing system enables the creation, management and automated publication of different content in any media channel. With the integrated XML editor "Xeditor", media-neutral, semantically structured content can be created and enriched with metadata and assets. Content is published via a single source. In this process, the system's own production planning forms the basis for the individual design and organization of digital or printed outputs for books, magazines, technical documentation and financial reports. As a certified cloud application, Xpublisher on Fabasoft PROCECO thus digitizes the complete publication process in media and publishing houses as well as companies in various industries.

Fabasoft eGOV

Fabasoft eGOV Ecosystem - One shared government reality.

The Fabasoft eGOV Ecosystem combines proven software solutions that are perfectly matched to each other and to the needs of public administration. As a product for digital records management, the Fabasoft eGov Suite forms the basis for the digital transformation of public authorities. Together with the personnel file Fabasoft Talents, the contract management Fabasoft Contracts and the automations of Fabasoft Done!, the Fabasoft eGOV Ecosystem supports employees in the public sector in their daily work.

Fabasoft eGov-Suite

Fabasoft eGov-Suite is the leading product for digital administration work (e-government) in German-speaking countries. The scope of services covers the capture, workflow-controlled forwarding and processing of documents as well as their complete documentation and audit-proof archiving. Business cases can be processed barrier-free, independent of location and time, also via mobile devices. In addition, specialist applications and online platforms can be easily connected via interfaces. Authorities at federal, state, cantonal and municipal level use the Fabasoft eGov-Suite to increase efficiency and transparency in their areas of activity and for rapid interaction with citizens, companies and other organizations.

Contracts on Fabasoft eGOV

Contracts on Fabasoft eGOV enables efficient and legally compliant contract management in public administration. The Fabasoft eGOV Solution Contracts automates routine tasks such as obtaining approvals or reminding of renewals and comprehensively documents all phases of the contract lifecycle. Text modules and clause libraries enable standardized template and contract creation. An intelligent search function also ensures that contracts and the required information can be found quickly.

Done! on Fabasoft eGOV

Done! on Fabasoft eGOV supports administrative staff with innovative automations. Text extraction identifies and extracts relevant information from incoming documents and queries. Through automatic classification, the Fabasoft eGov-Suite understands the context of incoming documents and processes them. Subsequently, this data is used to fill the required form fields with suitable suggestions and thus to support the user in everyday tasks. The intelligent assignment of incoming documents and the generation of process suggestions shortens the processing time of inquiries and applications and thus improves service quality.

Talents on Fabasoft eGOV

Talents on Fabasoft eGOV ensures efficient, digital personnel file management in public administration. The personnel file reduces administrative effort through automation and improves communication between employees and the HR department. With end-to-end encryption, all sensitive data within an authority is secured with a customizable authorization concept. In addition, a simple connection of common e-government applications and standards to Fabasoft Talents can be realized quickly. This makes it possible to work without media discontinuity and carry out personnel processes quickly.

Fabasoft Folio

The Fabasoft Folio business software helps to securely capture, organize and store digital documents and files and to easily digitize business processes. The product is used for the efficient modeling and implementation of individual, document-centric business applications and workflows. The intuitive user interface allows users to access documents from anywhere and at any time. Fabasoft Folio includes numerous interfaces via standard protocols and can thus be quickly integrated into an existing IT landscape. In addition, the tool offers out-of-the-box integrations for common business applications such as SAP.

Fabasoft 4teamwork

OneGov GEVER

The OneGov GEVER software solution is the records management system proven in numerous public administrations in Switzerland. With this user-friendly web application, all business-relevant information can be created, edited and managed throughout the entire lifecycle. In addition, OneGov GEVER offers seamlessly integrated workflows, e-mail archiving, document scanning and individual standard workflows. The intuitive interface enables business cases to be processed barrier-free, independent of location and time, even via mobile devices. In addition to cantons, municipalities and administration-related organizations in Switzerland are increasingly relying on OneGov GEVER, often also as a SaaS solution from the cloud.

teamraum

teamraum enables internal and external project teams to collaborate easily and securely: planning and conducting meetings, jointly storing documents, and exchanging information. The product is easy to use via a web app and can be accessed from any device. All of a team's work tasks can thus be completed completely online. The standardized interface between teamraum and OneGov GEVER also ensures greater efficiency in everyday work.

MYCOLEX 2.0

With the object management software MYCOLEX 2.0, memory and cultural institutions digitize and inventory their holdings and enable location- and time-independent access. MYCOLEX is used by both large and small organizations. Thanks to the flexibility and the standardized data model based on DCMI Metadata Terms, ISAD(G) and the specifications of Spectrum, it is possible to easily map the everyday work and the various fields of work of institutions with different disciplines, such as museums, archives, collections, monument preservation or archaeology. Interfaces to standards databases such as the Integrated Authority File (GND) also allow standardized data to be integrated and reused.

Digital Reading Room DLS

The digital reading room offers archives and memory institutions the possibility to make their historical treasures available to the public and the administration in an appealing way in a web application around the clock. The product is characterized by a service-oriented structure, uses state-of-the-art technologies and integrates archive information systems and digital long-term archives. A well thought-out security system also enables sensitive information to be encrypted and made available in secure rooms.

Mindbreeze

Mindbreeze Business Decision Insights Ecosystem

With the innovative business ecosystem Mindbreeze BDI (Business Decision Insights) a professional basis was created to perfectly implement unique business models based on Mindbreeze InSpire and Mindbreeze Insight Services.

Mindbreeze BDI supports entrepreneurs in professionalizing their business and increasing their economic success. Thanks to careful selection of entrepreneurs and solutions as well as seamless and consistent integration, Mindbreeze creates an ecosystem that offers customers a first-class user experience.

Mindbreeze BidForce

The Mindbreeze BidForce bid management software supports sales teams throughout the entire bidding process - from pre-selection and planning to compiling and responding to bid documents. With Mindbreeze InSpire as the technological foundation, insightful answers to relevant business questions can be extracted from both structured and unstructured enterprise data. Artificial intelligence (AI) is used to analyze and enrich company data. As a result, Mindbreeze BidForce is able to identify subject matter experts within the company to help sales teams answer complex questions. In addition, Mindbreeze BidForce enables the creation of structured libraries that store all knowledge about past tenders. As a result, responding to bid documents is much more efficient and the entire bid management process is optimized.

Mindbreeze InSpire

Mindbreeze InSpire (Insight Engine) analyzes information, understands it and thereby enables a variety of use cases such as a consolidated view of corporate knowledge - regardless of where (data sources) and how (structured, unstructured) it is stored. After connecting the relevant corporate data sources via an extensive range of connectors, for example for e-mail or document management systems, archives or even industry-specific specialist applications, Mindbreeze InSpire also analyzes structured and unstructured information using artificial intelligence methods.

This is made possible by the Insight Services developed by Mindbreeze. These combine a wide range of artificial intelligence techniques to understand and link information. They include services in the areas of entity recognition, classification, semantic relation, proactive insight, knowledge extraction and natural language processing. Mindbreeze InSpire provides users with a 360-degree view of the relevant information (documents, structured data, etc.) on the topic they are searching for.

Understanding the information is enabled by Mindbreeze developments in generative AI or Large Language Models (LLM). Mindbreeze InSpire forms the perfect product solution to overcome the typical hurdles in the use of LLMs such as data hallucinations, authorizations, critical intellectual property issues, expensive training costs or generally the technical implementation with confidential corporate data.

For example, the internal enterprise data that has been connected to the Insight Engine with the multitude of connectors serves as the basis for machine learning. Thus, the data and the models trained with it are always owned by the respective company and do not feed into a public model. Both existing and generated content are thus secure, correct, trustworthy and, above all, traceable. Since the solution references the source in addition to the answer, users are able to validate the answers at any time if necessary.

Mindbreeze leaves the selection of additional LLMs to its customers. The Insight Engine is delivered with pre-trained models. However, due to the use of Transformer Models and open standards, models from communities such as Huggingface can also be used very easily. If a customer already has a specific model in use, this can also be integrated. In addition, Mindbreeze offers customers qualified support in the selection of a suitable LLM and the associated use cases.

The Insight App Designer developed by Mindbreeze allows users to design their own applications without any programming knowledge and is thus aimed at employees in the respective department. In this way, the different needs of the departments are quickly met by individual insight apps and work steps are significantly simplified and shortened. Insight Services and Insight Apps form the basis for supporting companies in the area of applied artificial intelligence for business units.

Mindbreeze InSpire is used in various business areas such as customer service, maintenance and repair, project management or human resource management. The insight apps available for this purpose are tailored to the requirements of the areas and thus provide an important basis for supporting business process transformation and in everyday work, for example as a research tool or for creating graphically prepared summaries. In addition, Mindbreeze InSpire provides interfaces and services so that software manufacturers, integrators and developers can easily use the proven Mindbreeze technology in their own products and solutions.

The comprehensive capabilities of Mindbreeze InSpire, especially in semantic search and insight apps, combined with the outstandingly short implementation times – given the appliance and service character – also qualify the product particularly well as an essential component of in-house private and hybrid cloud infrastructures.

Technology products

Fabasoft app.telemetry

Fabasoft app.telemetry provides the ideal basis for service level management and user support by monitoring the availability and response time behavior of applications. The product tracks transactions triggered by requests, thus reflecting their progression through the hardware and software infrastructure and enabling analysis of execution in Fabasoft products and instrumented third-party products. With this information, DevOps and support teams can quickly and accurately identify time-critical or conspicuous sequences and components and take appropriate action. The functions for monitoring the availability of extensive services or individual workflows round off the support of the operational processes.

Fabasoft Mindbreeze Enterprise

Fabasoft Mindbreeze Enterprise is the on-premises full text search for Fabasoft Folio and the Fabasoft eGov-Suite. Fabasoft Mindbreeze Enterprise searches structured content (metadata) as well as documents and displays the results clearly. Existing user rights are taken into account and the application context is preserved. Users continue to work seamlessly with the search hits, because the required application opens directly from the search hit.

Fabasoft Secomo

The Fabasoft Secomo appliance enables secure end-to-end encryption for the Fabasoft Cloud. End-to-end encryption protects data already at the workstation or mobile device. The keys remain exclusively with the appliance operator. The keys are protected with a hardware security module (HSM) that meets FIPS 140-2 Level 4 requirements. Fabasoft Secomo can also be used in combination with Fabasoft Cloud to store corporate certificates for a legally compliant digital signature of PDF documents.



SIX-MONTHS MANAGEMENT REPORT OF FABASOFT GROUP AS AT 30 SEPTEMBER 2023

1) Report on the earnings, finances and assets situation

1.1. Business status in the first six months of the 2023/2024 fiscal year

In the first six months of the 2023/2024 fiscal year the Fabasoft Group recorded sales revenue of EUR 39.5 million (EUR 31.8 million in the corresponding period of the previous year). With EBITDA¹⁾ at kEUR 10,464 (kEUR 8,096 in the corresponding period of the previous year) EBIT¹⁾ was kEUR 6,697 (kEUR 4,863 in the corresponding period of the previous year).

The increase in revenue reflects the continuing positive development of recurring revenue and growth in project business.

The ongoing investments in the development and expansion of Fabasoft PROCECO Solutions, higher marketing and personnel expenses as well as the increased sales and travel activities had a negative impact on earnings in the reporting period.

The equity ratio¹⁾ of the Fabasoft Group on the interim balance sheet as at 30 September 2023 was 40.7% (33.7% as at 30 September 2022).

The balance of cash and cash equivalents changed in the period under review from kEUR 24,057 as at 30 September 2022 to kEUR 19,202 as at 30 September 2023.

The Fabasoft Group employed a workforce of 488 on the interim balance sheet date 30 September 2023 (404 employees on 30 September 2022).

In the first six months of the 2023/2024 fiscal year the sales revenue of Mindbreeze GmbH and its subsidiaries Mindbreeze Corporation and Mindbreeze BidForce GmbH amounted to kEUR 8,660 (kEUR 8,368 in the corresponding period of the previous year). With EBITDA¹⁾ at kEUR 2,838 (kEUR 4,043 in the corresponding period of the previous year) EBIT¹⁾ was kEUR 2,070 (kEUR 3,183 in the corresponding period of the previous year).

¹⁾Definition of the key figures in the management report section 1.3.

1.2. Second quarter of the 2023/2024 fiscal year (1 July 2023 – 30 September 2023)

In the second quarter of the 2023/2024 fiscal year the sales revenue of the Fabasoft Group amounted to kEUR 19,787 (kEUR 16,754 in the corresponding period of the previous year).

With EBITDA¹⁾ at kEUR 5,979 (kEUR 4,835 in the corresponding period of the previous year) EBIT¹⁾ was kEUR 4,097 (kEUR 3,186 in the corresponding period of the previous year).

1.3. Alternative Performance Measures of the Fabasoft Group

Within the scope of its periodical and obligatory reporting Fabasoft publishes alternative performance measures (APM). These performance measures are not defined in the existing accounting policy pursuant to the International Financial Reporting Standards (IFRS). Fabasoft calculates the APM with the aim of enabling comparability of the performance measures over time or a sectorial comparison. The following APM are determined by Fabasoft:

- Nominal change in sales revenue
- EBIT or operating result
- EBITDA
- Equity ratio
- Research & development ratio (will be published in the full annual report)

Nominal change in sales revenue

The nominal change in sales revenue is a relative indicator. It indicates the change in the sales revenue in percent compared to the previous year.

¹⁾Definition of the key figures in the management report section 1.3.

EBIT or operating result

EBIT stands for Earnings Before Interest and Taxes and shows the operative result of a company without the impact of effects arising from inconsistent taxation systems and different financing activities. EBIT (operating result) is calculated as follows:

Reconciliation

Results before income taxes

- Finance income

+ Finance expenses

= EBIT (operating result)

EBITDA

EBITDA stands for Earnings Before Interest, Taxes, Depreciation and Amortisation. In addition to interest and taxes this indicator of success also neutralises the distortionary effects of operative business activities arising from different depreciation methods and valuation latitude. EBITDA is calculated on the same basis as EBIT plus depreciation and amortisation affecting income in the period or less reversals of impairment losses on intangible assets and property, plant and equipment.

Reconciliation

EBIT

+ / - depreciation / amortization / reversals of impairment losses on intangible property and assets, plant and equipment

= EBITDA

Equity ratio

The equity ratio indicates the proportion of equity in total capital.

$$\frac{\text{Equity}}{\text{Total Capital}} \times 100$$

Research & development ratio

Indicator that shows which proportion of the sales revenue the company reinvests in research and development.

$$\frac{\text{Expenses for research and development}}{\text{Revenue}} \times 100$$

2) Report, forecasts and other statements regarding future developments

2.1. Topics worthy of mention in the first half of the 2023/2024 fiscal year

Fabasoft Approve at the Hannover Messe 2023

The Hannover Messe, one of the world's most important industrial trade fairs, took place this year from April 17 to 21 under the leading theme "Industrial Transformation - Making the Difference". 4,000 exhibitors and 130,000 visitors from all over the world were on site. The Fabasoft Approve team around CEO Andreas Dangl presented the software and the functions of Approve in live demos and with the help of VR glasses. Also the Austrian ambassador in Berlin, Dr. Michael Linhart, visited the Approve booth and informed himself about the possibilities of the data and document management system.

#nextlevel-Talk: "Digital contract management: the stepchild in companies?"

Contracts form the basis for entrepreneurial action. As a result, it requires active management in digital form in order to recognize and exploit the associated potential and risks. It is therefore all the more surprising that knowledge of contract content is often limited to just a few people in the company. What are the advantages of digitizing contract management? What are the reasons for the current relatively low level of application? And what does it take to successfully automate the associated business processes? Georg Harer, lawyer at EY Austria, Sophie Martinetz, Director Legal Tech Center at the Vienna University of Economics and Business, and Robin Schmeisser, Managing Director of Fabasoft Contracts GmbH, discussed these and other questions at the #nextlevel-Talk on 18 April 2023 at k47 Vienna. Jakob Zirm, Head of Economist at the daily newspaper "Die Presse", acted as moderator.

Fabasoft eGov-Suite at the "Digital State" Congress in Berlin

The congress "Digital State" from 25 to 26 April 2023, dealt with questions around the motto: "State in transformation - this is where the administration of tomorrow is being created". Extensive expert forums focused primarily on the topics of digital sovereignty, cloud and online access law (OZG). Interested parties from politics and administration exchanged views on challenges and impulses for a modernized digital everyday life of public authorities. Other important points of discussion were how to cope with the shortage of skilled workers and how to ease the workload of employees in public authorities. Numerous existing and new customers came to the Fabasoft booth to find out about product innovations in the Fabasoft eGOV Ecosystem and current projects.

New subsidiary: Mindbreeze BidForce GmbH

On 27 April 2023 the foundation of the Mindbreeze subsidiary "Mindbreeze BidForce GmbH" took place. Felix Breiteneder takes over the management of the company. As the first solution in the Mindbreeze "Business Decision Insights (BDI)" Ecosystem and with Mindbreeze InSpire as its technological basis, Mindbreeze BidForce understands company information and is thus able to provide insightful answers to important business questions. For example, Mindbreeze BidForce supports sales teams in creating, editing, and closing bid documents and optimizes the entire bid management process. Managing Director Felix Breiteneder specialized in artificial intelligence and the optimization of business processes through the use of intelligent technologies in his studies. An internship at Mindbreeze was followed by a permanent position as a technical consultant, where he was able to gain numerous experiences in supporting proof of concepts with customers from a wide range of sectors.

Certification of audit security according to IDW PS 880 granted again

KPMG Advisory GmbH again audited Fabasoft Cloud with regard to audit security in accordance with Austrian, German and Swiss commercial and tax law and issued the certificate in accordance with IDW PS 880. Fabasoft Cloud thus complies with the required storage regulations (GAAP-compliant archiving) in Germany, Austria and Switzerland.

BSI C5, SOC2, ISAE 3402 and EU Cloud Code of Conduct

Fabasoft and Mindbreeze again passed the audit at the beginning of 2023 in accordance with the requirements of the current BSI C5:2020 requirements catalog and the SOC-2 Trust Service Criteria (TSC) for Security. The corresponding certificates were issued for the Fabasoft Cloud and for Mindbreeze InSpire SaaS Services.

As part of the ISAE 3402 Type 2 audit performed, the design and effectiveness of the corresponding controls (based on COBIT 2019) were tested in relation to the services defined by Fabasoft. In addition, Fabasoft has again achieved Compliance Level 3 of the EU Cloud Code of Conduct (CoC) for the Fabasoft Cloud including the solutions Approve on Fabasoft PROCECO and Contracts on Fabasoft PROCECO.

Luftfahrt-Bundesamt: Migration to the e-file Bund completed

Following the roll-out of the federal e-file last year, the German Federal Aviation Authority Luftfahrt-Bundesamt (LBA) has now also completed the migration of data to the new system. In a total of three productive migrations, more than 50,000 files, 330,000 processes, approximately 1.5 million documents and more than two terabytes of content were migrated.

Change of name KnowledgeFox GmbH to Fabasoft Talents GmbH

The change of name of Knowledgefox GmbH to Fabasoft Talents GmbH as well as the relocation of the registered office from Vienna to Linz took place at the beginning of June 2023. The address of the Fabasoft Talents GmbH Vienna branch remains unchanged at Laxenburger Strasse 2, 1100 Vienna.

Eight out of nine Austrian provinces are working productively with Fabasoft eGov-Suite

Since March 2023, the eighth Austrian province has been actively using the Fabasoft eGov-Suite. As of this date, the first district administration of Burgenland (Eisenstadt-Umgebung) was set productive. At the beginning and middle of May, the district administrative offices of Neusiedl am See and Mattersburg followed. The roll-out is progressing rapidly thanks to an innovative training concept.

BayWa AG digitizes contract management with Fabasoft Contracts

A broad network of suppliers results in tens of thousands of contracts at BayWa AG every year, which have to be actively managed. In order to be able to map the different business processes of the individual divisions of energy, agriculture and construction in an uniform manner and at the same time design them flexibly, the internationally active trading and service company digitized its supplier agreements with Fabasoft Contracts. The decision was made in favor of Fabasoft because of its intuitive usability and high quality and security standards. With the help of transparent workflows and clear document preparation, the company is always informed about all contract contents and deadlines. This also means that current governance and compliance regulations are always taken into account.

Fabasoft eGOV Ecosystem and Xpublisher at the Future Congress in Berlin

At this year's Future Congress State & Administration, the leading event for modern and digital Germany, new ways for the (digital) administration of the future were on the agenda from 19 to 21 June 2023 – for the first time at the Westhafen (WECC) Berlin. Key topics included the use of artificial intelligence, the use of low-code/ no-code platforms in the implementation of the OZG (Online Access Act) and sustainability as part of the digital transformation of the public sector. Fabasoft provided information on the product innovations of the Fabasoft eGOV Ecosystem, including the intelligent automation of processes in Fabasoft Done! as well as on current projects.

Fabasoft at e-Government Conference in Graz

“Austria's way into Europe's digital decade”: this was the motto of ADV Austrian Digital Value's e-Government Conference 2023, which took place on 21 and 22 June 2023 at Messe Congress Graz. The European Digital Decade offers the opportunity for Austria to become a pioneer in digital development. Fabasoft is making a significant contribution to this goal in the area of public administration: Eight out of nine Austrian federal states work with ELAK – the digital file management system based on the Fabasoft eGov-Suite. The conference focused on the main topics of the EU's digital compass: government, infrastructure, skills and business.

European Alliance for industrial data, edge and cloud presents its first results

The European Alliance for Industrial Data, Edge and Cloud presented the first roadmap for the development and deployment of the next generation of highly secure, resource efficient and interoperable cloud and edge technologies in Europe to the European Commission on 4 July 2023. Fabasoft is an active member and was involved in the chapters “Opportunities and Challenges of Digital Sovereignty”, “Climate Positivity, Resource Efficiency and Circular Economy”, “Application and Data Services” and “Cybersecurity”. Further roadmaps are planned as the next steps, with Fabasoft taking on the topic of “Trust-forwarding for interconnecting Data Spaces and Cloud-Ecosystems”.

Austrian Federal Government uses Fabasoft mobile app for digital decisions

At the beginning of July 2023, the Austrian federal government decided to adopt circular resolutions electronically by way of a resolution of the Council of Ministers. The constitutional option for such resolutions already existed. In the future, however, this will no longer be possible only by means of collecting signatures of the government members on paper, but also with the mobile app from Fabasoft. The app enables government members to sign resolutions while on the move, which improves the flexibility and efficiency of work.

Knowledge management specialist Mindbreeze makes Generative AI fit for real enterprise use

Mindbreeze, a leader in knowledge management and information insight, enables customers to securely leverage innovations in generative AI for their sensitive enterprise data. The use of advanced Large Language Models (LLM) together with the Mindbreeze InSpire insight engine delivers exceptional customer experiences in natural language processing, text generation and data security.

KSB automates test plan generation with Fabasoft Approve

Pump and valve manufacturer KSB automates its test plan creation with Approve on Fabasoft PROCECO, ensuring efficient quality processes along the entire supply chain. "By using Approve to create test plans and check test certificates, KSB saves 3,200 man-hours a year at its pilot plant in Pegnitz," explains Alexander Thumbek from technical order processing and project manager at KSB. Approve is now used at KSB for supplier, customer and quality documentation.

Fabasoft Approve receives BMENet seal of approval for Supplier Relationship Management

The German Association of Materials Management, Purchasing and Logistics (BME) has awarded Approve on Fabasoft PROCECO the "BMENet Supplier Relationship Management Seal of Approval" for the second time. Approve fulfills all of the 126 mandatory and 33 of 34 optional test criteria. The audit is based on comprehensive criteria catalogs that reflect the requirements defined by BME. The BMENet seal of approval is awarded to software products and electronic platforms that contribute to the optimization of purchasing and logistics processes and is intended to give users and purchasing managers assurance that they are purchasing software with tested quality standards.

Mindbreeze honored in Forrester report "The Cognitive Search Platforms Landscape, Q3 2023"

The independent market research and advisory firm Forrester has recognized Mindbreeze as a notable vendor in the "Compliance & Risk Management" and "Customer 360 and customer understanding" categories in "The Cognitive Search Platforms Landscape, Q3 2023" report.

Fabasoft Robotics Camp 2023

For the sixth time Fabasoft and the association Talente OÖ organized the "Fabasoft Robotics Camp" at the Fabasoft headquarters in Linz in the summer of 2023. A total of 36 children and young people in different groups ("Rookies" and "Advanced") had the opportunity to gain early knowledge from the world of technology. In three consecutive camps at RoboLab, the kids diligently programmed "mBot Ranger" robots. At the closing event on the last day of each camp the children presented their great ideas and results to their parents.

Mindbreeze InSpire again trend-setting product 2023

KMWorld once again honored Mindbreeze InSpire as a Trend-Setting Product 2023. The US magazine KMWorld compiles an annual list of innovative software solutions that enable companies to process information efficiently, reduce the workload of their employees, and drive digital transformation.

2.2. Products, research and development

Dedicated product teams within the Fabasoft Group are responsible for product-related research and for software development. The development activities of these teams are based on the agile method framework "Scrum", with the aim of creating innovation and added value in compliance with the principles "quality, usability & style". Regular feedback from existing customers and from discussions with analysts, as well as continuous market observation are used to identify market trends at an early stage and incorporate them into product development. Moreover, research topics were handled in international partnerships within the framework of digitization.

Fabasoft Cloud

The focus of research and development in the first half of fiscal year 2023/2024 was on further improving and simplifying the programming tools for the development of Fabasoft PROCECO Solutions.

In addition, a large number of enhancements were implemented in the Fabasoft Cloud. In particular, the new functions such as the simpler object comparison, the additional automatisms in the area of text modules and the qualified electronic signature are to be emphasized. The functionalities were immediately incorporated into the Fabasoft PROCECO Solutions based on the Fabasoft Cloud.

Approve on Fabasoft PROCECO

Fabasoft Approve focused on the further development of technical document management in order to implement customer requirements with regard to process-controlled data exchange along the entire plant creation chain, including external participants such as suppliers and customers. In addition, further use cases in the field of quality management (Computer-Aided Quality, CAQ) were implemented.

Boards on Fabasoft PROCECO

Following the acquisition of 4teamwork AG and the subsequent market analysis, the focus is on the development of a digital meeting management solution based on Fabasoft PROCECO. The functional scope of the SaaS-based solution will enable efficient planning, organization, execution and follow-up of strategic meetings in the future.

Contracts on Fabasoft PROCECO

For the Fabasoft PROCECO Solution Fabasoft Contracts, the team conducted intensive research on the extended use of AI for the automatic classification of contracts and the automated recognition of structured data (contract partner, start, term, cancellation period, etc.) from contract documents. The core of this AI technology is a model trained with Mindbreeze InSpire, which is continuously being further developed.

Talents on Fabasoft PROCECO

Fabasoft Talents focused on the further development of the KnowledgeFox App on Fabasoft PROCECO, in particular the design of the user interface. Based on a revised design concept, the technical and content development was advanced.

Xpublisher on Fabasoft PROCECO

The focus of the Xpublisher development team in the reporting period was on the further development of Xpublisher based on Fabasoft PROCECO. The connection of various production services enables the partially or fully automated creation of print products for customers. By means of a generic REST interface, various digital output channels can also be served.

The Xeditor development team focused on providing XML industry standards for easy use in Xpublisher on Fabasoft PROCECO.

Fabasoft eGov-Suite

In the first half of fiscal year 2023/2024, the Fabasoft eGov-Suite development team dealt with the further development of the specialist files fully integrated into the product for processing specific transactions in the course of business management. The focus was on providing a development process for maintenance and further development of a procedure in the production system. Authorized users can now develop and maintain the procedure in parallel without affecting the release status. The release of a development status can be handled directly in the Fabasoft eGov-Suite using a 4-eyes principle.

Furthermore, an asynchronous search in the form of a search request has been integrated into the Fabasoft eGov-Suite. The search of large amounts of data on the basis of search terms and personal data is thus commissioned by users and processed by the system. The processing is carried out in the form of several search queries. The results are summarized and can be organized and processed by the users using the functions provided by Fabasoft eGov-Suite.

In addition, Fabasoft Done!, an add-on to be licensed, was developed which makes the automation use cases available in a curated form. Fabasoft Done! enables convenient training of the model based on Mindbreeze Insight Services for text classification directly from the Fabasoft eGov-Suite. In addition, the processing of delivered information was raised to a low-code/no-code model in order to accelerate future business administration processes or, if necessary, to be able to automate them completely.

In addition, the development team supported current innovation and roll-out projects at customers in order to record product feedback as closely as possible to the customer.

Mindbreeze Inspire

At Mindbreeze, the research and development focus in the first half of 2023/2024 fiscal year was on the use of Mindbreeze InSpire in the area of generative AI and Large Language Models (LLMs). Particular attention was paid to the possibility of using Language Models (LMs) for semantic search.

To optimize the semantic search, the development team expanded Mindbreeze InSpire with the so-called Semantic Sentence Similarity Search. This enables users to find content (individual words and entire sentences) with similar meanings based on the search query entered. In addition to results that contain the exact wording, users also receive those results that match the content of the query.

In addition, this method of finding answers also forms the basis for the use of Large Language Models (LLMs). Thus, Mindbreeze uses the results generated by the semantic search as a concrete task for the language models used. In order to be able to implement this accordingly, a new user interface in the form of a chat was implemented and integrated into Mindbreeze InSpire.

One focus in this context was the further development of the service UI for the administration and management of Mindbreeze InSpire. The introduction of a number of new features, such as a preview function for directly evaluating changes, provides users access to additional innovative functionalities. In this way, complex activities can be carried out in a completely uncomplicated manner, in accordance with existing authorizations.

The team also made several innovations in Insight App Designer. In particular, the areas around the visual development of 360-degree views and display of additional responses to hits were the main focus.

Another significant point in the area of research and development was the expansion and scaling of the connections of data sources (connectors). A particular emphasis was put on the further development of the JavaScript web connector, which is an important tool for connecting complex web applications. In addition, innovative functionalities were implemented in the ServiceNow connector that allow user-defined authorizations to be transferred to Mindbreeze InSpire in advance and taken into account accordingly.

In addition, the development team continuously and intensively addressed the issue of further simplifying the handling of the overall system during commissioning, configuration and maintenance.

Fabasoft Mindbreeze Enterprise

Thanks to the expansion of insight app components for charts and visualizations, user-friendly dashboards for information visualization in the Fabasoft eGov-Suite and in Fabasoft Folio can be realized in the application context of these products.

2.3. Outlook

Transformation of the business

Pursuant to a general trend in the software industry as a whole, the software product business of the Fabasoft Group continues to undergo a transformation process: the use of software products is moving away from the model of purchasing user rights for these products against an one-off fee – usually linked to a maintenance contract – more in the direction of an ongoing monthly user fee for cloud services, SaaS offers and/or appliances.

Depending on the target markets, this transformation process is currently developing differently: In public tenders, purchase models for the software are still predominantly in demand. The client then often operates the software in its own data centers with the support of Fabasoft. The majority of private customers are primarily interested in cloud solutions and appliances. The flexibility of the Fabasoft product portfolio continues to support on-premises projects as well as hybrid models, where required.

It must be considered that the structure of the appliance business differs in its nature from the software licence business: the hardware components of the appliances are purchased by Fabasoft or Mindbreeze, the customer undertakes to pay periodically for the use that is agreed for a fixed period of time. The revenue for use is received monthly and the hardware components are also amortized on a monthly basis.

In terms of sales, Fabasoft is continuing its overall efforts to supplement the direct sales model with an indirect, partner-oriented, international sales and marketing model, particularly for Fabasoft PROCECO Solutions and Mindbreeze InSpire.

Development of certain expense items

In order to continue the Fabasoft Group's growth course, investments in the 2023/2024 fiscal year will continue to focus on the areas of product innovation, strengthening sales and marketing, as well as expanding the workforce and attracting new talent to take advantage of future opportunities.

In particular, Fabasoft will invest in the further development, sales and marketing of content-focused solution offerings based on the three ecosystems. In addition to entrepreneurial organic growth opportunities, inorganic options are to be evaluated and exploited.

In the area of public sector clients, Fabasoft is striving to expand its customer base from the federal government, states, cantons and municipalities in Austria, Germany and Switzerland by strengthening sales and marketing through new products and features, additional services and expanding the circle of users.

Another focus of the required investments is the ongoing development of Mindbreeze InSpire: the company is continuously striving to establish and expand a successful international partner infrastructure. This would entail considerable upfront investments, particularly in international marketing, cross-regional presence, partner support and personnel expansion in this segment.

These expansion and growth measures, as well as the expected increase in personnel costs due to the acquisition of new talent and inflation-related salary increases, will continue to impact the profitability of the Fabasoft Group in the further course of the 2023/2024 fiscal year.

Conclusion

The Fabasoft Group that successfully implements the core issues of digital transformation with its comprehensive and field-proven range of products and services, will remain promisingly positioned for opportunities, even in a difficult market environment characterized by global political and economic upheavals. In particular, the development of Fabasoft PROCECO Solutions again showed strong growth in the reporting period.

The positive customer response reflects the innovative strength and solutions expertise in the Fabasoft Group. Further development will depend greatly on the extent to which and how quickly this positive market response can be realized in the form of correspondingly large (new) customer orders and further scaling of the business model can be achieved.

Even in a difficult environment, the company intends to take advantage of opportunities as they arise, for example in recruiting high-caliber talent or in pursuing inorganic expansion and growth options.

Furthermore, the pursuit of topics deemed to be future-oriented and sustainable will be given priority over short-term profitability considerations where appropriate.

3) Report on opportunities and risks

3.1. Major opportunities of the Fabasoft Group

Major opportunities for the Fabasoft Group are seen in the following areas in particular:

3.1.1. Fabasoft PROCECO Ecosystem

Fabasoft PROCECO - Business Process Ecosystem

The solutions in the Fabasoft PROCECO Ecosystem are characterized by their easy connection to existing IT landscapes and are highly scalable. The common process and data world in the ecosystem enables seamless information transfer between departments and across company boundaries and leads to an increase in process quality, speed and security while at the same time reducing process costs.

Users benefit from a consistent user interface and a common set of functions across all Fabasoft PROCECO Solutions. Use of the graphical process editor (BPMN 2.0) enables the individual modelling of complex coordination, review and release processes without any programming knowledge. The digital signature based on Fabasoft Secomo technology allows drawing processes to be handled end-to-end without media breaks or the involvement of external services. This facilitates the provision of information and enables automated processes.

Opportunities could open up for the Fabasoft Group as a result of the fact that the topics of digitization and data protection are gaining in strategic importance for many companies and organizations, and this is also giving rise to a number of specific implementation requirements. Fabasoft sees itself well positioned in this field and offers a powerful portfolio with its Fabasoft PROCECO Solutions: on the one hand, for digital document control and digitization of business processes, and on the other hand, as a sound basis for better meeting data protection and compliance directives.

The growth potential of Fabasoft PROCECO consists of increasing the number of users of existing Fabasoft PROCECO Solutions through new customer business and up-selling of existing customers, increasing the number of Fabasoft PROCECO Solutions themselves through organic and inorganic growth, as well as possible cross-selling opportunities.

In the course of intensive research and development activities in the first six months of the 2023/2024 fiscal year, both new versions of existing Fabasoft PROCECO Solutions were made available and new product offerings were developed. In particular where the area of new customer business is concerned, business opportunities are to be created and expanded in new vertical markets, in new geographies, and based on new marketing and usage models.

Approve on Fabasoft PROCECO

Fabasoft Approve significantly reduces the manual effort associated with technical documentation and supports industrial companies in their end-to-end digital transformation. Fabasoft sees the potential for new customer business from upstream suppliers or downstream end customers in the use of Fabasoft Approve as a cross-plant document management system along the entire value chain.

Boards on Fabasoft PROCECO

Survey results among decision-makers show that the administration of meetings at management level, such as Managing Boards and Supervisory Boards, is accompanied by extensive manual processes. Companies rely on Microsoft Office solutions as well as risky file-share repositories. With the development of a Fabasoft PROCECO Solution for efficient and secure meeting management, Fabasoft sees the potential to support listed companies in particular in implementing constantly increasing compliance requirements.

Contracts on Fabasoft PROCECO

The results of recent studies among legal professionals show how strongly the relevance of digitization in legal departments has increased in the last few years. More than half of the respondents now rely on digital contract management, and 40% see its introduction as a top priority. When it comes to the use and deployment of legal tech, three main expectations are requested by users: Increasing efficiency, saving time and reducing costs. Fabasoft sees clear potential in using Contracts to digitize the legal matter management needs of law firms and legal departments and to sustainably optimize legal workflows.

Talents on Fabasoft PROCECO

Fabasoft AG acquired 70% of shares of the Vienna-based Microlearning pioneer KnowledgeFox GmbH in January 2022 and another 30% in August 2022. The participation is seen as a consistent step in the implementation of Fabasoft's growth strategy. The mobile learning app is to benefit from the Fabasoft PROCECO Ecosystem and address international markets sustainably on this basis.

As a digital personnel file, the new PROCECO solution Fabasoft Talents ensures transparency and traceability and accelerates business processes throughout the entire personnel lifecycle. Fabasoft Talents is complemented by an integrated skills management with KnowledgeFox and micro-learning as a central component to counteract demographic change and the ongoing shortage of skilled workers.

Xpublisher on Fabasoft PROCECO

Opportunities for the Fabasoft Group could arise from the expansion and development of customer groups from the media industry or the association sector in Germany, Austria, Switzerland and North America. In addition, attractive opportunities for use and combination are seen in several of Fabasoft's business areas. By integrating Xeditor as an add-on in the Fabasoft Cloud, standardized content can be efficiently created, edited and reviewed. This supports, among others, companies from the industrial environment in composing technical documentation or the public administration in publishing legal texts. With the new development of Xpublisher on Fabasoft PROCECO, marketing resources are being expanded with a focus on the publishing industry on the one hand, and corporate communications and scientific publishing on the other.

A partner model for the international distribution of Xpublisher and Xeditor is under development, which is aimed at increasing the visibility of Xpublisher in the market. In this context, Xpublisher attaches great importance to exclusivity and quality, with a small number of partners per country who represent an ideal complement to the Xpublisher products with their technological know-how and sales strength.

Fabasoft as a strategic partner for entrepreneurs

Fabasoft strives for long-term partnerships with growth-oriented software companies to strengthen the Fabasoft PROCECO Ecosystem with new solutions. In this respect, Fabasoft relies on the expertise and market knowledge of entrepreneurs, as they generate the best value from the Fabasoft PROCECO Ecosystem for their customers. They remain at the helm of their companies and continue to make the key decisions.

Entrepreneurs benefit from best practices, coaching and access to new marketing and sales channels. Through certified management processes, Fabasoft lays the foundation for entrepreneurs to fully focus on their value-creating activities.

Together with the scale-ups, Fabasoft shapes the future of these companies and as a strategic partner ensures financial stability.

3.1.2. Fabasoft eGOV Ecosystem

Digital transformation of public administration

Business with public sector clients depends to a great extent on the budgets of the respective organizations. Business potential for Fabasoft can be derived from the need expressed by customers to achieve savings and boost efficiency through digitization of administrative work – whether and to what extent this can be realized is at this juncture impossible to estimate.

Opportunities for the Fabasoft Group could also arise from new projects in connection with the expansion of administrative modernization and e-government that is being pursued in European countries and beyond, provided that the political will in this regard is also translated into concrete projects and investments. In this context, concrete customer enquiries often result from the highly successful and existing references of the Fabasoft Group.

As a long-standing and proven provider with a high-performance product range and excellent references, Fabasoft considers itself very well positioned for upcoming tender procedures in which it will continue to participate intensively. In addition to the Fabasoft eGov-Suite as a proven product for classic e-administration work, Fabasoft offers further solutions in the Fabasoft eGOV Ecosystem for specific usage scenarios in the public sector. Fabasoft pursues the goal of optimally utilizing existing synergies and realizing new projects in a short period of time.

The shortage of skilled workers in public administration will continue to grow in the coming years due to demographic change. Methods of artificial intelligence, such as machine learning, support work processes through the automatic classification of documents, for example. Natural language processing and natural language understanding enable the proactive provision and processing of information. Fabasoft sees itself well positioned in this area, as Fabasoft products already use Mindbreeze technology for these use cases thus allowing it to participate in the innovations in this field.

By strengthening sales and marketing, Fabasoft addresses potential on the customer side to use further Solutions in the Fabasoft eGOV Ecosystem and Mindbreeze InSpire more for e.g. automation applications in public administration. This potential is seen as an opportunity to increase the share of recurring revenues in the eGov segment.

Expansion of existing customer relationships in the public sector

There are in some cases interesting opportunities for Fabasoft to expand its business also where major existing customers are concerned. There are currently extensive framework projects in the implementation phase that Fabasoft has won. The electronic records management system "E-Akte Bund" of the Federal Administration in Germany deserves particular mention here. In the E-Akte Bund project the roll-out of the records management system (E-Akte) was driven forward in the reporting period.

The major project launched in mid-2022 to introduce a document management system in the Hessian state administration in the federal state of Hesse went live in the reporting period based on the Fabasoft eGov-Suite. Further rollout is also being driven forward here.

Collaboration was further continued with the Austrian Federal Administration, which has been making wide use of the Fabasoft eGov-Suite in the federal ministries for many years. As part of the consistent implementation of the digitization strategy the user groups of the Fabasoft eGov-Suite will, where possible, be further extended in the area of the federal administration (central offices and subordinate agencies) for business case and shared document processing. An extensive innovation project was continued in parallel to this.

New pioneering and efficient forms of collaboration and the fulfilment of tasks are being developed and tested in close cooperation with the users, organizations experts, sales and Fabasoft. Particular emphasis is being placed here on modern concepts of mobile use and the supportive use of AI technologies.

3.1.3. Mindbreeze

Mindbreeze BDI Ecosystem

With the innovative business ecosystem Mindbreeze BDI (Business Decision Insights) Mindbreeze offers entrepreneurs the opportunity to build on a market-leading technology and to use the associated network effects. Mindbreeze BDI supports entrepreneurs in professionalizing their business and enables first-class user experiences on the part of customers and partners.

In the second half of the 2023/2024 fiscal year, a further consistent development and expansion of partnerships is planned. There is particular potential for opportunities in the various functional domains for specific areas of the company. Planned solutions are precisely tailored to the requirements of specific and, above all, business-critical specialist areas.

Mindbreeze InSpire

Mindbreeze carries out research and development in the areas of enterprise search, information insight, knowledge management and artificial intelligence and is successively opening up new fields of application for these technologies.

Mindbreeze InSpire is already being used productively by many international customers. With its increasing visibility on the international market and the positive assessment by analyst firms, Mindbreeze continues to be the focus of major international customers and potential partners. Independent IT analysts also continue to rate Mindbreeze InSpire as a solid and powerful product with flexible operating models when it comes to implementing knowledge management applications and enterprise search.

Particular potential opportunities and unique selling points are seen in the area of linking and condensing information for specific areas of activity and the resulting business processes. Accordingly, the strategic goal is to implement further specializations that can be realized without programming requirements through Insight Apps and Insight Solutions. Analyzing and processing natural language is an essential prerequisite for understanding information, which Mindbreeze addresses through the use of generative AI in the form of large language models.

In particular the offer of Mindbreeze InSpire SaaS and the hybrid operating model are being used more frequently in addition to the appliance product offer. The listing of Mindbreeze InSpire in the Amazon AWS Marketplace and Microsoft Azure Marketplace opens up further opportunities for easy use. Customers and partners from many different branches were acquired and business with existing customers expanded in the period under review. Further intensification of the marketing and sales activities are planned in order to increase visibility on the market and boost the market position as well as the development and expansion of strategic partnerships.

In addition to the partner model with a focus on Value Added Resellers (VARs), increased efforts are also being made with regard to Independent Software Vendors (ISVs). By integrating Mindbreeze InSpire into their software products, they are able to provide their customers with the benefits of AI-based applications without a lengthy development project. For example, analyzing and understanding unstructured and structured information within their own solution is thus easily possible. The expansion of the partner program is intended to further increase the presence in Europe and North America and to develop new customer groups.

Mindbreeze BidForce

Increasing complexity and the number of bid documents in tender processes are creating new challenges for companies worldwide. Mindbreeze BidForce streamlines bid management by relieving sales teams of the burden of responding to tenders. Mindbreeze BidForce sees the targeted use of enterprise search, knowledge management and artificial intelligence for business processes in bid management as an opportunity for new customer business. In addition, the use of Mindbreeze BidForce in previously unused specialist areas with existing Mindbreeze InSpire customers via cross-selling is an attractive solution for Fabasoft to expand its customer base.

3.1.4. Certifications

Protection of customer and company data is given extremely high priority at Fabasoft. Targeted and consistent certification and testing in compliance with internationally recognized standards underpins this commitment. Assurance of maximum quality, security and service standards is guaranteed by an integrated management system that is certified in compliance with ISO 9001, ISO 27001 including ISO 27018 and ISO 20000-1, among others. The certificates in accordance with ISO standards 9001, 27001 including 27018 and 20000-1 retain their validity after the successful completion of an intragroup, cross-company surveillance audit in October 2022 by the accredited certification body TÜV AUSTRIA CERT GMBH. As the newest company in the Fabasoft Group at this time, Xpublisher GmbH was also certified in compliance with ISO 9001 for the first time in the year 2020 and successfully completed its second surveillance audit in October 2022. In this context, Xpublisher GmbH also underwent an ISO 27001 audit for the first time and was successfully integrated into Fabasoft's certified information security management system. In addition, Fabasoft Talents GmbH (former KnowledgeFox GmbH) was audited for the first time in accordance with ISO 9001 requirements and was also successfully integrated into Fabasoft's certified quality management system. The ISO 2022 audit was then positively concluded with the inclusion of the subsidiary Fabasoft Approve GmbH within the scope of validity of Fabasoft's ISO 9001, ISO 27001 and ISO 20000 certificates.

On a product level, this certification strategy is complemented by exacting audits and certifications for the Fabasoft Cloud and the Fabasoft PROCECO Solutions Approve on Fabasoft PROCECO and Contracts on Fabasoft PROCECO developed on it, as well as for Mindbreeze InSpire SaaS Services:

The test report in accordance with the requirements of the catalog of requirements C5:2020, issued by the BSI (German Federal Office for Information Security), is recognized and reliable proof that verifiably reveals the high level of information security of the Fabasoft Cloud and the Fabasoft PROCECO Solutions Approve on Fabasoft PROCECO and Contracts on Fabasoft PROCECO developed on it, as well as of Mindbreeze InSpire SaaS Service.

The BSI catalog of requirements defines the minimum requirements that cloud service providers must meet. The defined specifications of the framework conditions ensure transparency with regard to jurisdiction and locations, availability and incident handling during normal operation, recovery parameters in emergency operation, availability of the data centers, handling of investigation enquiries from government authorities, as well as certifications or attestations. Fabasoft and Mindbreeze passed the audit again at the beginning of 2023 in accordance with the requirements of the current BSI C5:2020 requirements catalog. Fabasoft commissioned PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), Germany, as the auditor. The respective audit reports were issued by PwC for Fabasoft Cloud Services and for Mindbreeze InSpire SaaS Services.

The SOC 2 audit was carried out in fiscal year 2022/2023 for Fabasoft Cloud and the Fabasoft PROCECO Solutions Approve on Fabasoft PROCECO and Contracts on Fabasoft PROCECO developed on it, as well as for Mindbreeze InSpire SaaS Services. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), Germany, verified whether the Trust Service Criteria (TSC) for security - issued by the American Institute of Certified Public Accountants (AICPA) - are complied with. The audit took the form of an ISAE 3000 audit (test of the existence of controls over a defined period of time). The final results of the audit were reported to Fabasoft and Mindbreeze in an ISAE 3000 SOC 2 Report.

As part of the ISAE 3402 Type 2 audit performed, the design and effectiveness of selected controls (derived from the COBIT 2019 framework) were tested during the audit period 01/01/2022 to 31/12/2022 for Fabasoft Cloud and the Fabasoft PROCECO Solutions Approve on Fabasoft PROCECO and Contracts on Fabasoft PROCECO developed on it, as well as for Mindbreeze InSpire SaaS.

In May 2021, SCOPE Europe as the responsible monitoring body confirmed for the first time the compliance of Fabasoft Cloud with regard to the requirements of the EU Cloud Code of Conduct at the highest compliance level 3. Security and transparency are top priorities for Fabasoft. This is clearly reflected in Fabasoft's commitment to creating a trustworthy environment for European cloud customers.

In May 2023, compliance was reaffirmed by SCOPE Europe at compliance level 3.

The EU Cloud CoC was developed by representatives of European and multinational companies and organizations significantly involved in cloud computing. The focus was on requirements that enable cloud service providers to demonstrate their ability to comply with the GDPR. To be precise, the Code offers cloud-specific approaches and recommendations that are aligned with the GDPR as well as international standards such as ISO 27001 and ISO 27018.

The intention of the EU Cloud Code of Conduct is to make it easier for cloud customers to decide whether specific cloud services are suitable for the customer's intended purpose. Thanks to its transparency, the EU Cloud CoC will create more trust and a high level of data protection on the European cloud computing market.

The Cyber Trust Austria Gold Label for Fabasoft was renewed in December 2022. The Austrian seal of approval for cyber security is based on the Cyber Risk Rating of the Competence Center Secure Austria (KSÖ).

Fabasoft Cloud meets the requirements of WCAG 2.1 - AA for accessible web content to a high degree and was again awarded the WACA certificate (Web Accessibility Certificate) in the silver level by TÜV Austria in June 2022. This web application does not exclude any user and enables optimal operation for all people, even with the required input/output devices such as keyboard, voice input, screen reader, etc.

The Mindbreeze InSpire web application also meets the requirements of WCAG 2.1 - AA for accessible web content to a high degree and was awarded the WACA certificate in the silver level by TÜV Austria for the first time in November 2022.

The WACA certificate is Austria's first and only quality seal to make web accessibility (website/applications) externally recognizable according to the international W3C Guidelines. Fabasoft was the first provider of a web app to be awarded the WACA certificate in silver as early as October 2019.

3.2. Significant risks and uncertainties for the Fabasoft Group

Significant risks and uncertainties for the Fabasoft Group are seen in the following areas in particular:

3.2.1. Market and product risks

Risks in business with public sector clients

A significant part of Fabasoft's business is generated from government customers, especially in the German-speaking region. Projects in the public sector are characterized by lengthy lead and decision times, formal tendering requirements, demanding allocation procedures, and long-drawn-out testing. In project agreements and tendering procedures, such clients frequently specify increasingly stringent contractual requirements.

Any changes in this customer group, such as the impacts of budget cuts and planned savings, short-term or sustained budget freezes, alterations to product and technology specifications, project priorities or award criteria plus the emergence of new competitors or new offers from existing players can have a considerable effect on the business of the Fabasoft sales companies concerned and as a consequence also on the Fabasoft Group as a whole.

Fabasoft endeavors to counter these risks overall by providing intensive, high-quality services to existing customers, benefit-generating product and project innovations and the submission of tenders for new projects that are as competitive as possible. Furthermore, stronger positioning is planned in particular for the new cloud and appliance offers for the expansion of the customer target groups and the sales and distribution channels, both over and above the public sector and beyond the geographical focus on Europe adopted to date.

Product risks

The development of software products is always subject to the risk of software errors, security gaps and functional restrictions, which even the use of extensive quality management and test procedures can never entirely exclude. Neither can it be ruled out completely that the protected legal positions of third parties are violated in the course of development or project implementation activities. This applies to both Fabasoft and third-party products and technologies on which Fabasoft products are based or with which they interact. Such errors or restrictions may have a negative impact on customer and partner satisfaction, data security, market reputation, chances for new business and the success of implementation and operational projects, or online offers.

In order to reduce these risks, during product development and project implementation, Fabasoft not only employs manual test procedures, but also automated checks. In addition, products and service offers are also being subjected to extensive certification processes.

A risk with regard to software products and online offers based on these products is seen in the possible deferral of delivery times. This can affect not only Fabasoft's own products, but also third-party products or technologies on which the products of the Fabasoft Group are based or with which they interact. Such delays could lead to impairment of the company's market and competitive position, revenue shifts or revenue losses and even consequences such as contractual penalties, liability claims, substitute performance or reversed transactions in the project business. Furthermore, prolonged development times also cause a corresponding increase in development costs.

Partner business risks

Risks in the partner business lie in particular in the limitation or complete lack of direct customer contact and thus also in the lack of direct customer feedback for Fabasoft and the general dependency on product and sales strategies of the partners in the respective region, the possibility of reduced product loyalty of partners and the danger of the product manufacturer's reputation also being damaged in the event of problems with the project – if even they may lie within the scope of responsibility of a sales partner. Furthermore, partner business frequently restricts Fabasoft's opportunities for positioning its own brand, safeguarding company secrets and acquiring additional business.

From a commercial point of view, the partner conditions granted reduce the attainable profitability and price margins in the respective individual business transactions.

With partner business in general there may also be the danger of tough competition between partners, for example in the acquisition phase for the same end client, as well as the risk of conflicts between sales channels. A further risk is seen in Fabasoft not finding sufficient or the right partners to develop and market high-quality software solutions based on the Fabasoft Group's technology in order to achieve the necessary market penetration in the intended markets.

Project business risks

Where Fabasoft companies provide project services themselves, for example on the basis of fixed price quotations, there is a particular risk of unclear or misunderstood specifications, miscalculations, deadline overshoots, penalties, problems regarding technical implementation or operation, software errors, difficulties with project management, warranty and liability claims (compensation), and issues concerning human resources (for example if key members of staff are unavailable in critical project phases). These risks may affect the Fabasoft companies directly and also indirectly via their subcontractors or suppliers. In order to encounter such risks, Fabasoft uses a tried-and-tested procedures model for project work that is subject to continuous further development.

The implementation of extensive software projects is a process which frequently necessitates significant contributions and involvement on the part of the customer. This also gives rise to certain risks that are partially or entirely beyond the company's direct scope of influence, but may have a significant impact on the overall success of the project.

In the event of project business being conducted with the help of subcontractors or suppliers, Fabasoft may be exposed to a risk as a general contractor if the partner companies fail to fulfil their contractual commitments or only do so partially or inadequately. This could entail both a negative impact on the revenue development of the Fabasoft Group as well as compromise its reputation.

Competition

The software sector in general and the enterprise content management, information insight and cloud computing segments in particular, are undergoing an intensive wave of consolidation that is giving rise to larger and more international competitors with increasingly apparent economies of scale through mergers and acquisitions. There is also still an unabated trend towards smaller manufacturers forming alliances or significantly increasing their capital resources by bringing investors on board, in order to gain a stronger presence in the marketplace. In addition there are signs that software manufacturers who already dominate markets are beginning to enter further market segments with new or new positioned products, which in turn will result in even greater pressure on prices and margins and make the task of acquiring new partners more difficult. Moreover, the acceptance and establishment of new software offers is being further complicated by the increasing degree of saturation and consolidation in the software sector.

3.2.2. Strategic risks

Risks concerning company acquisitions

There are fundamental operative risks for acquired companies or parts of companies, as also presented in this report for companies of the Fabasoft Group. There are also specific risks involved in the market review, acquisition and integration phases.

The services of external consultants are normally used in the market review phase for identifying takeover candidates, whereby the ensuing fees do not normally depend on success or only do so in part. Frustrating external and internal expenses are incurred where no suitable takeover targets can be found or an acquisition cannot be concluded. Despite the commissioning of external consultants, there are risks involved in the acquisition phase in that the risks or bad debts of the target company are not identified or quantified correctly or that synergy potential or the future business development are not correctly assessed. Risks involved in the integration phase include among others the merging of different corporate cultures, market accesses, management styles, key technologies and corporate processes. As the acquisition procedure is normally carried out confidentially, it is mostly impossible to gain knowledge of the stance of existing customers to an acquisition in advance.

For this reason negative reactions of the existing customer base cannot be precluded. Furthermore, keeping key success-critical individuals in the company, and motivated also presents a challenge. There is also the risk in connection with the above-mentioned uncertainties that the acquisition target is purchased at a too high price and that the funds invested might well be lacking elsewhere for the corporate activities of the entire Group. If such risks occur during or after the integration phase, this could lead in particular to negative impacts on sales and revenues and as a consequence on balance sheet valuations and therefore also for the Group as a whole.

Internationalization risks

Entering new markets also entails certain risks. A lack of target market knowledge and lower company recognition levels than those in the home market, strong local competition, long lead times, high start-up costs, difficulties in finding staff for key positions, internationalization and localisation expenses for the products, and possible deficits in communication and control can be instanced in this context. The aim is to limit these and similar risk factors by additionally concentrating on a partner-oriented model that is intended to reduce the immediate project risks that may arise from the company's own tendering in complex project situations and during project implementation.

General political and economic framework conditions in the individual countries, in particular trade restrictions and contradictions or overlapping in regulatory or tax provisions, could constitute additional risk factors for more intensively internationalized business operations.

Diversification risks

The efforts aimed at reducing the risks of excessive specialization and thus the dependency upon a narrow and volatile target segment through greater product, market segment and sales channel diversification also create new and increased risk potentials. These include higher marketing, research and development expenses, multiple investment projects for market preparation, risks from strategic planning and increased planning uncertainty, heterogeneous sales and organizational structures, positioning risks and risks arising from a diversified and dislocated organizational and business structure. Special importance is attached to recruitment and internal basic and further training as a defence against these risks. Moreover, internal reporting and controlling measures are continually supplemented and further developed.

3.2.3. Operational risks

IT risks

Malfunctions, for example in the hardware, data storage or network infrastructure, in the software, data transmission lines or on the part of Internet operators, operating errors, attacks, for example by way of hackers, DDoS attacks, viruses, phishing attacks, Trojans, ransomware and the like or events based on force majeure, can all have a negative impact on the operation of the systems of the company as well as important systems linked, which jeopardizes the possibility of seamless data security and recovery.

One possible consequence of such problems can be the limitation or failure of online services, sales, development and administrative activities and the online presence of the company, including statutory or regulatory prescribed announcements on the website, data error, unauthorized data access or losses as well as a limited ability to make data transmissions. This can lead subsequently to comparable effects on other companies or organizations, which use the company's (online) services for a fee or free of charge. After taking costs and risks into consideration, the company has introduced organizational and technical precautions to provide defined service levels for its internal systems. Nevertheless, the complete exclusion of such risks, especially with regard to the targeted use of criminal energy, espionage resources or weaknesses and backdoors contained in third party components, is not possible.

Risks involved in the use of artificial intelligence technologies, in particular machine learning

Artificial intelligence technologies and processes, in particular machine learning, are used in the company's products to a varying extent and in varying forms. This involves the creation of requirement-specific models and the use of a large number of (historical) inventory data to "train" in order to recognize relevant patterns in future, to carry out allocations and categorisations and to supply better results and forecasts in the case of comparable tasks. In accordance with the nature of these processes, no fixed programmatic procedure is prescribed for finding solutions. Instead the system "learns" incrementally within a specific framework with the aid of the available database. Therefore models, output data and training cycles determine the quality of the supplied results to a significant extent.

Whereby under certain circumstances and depending on the model and data this could – sometimes even after a longer period of use – result in distortions, false identifications, non-detection and overfitting of the models, for example. This would subsequently lead to incorrect, incomplete or undesired results.

Risks with regard to information security and data protection

Fabasoft attaches great importance to the protection of confidential information, personal data and intellectual property. Nevertheless, the risk of unauthorized third parties gaining access to this sensitive material cannot be entirely ruled out. In view of the fact that global cyber-attacks against companies in all sectors are increasing in number, intensity and refinement, Fabasoft is making every effort to continue with the expansion of its cyber resilience.

Various organizational, training-specific, systematic and physical barriers and measures have been put into place to prevent unauthorized access. A catalog of criteria implemented in the procurement workflow supports the selection of safety-relevant suppliers. All security-relevant contractors such as data centers, suppliers of hard and software or special service providers must fulfil requirements defined by Fabasoft – such as the relevant certifications, for example, or contractually defined service levels, security statements, verifiably fulfilled security measures, agreements concerning controller data processing and duly signed confidentiality declarations. The installed information security management system is regularly tested for topicality and effectiveness by means of internal and external audits.

Over and above the purely technical aspects of information security there is also the danger of cyber-attacks in combination with manipulation and fraud on the social level. In order to raise the awareness of employees for the resulting risks, Fabasoft regularly carries out professional awareness training courses and simulations of potentially threatening scenarios. In addition, Fabasoft products and its cloud services, including the data centers involved, are tested continuously by external auditors and the corresponding test reports and audit certificates compiled.

3.2.4. Organizational risks

Risks concerning dependence on suppliers

In the Appliances business field in particular, customer benefits are not determined solely by the performance features of the software developed within the Fabasoft Group, but also to a large extent by third-party products such as hardware and software components from external suppliers. In this context, there are risks of delays, damage or loss in transport and warehouse logistics, both in the procurement process and in delivery to the customer. There is also the risk of complete supplier failure, for example as a result of production interruptions, capacity bottlenecks or other supply disruptions along the supply chain.

In order to reduce dependence on individual suppliers, Fabasoft's procurement process is aimed at a broad base of carefully selected sources of supply and appropriate quality management measures. In addition, the Fabasoft Group strives to counter the risk presented by means of defined, documented and certified business processes as well as continuous education and further training of the team members involved.

Personnel risks

For Fabasoft to continue on its growth path, it is essential to find sufficient numbers of new, highly qualified specialists and to retain them in the long term. In the case of specialists in the IT sector in particular, demand currently clearly outweighs supply on the labor market. There is therefore a risk that personnel requirements cannot be met with sufficiently qualified staff.

Furthermore, a risk entails should a larger number of employees, particularly key members of staff, leave the company within a brief period of time and no replacements can be found in the short-term. This would have negative impacts on the business development and on the ability of the company to meet previously agreed obligations and would presumably lead to a negative development of customer satisfaction and revenue even through to possible contractual penalties, liability claims or other disadvantageous consequences for the company, such as damage to reputation, project stops or even transaction reversals.

Understaffing can also lead to possible business potential not being realized at all or only in part. Should suppliers, sales or implementation partners be impacted by such personnel risks, this can also have negative consequences for the company.

Compliance and awareness risks

Fabasoft's business activities in all business fields are subject to the highest standards of information security, data protection, and adherence to comprehensive legal provisions and compliance standards. There is a risk that members of governing bodies or employees of the Fabasoft Group may violate legal provisions and internal company guidelines through conscious or unconscious misconduct, which could result in regulatory or even criminal consequences for the actors involved as well as considerable damage to Fabasoft's reputation.

In order to meet these strict requirements, Fabasoft attaches particular importance to its extensively implemented control mechanisms and internal compliance processes and guidelines. The valid and internationally recognized system and product certifications as well as internal training and awareness programs reflect Fabasoft's high level of compliance and ensure that key business activities meet both the Group's own expectations and those of its partners and other stakeholders, in addition to legal requirements, in order to minimize compliance and awareness risks as far as possible.

3.2.5. External risks

Risks from the effects of the macroeconomic and geopolitical environment

Fabasoft operates neither subsidiaries nor branches in Ukraine, in the Russian Federation, in Belarus or in Israel, nor does it obtain any relevant development services from these countries. There is likewise no relevant end customer or partner business in any of the countries mentioned above. It is currently not possible to gauge what impacts the effects of the armed conflicts and the related sanction measures against Russia and the like will have on customers and partners of the company, for example due to adverse effects on supply chains, the overall economic climate, public budgets etc. and as a consequence on the business of the company. It is equally impossible to quantify the heightened risk of cyber attacks and other attacks on critical infrastructures.

Risks from pandemics and environmental disasters

Although the last remaining Corona protection measures in Fabasoft's target markets were completely lifted at the beginning of the reporting period, it cannot be ruled out that a renewed spread of a pandemic or any environmental or natural disasters on a comparable scale could lead to repeated significant impairments of operational business processes and public life.

Fabasoft took comprehensive measures at an early stage to ensure the best possible maintenance of its operating business, which will be maintained and continuously evaluated in case of need. Emergency and contingency plans that have already been tested, as well as defined measures, will be adapted or expanded to take account of new findings wherever necessary.

Climate-related risks

The Fabasoft Group is well aware of its role and responsibility with regard to climate change and is clearly committed to regularly identifying and actively managing its climate-related risks, taking into account the recommendations of the TCFD (Task Force on Climate-Related Financial Disclosures).

When assessing climate-related risks and opportunities, a distinction was made between physical impacts on business activities and transitory risks on the business model. Physical risks are natural events such as floods, forest fires or extreme heat, which primarily impact the supply chain or lead to price fluctuations due to resource scarcity. Transitory risks exist in connection with the transition to a low-carbon economy. These can take the form of higher operating costs due to carbon prices, a changing regulatory landscape or the penetration of environmentally friendly technologies into the market.

Although the assessment of the residual risk for all identified climate-related risks is currently below the internally defined materiality threshold, impacts on the financial position over a long-term observation horizon cannot be ruled out.

3.2.6. Financial risks

Due to the customer structure and the resulting constellation of customer requirements the risk of defaults on receivables is still considered to be relatively low. Especially where usage fees are concerned, such fees are received at the start of the term and are coupled with performance of the service. An interest rate risk occurs in the case of other financial assets. As these can be converted into cash at short notice, the interest risk is therefore deemed immaterial. Exchange rate risks occur mainly when receivables or assets at financial and insurance institutions exist in a currency other than the local currency of the company.

Depending on the extent and duration of a macro-economic shock, higher risks could occur, for example, with regard to the security and impairment of assets at financial and insurance institutions and receivables as well as the difficulty entailed in maintaining the purchasing power of assets and revenues from ongoing obligations in a conceivable highly inflationary overall scenario.

The existing continuing obligation contracts of the company with customers and partners for recurring revenues normally include possibilities for inflation adjustment. This is usually measured based on a general, published index. The adjustment is often possible to specific effective dates or according to specific deadlines and after a specific threshold value has been exceeded. This normally gives rise to a time lag between the rise in inflation and the effectiveness of the respective price adjustments on sales. It can furthermore be observed that the price increases, in particular with regard to relevant suppliers and the upward trend of prices for personnel costs and personnel acquisition costs, are sometimes significantly higher than the published indices upon which contract adjustments are based. With regard to the company's cash and cash equivalents, there is still a risk that the gap between the current interest rate level and the loss of purchasing power as a result of rising inflation will widen further.

3.2.7. Internal control and risk management system

As part of its overall responsibility, the Managing Board of Fabasoft AG defines the principles of an internal control and risk management system which enables those responsible for control and processes to identify risks at an early stage, analyze them and take appropriate countermeasures.

The people responsible for controls and processes ensure that the controls and processes assigned to them are appropriate, effective and efficient. Moreover, they make sure that internal and external sources of information relevant to the functioning of the controls and processes are taken into account and that controls are carried out at the defined time or interval. They communicate the necessary information on control objectives and implementation (control execution) to those performing the control.

The group-wide risk management system of the Fabasoft Group with its uniform and process-oriented framework conditions pursues the goal of being able to identify significant developments that could jeopardize the continued existence of the company at an early stage by means of an early risk detection system.

Group accounting-related internal control and risk management system

The Fabasoft Group has an extensive reporting system based on key figures for the early identification of risks. Finance is the organizational unit responsible for reporting. The data comprises strategic and operative figures that are put together for reporting on a monthly basis. The regular reviews between the Managing Board and the organizational units are used to coordinate the detailed plans for the overall plan, the target/actual comparison and an outlook for the following quarters. In addition to this an internal control system (ICS) has been established as follows: Fabasoft has installed an internal control system in the areas of Human Resources, Purchasing, Revenue Cycle and Tax that uses control points based on the two person principle and appropriate process definitions and guidelines to ensure that laws and standards are complied with and prevent dishonest and unlawful activities.

The ICS guidelines for Human Resources, Purchasing, Revenue Cycle and Tax have been thoroughly documented in writing and each one linked to a coordinated control matrix. These matrices contain all the automated and manual internal controls that must be carried out. The documents (ICS guideline and control matrix) are revised and updated once a year or as required in the event of fundamental changes. Observance of the control points is examined at regular intervals with random checks. Risk management and the internal control system (ICS) contain responsibilities and competencies, apply to all subsidiaries and are administered centrally from the Linz headquarters.

4) Significant transactions with related companies and persons

In the period under review no significant businesses of affiliated companies and persons were affected.

Linz, 8 November 2023

Prof. Dipl.-Ing. Helmut Fallmann
Chairman of the Managing Board

Ing. Oliver Albl
Member of the Managing Board

Matthias Wodniok
Member of the Managing Board

Consolidated interim balance sheet as at 30 September 2023

Assets in kEUR	Note	30/09/2023	31/03/2023
Non-current assets			
Property, plant and equipment	3.1./3.4.	21,243	16,519
Intangible assets	3.1.	7,803	7,443
Other financial assets	3.3.	153	153
Other non-financial assets		350	413
Deferred income tax assets		615	490
		30,164	25,018
Current assets			
Trade and other receivables		16,486	15,653
Contract assets		2,711	3,058
Income tax receivables		80	82
Cash and cash equivalents		19,202	26,563
		38,479	45,356
Total assets		68,643	70,374
Equity and liabilities in kEUR			
	Note	30/09/2023	31/03/2023
Equity			
Capital and reserves attributable to the Parent Company's equity holders			
Share capital		11,000	11,000
Capital reserves		19,555	19,555
Other reserves		-666	-666
Adjustment item for currency conversion		276	115
Retained earnings		-4,664	-5,996
		25,501	24,008
Non-controlling interest		2,429	2,710
		27,930	26,718
Non-current liabilities			
Provisions for severance payments		2,807	2,708
Deferred income tax liabilities		338	666
Other payables	3.3./3.4.	7,335	6,965
Investment grants	3.4.	116	139
		10,596	10,478
Current liabilities			
Trade and other payables		11,651	12,954
Liabilities for income taxes		1,503	1,472
Contract liabilities	3.4.	16,963	18,752
		30,117	33,178
Total equity and liabilities		68,643	70,374

Consolidated statement of comprehensive income for the first half of the 2023/2024 fiscal year

in kEUR	Note	April - Sep 2023	April - Sep 2022
Sales revenue	5.	39,478	31,792
Other operating income		260	269
Expenses for purchased services		-2,414	-1,834
Employee benefits expenses		-20,820	-16,925
Depreciation and amortization expenses	5.	-3,767	-3,233
Other operating expenses		-6,040	-5,206
Operating result	5.	6,697	4,863
Finance income		14	39
Finance expenses		-189	-77
Result before income taxes		6,522	4,825
Income taxes		-1,741	-1,349
Result for the period		4,781	3,476
Other result (possible reclassification in result for the period):			
Change in adjustment item for currency conversion		199	82
Other result (no reclassification in result for the period):			
Revaluation effects severance payments and pensions net deferred taxes		0	74
Other result		199	156
Total result		4,980	3,632
Result for the period attributable to:			
Equity holders of the Parent Company		4,431	3,267
Non-controlling interest		350	209
Total result attributable to:			
Equity holders of the Parent Company		4,592	3,419
Non-controlling interest		388	213
Diluted and basic earnings per share in terms of the result for the period for result attributable to the equity holders of the Parent Company in the fiscal year (expressed in EUR per share)		0.40	0.30

Consolidated statement of comprehensive income for the second quarter of the 2023/2024 fiscal year

in kEUR	Note	July – Sep 2023	July – Sep 2022
Sales revenue		19,787	16,754
Other operating income		220	91
Expenses for purchased services		-1,145	-989
Employee benefits expenses		-10,154	-8,450
Depreciation and amortization expenses		-1,882	-1,649
Other operating expenses		-2,729	-2,571
Operating result		4,097	3,186
Finance income		11	39
Finance expenses		-98	-32
Result before income taxes		4,010	3,193
Income taxes		-1,043	-835
Result for the period		2,967	2,358
Other result (possible reclassification in result for the period):			
Change in adjustment item for currency conversion		78	58
Other result (no reclassification in result for the period):			
Revaluation effects severance payments and pensions net deferred taxes		0	74
Other result		78	132
Total result		3,045	2,490
Result for the period attributable to:			
Equity holders of the Parent Company		2,769	2,204
Non-controlling interest		198	154
Total result attributable to:			
Equity holders of the Parent Company		2,832	2,330
Non-controlling interest		213	160
Diluted and basic earnings per share in terms of the result for the period for result attributable to the equity holders of the Parent Company in the fiscal year (expressed in EUR per share)		0.25	0.20

Consolidated cash flow statement for the first half of the 2023/2024 fiscal year

in kEUR	Note	April - Sep 2023	April - Sep 2022
Cash flows from operating activities			
Operating result		6,697	4,863
Adjustments in non-cash items			
Depreciation and amortization expenses	5.	3,767	3,233
Effects from currency conversion		-90	-476
Changes in non-current provisions		99	-200
Revaluation effects severance payments and pensions		0	95
Changes in other non-financial assets recognized in profit and loss		63	-13
Loss from disposal of property, plant and equipment		204	6
Income from the dissolution of investment grants	3.4.	-23	-29
		10,717	7,479
Adjustments in net current assets			
Changes in trade and other receivables (without income tax receivables)		-756	-6,099
Changes in contract assets		362	-976
Changes in trade and other payables (without income tax and lease liabilities)		-1,606	18
Changes in contract liabilities		-1,917	1,387
		-3,917	-5,670
Cash generated from operations		6,800	1,809
Interest received		10	1
Interest paid		-173	-49
Income taxes paid		-2,071	-2,385
Net cash generated from operating activities		4,566	-624
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets	3.1.	-7,413	-2,126
Investment grants received	3.4.	88	30
Net cash used in investing activities		-7,325	-2,096
Cash flows from financing activities			
Redemption of lease liability		-908	-766
Dividend distribution		-3,300	-8,250
Dividend distribution to non-controlling interest		-686	-565
Payments from transactions with non-controlling interest	2.2.2.	157	292
Payments for transactions with non-controlling interest		0	-53
Net cash used in financing activities		-4,737	-9,342
Changes in cash and cash equivalents		-7,496	-12,062
Development in cash and cash equivalents			
Cash and cash equivalents at beginning of period		26,563	35,823
Effect of exchange rates changes		135	296
Decrease		-7,496	-12,062
Cash and cash equivalents at end of period	4.	19,202	24,057

Consolidated statement of changes in equity for the first half of the 2023/2024 fiscal year

		Attributable to equity holders of the Parent Company							
in kEUR	Note	Share capital	Capital reserves	Other reserves	Adjustment item for currency conversion	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 31 March 2023		11,000	19,555	-666	115	-5,996	24,008	2,710	26,718
First time application IAS 12.22 A		0	0	0	0	61	61	0	61
Balance at 1 April 2023		11,000	19,555	-666	115	-5,935	24,069	2,710	26,779
Other result		0	0	0	161	0	161	38	199
Result for the period		0	0	0	0	4,431	4,431	350	4,781
Total result		0	0	0	161	4,431	4,592	388	4,980
Dividend		0	0	0	0	-3,300	-3,300	-686	-3,986
Transactions with non-controlling interest	2.2.2.	0	0	0	0	140	140	17	157
Balance at 30 September 2023	3.2.	11,000	19,555	-666	276	-4,664	25,501	2,429	27,930

		Attributable to equity holders of the Parent Company							
in kEUR	Note	Share capital	Capital reserves	Other reserves	Adjustment item for currency conversion	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 31 March 2022		11,000	19,555	-950	394	-4,605	25,394	1,860	27,254
Other result		0	0	72	80	0	152	4	156
Result for the period		0	0	0	0	3,267	3,267	209	3,476
Total result		0	0	72	80	3,267	3,419	213	3,632
Dividend		0	0	0	0	-8,250	-8,250	-565	-8,815
Transactions with non-controlling interest		0	0	0	0	90	90	149	239
Adjustment of first time consolidation of subsidiaries		0	0	0	0	0	0	-246	-246
Balance at 30 September 2022	3.2.	11,000	19,555	-878	474	-9,498	20,653	1,411	22,064

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2023

1) Company details

Fabasoftware is a European software manufacturer and provider of cloud services for digital document, process and records management in Europe. With the unique Fabasoftware PROCECO ecosystem, Fabasoftware unites selected powerful software solutions for document-intensive business processes. Fabasoftware's products help digitalize, accelerate, simplify and boost the quality of business processes. They include the receipt, structuring, team and process-oriented provision, processing and handling, secure storage and context-sensitive finding of all business documents as well as the preparation and provision of content for different publication channels. This is complemented by digital, sustainable knowledge transfer based on neuroscientific findings.

Fabasoftware AG with its headquarters at Honauerstrasse 4, 4020 Linz, Austria is the Group Parent Company.

Company shares have been quoted in the Prime Standard of the Frankfurt Stock Exchange (WKN (D) 922985).

The reporting period for the consolidated interim financial statements is from 1 April 2023 to 30 September 2023.

2) Accounting policies

2.1. Basis of preparation

The consolidated interim financial statements dated 30 September 2023 were drawn up in compliance with the International Financial Reporting Standard 34 (IAS 34).

The consolidated interim financial statements were drawn up in accordance with generally recognized accounting policies, which require the use of estimates and assumptions. These estimates and assumptions influence the amount and return on assets and liabilities shown in the balance sheet, the disclosed contingent assets and liabilities on the interim balance sheet date as well as the income and expenditures for the period under consideration. Although these estimates are calculated to the best knowledge based on current transactions, actual values may deviate from these estimates.

Due to the amendment of IAS 12 "Deferred taxes", it was clarified that in certain cases there is no exemption to the recognition of deferred taxes, which is why from 1 April 2023, deferred taxes will also be recognized for the initial recognition for transactions that simultaneously give rise to equal taxable and deductible temporary differences. Specific cases of application in the group are leases for which corresponding deferred taxes were recognized retrospectively. Otherwise, the same accounting and valuation principles applied for the last consolidated financial statements as at 31 March 2023 were also applied for the preparation of the interim consolidated financial statements.

The consolidated interim financial statements are prepared in thousands of Euros (kEUR), as are entries in the notes.

2.2. Consolidation

The consolidated interim financial statements of subsidiaries included in the interim financial statements were drawn up Group-wide on 30 September 2023 and in accordance with IFRS, as adopted by the EU.

2.2.1. Consolidation scope

As at the interim balance sheet date, 30 September 2023, the following companies in addition to Fabasoft AG, as the Parent Company, have been fully consolidated and are included in the consolidated financial statements:

Entity	Location of Headquarters	Direct share of Fabasoft AG as a %
Fabasoft International Services GmbH	Linz/Austria	100
Fabasoft R&D GmbH	Linz/Austria	100
Fabasoft Austria GmbH	Linz/Austria	100
Mindbreeze GmbH	Linz/Austria	85.5
Fabasoft Talents GmbH	Linz/Austria	100
Fabasoft Approve GmbH	Linz/Austria	80
Fabasoft Contracts GmbH	Linz/Austria	80
Fabasoft Deutschland GmbH	Frankfurt am Main/Germany	100
Xpublisher GmbH	Munich/ Germany	60
Fabasoft 4teamwork AG	Bern/Switzerland	70

Entity	Location of Headquarters	Indirect share of Fabasoft AG as a %
Mindbreeze Corporation	Chicago/USA	85.5
Mindbreeze BidForce GmbH	Linz/Austria	68.4
Xpublisher Inc.	Chicago/USA	60

2.2.2. Changes to the scope of consolidation

A subsidiary of Mindbreeze GmbH, Mindbreeze BidForce GmbH, with its registered office in the political municipality of Linz, was founded on 27 April 2023. Mindbreeze GmbH holds an 80% interest in this company, the remaining shares are held by the management of Mindbreeze BidForce GmbH.

Full consolidation of Mindbreeze BidForce GmbH was effected for the first time with date of establishment.

On 27 April 2023 Fabasoft AG reduced its holding in Fabasoft Contracts GmbH from 100% to 80%. The shares were purchased by the management of Fabasoft Contracts GmbH.

2.2.3. Foreign currency translation

Interim financial statements in foreign currencies have been translated at the average relevant exchange rate. According to this method, the items on the interim balance sheet were translated at the exchange rates valid on the interim balance sheet date, whereas the items on the statement of comprehensive income were translated at the average exchange rate for the reported period. Differences in these currency conversions are recorded in the other result. Exchange differences which may occur when converting transactions and accounting items into foreign currencies are calculated using the valid exchange rate at the time of the transaction or valuation and recognized in profit or loss.

3) Notes to the balance sheet and the consolidated statement of comprehensive income

3.1. Investments

The purchases of property, plant and equipment and intangible assets mainly concern hardware and other office equipment.

3.2. Equity

As at 30 September 2023, the company's share capital was kEUR 11,000 (31/03/2023: kEUR 11,000). It is comprised of 11,000,000 individual shares (31/03/2023: 11,000,000) at a nominal value of EUR 1.00 per share.

The capital reserve amounting to kEUR 19,555 (31/03/2023: kEUR 19,555) affects premiums to the amount of kEUR 17,173 (31/03/2023: kEUR 17,173). The remainder results in an amount of kEUR 2,069 (31/03/2023: kEUR 2,069) from reorganizations and in an amount of kEUR 313 (31/03/2023: kEUR 313) from former options programmes.

Fabasoft AG holds no treasury shares as of the interim balance sheet date of 30 September 2023.

The following resolutions, among others, were made at the Fabasoft AG Annual General Meeting on 3 July 2023:

A dividend of EUR 0.30 per dividend-bearing share shall be paid out for the 2022/2023 fiscal year.

The Managing Board is authorized for the period of 30 months to acquire its own shares pursuant to Section 65 (1) (4) of the Austrian Stock Corporation Act for the purpose of issuing them to employees, company executives and members of the Managing Board of the company or an affiliated company respectively to Section 65 (1) (8) of the Austria Stock Corporation Act and up to a maximum holding of 10% of the total share capital of the company. The equivalent value permissible at repurchase must not exceed 10% above and must not be 20% at the least below the average price at the close of Xetra trading on the Deutsche Börse AG of the last five stock exchange trading days prior to the fixing of the purchase price.

The Managing Board is authorized with the approval of the Supervisory Board to increase the share capital of the company within five years of this amendment to the articles being entered in the company register – possibly in several tranches – by up to nominally EUR 5,500,000.00 through the issue of up to 5,500,000 no-par-value shares both against cash deposit and also pursuant to Section 172 of the Austrian Stock Corporation Act against non-cash contribution to up to EUR 16,500,000.00 and stipulate the conditions of issuance in agreement with the Supervisory Board (authorized capital in the sense of Sections 169 ff Austrian Stock Corporation Act), whereby the Managing Board shall also be authorized to issue the new shares possibly with the exclusion of the subscription rights that the shareholders are otherwise entitled to (Section 170 (2) Austrian Stock Corporation Act).

3.3. Financial instruments

The financial instruments measured at fair value on 30 September 2023 break down as follows:

Balance sheet item in kEUR	Category to IFRS 9	Book value	Fair Value – Level I (through profit and loss)	Fair Value – Level III (through profit and loss)	Amortized costs
Other financial assets	At fair value through profit and loss	153	145	8	0
Other payables*	At fair value through profit and loss	1,250	0	1,250	0

*Book values cannot be adjusted with the respective balance sheet item as this itemization applies only to financial instruments.

The financial instruments on 31 March 2023 broke down as follows:

Balance sheet item in kEUR	Category to IFRS 9	Book value	Fair Value - Level I (through profit and loss)**	Fair Value - Level III (through profit and loss)	Amortized costs
Other financial assets	At fair value through profit and loss	153	145	8	0
Other payables*	At fair value through profit and loss	1,234	0	1,234	0

*Book values cannot be adjusted with the respective balance sheet item as this itemization applies only to financial instruments.

**In the recurring evaluation of other financial assets, it was determined that the allocation to "Fair Value - Level I (through profit and loss)" is considered more appropriate. Accordingly, these other financial assets are now presented as "Fair Value - Level I" instead of "Fair Value Level II". The adjustment of the allocation does not lead to any accounting amendment.

Other financial assets relate to securities (investment certificates) to the amount of kEUR 145 (31/03/2023: kEUR 145) and other receivables to the amount of kEUR 8 (31/03/2023: kEUR 8). The fair values of the securities are derived from the current market value. Other receivables result from the acquisition of 4teamwork AG and derive from the valuation at fair value of the contingent purchase price.

Part of the purchase price was paid into an escrow account and will be paid out to the seller by 31 March 2025 at the latest, subject to compliance with the defined key performance indicators and the defined integration steps. The discounted cash flow method was used for the evaluation.

As of the reporting date of 31 March 2023, the defined performance indicators and the defined integration steps have been achieved. Therefore a first part of the contingent purchase price in the amount of TCHF 150 was paid in the second quarter of 2023/2024 fiscal year.

The amount reported under other payables measured at fair value constitutes the earn-out component from the acquisition of Xpublisher GmbH. The discounted cash flow method was used for the evaluation.

On attainment of the specific performance indicators, the undiscounted, potentially payable amount in the fiscal years ending on 31 March 2024 or 31 March 2025 is kEUR 1,300 (31/03/2023: kEUR 1,300). Should the specific performance indicators fall short of the targets no earn-out payment is made.

3.4. Further notes to the balance sheet and the consolidated statement of comprehensive income

The contract liabilities resulting from service contracts pursuant to IFRS 15 amounted to kEUR 387 as at 30 September 2023 (31/03/2023: kEUR 264), the remaining amount of kEUR 16,576 (31/03/2023: kEUR 18,488) relates to deferred revenue, in particular from software updates, fees for right of use and recurring professional services.

The right-of-use assets pursuant to IFRS 16 are reported in the balance sheet item "Property, plant and equipment" and amounted to kEUR 7,600 as at 30 September 2023 (31/03/2023: kEUR 7,106), the leasing liabilities are reported at an amount of kEUR 6,085 as at 30 September 2023 (31/03/2023: kEUR 5,731) in non-current other payables and at an amount of kEUR 2,008 (31/03/2023: kEUR 1,761) in current trade and other payables.

Investment premiums are shown in the balance sheet item "Investment grants". These are grants from the Austrian Federal Government of up to 14% of the investments made. They were recognized as a liability to the amount of kEUR 116 (31/03/2023: kEUR 139) and to the amount of kEUR 23 (corresponding period of the previous year: kEUR 29) as other operating income due to the dissolution over the period of the useful life of the assets.

4) Consolidated cash flow statement

The cash flow statement has been drawn up according to the indirect method. It shows the change in cash and cash equivalents for the Group during the reporting year through the inflow and outflow of funds.

On the cash flow statement, a differentiation is made between cash flows from operating activities, investment activities and financing activities.

5) Segment reporting

The Group's reporting format is structured according to geographical segments in terms of the location of the assets.

April – September 2023 in kEUR	Austria	Germany	Switzerland	Other countries	Group
Gross sales	26,929	19,654	3,821	4,172	54,576
Less intersegmental sales	-13,734	-1,079	-99	-186	-15,098
Sales with external customers	13,195	18,575	3,722	3,986	39,478
Operating result	4,014	2,663	280	-260	6,697
Depreciation and amortization expenses	2,478	528	282	479	3,767

Reconciliation in kEUR

Operating result segments					6,697
Financial result Group					-175
Result before income taxes					6,522

April – September 2022 in kEUR	Austria	Germany	Switzerland	Other countries	Group
Gross sales	21,442	15,658	1,235	4,364	42,699
Less intersegmental sales	-10,499	-208	-77	-123	-10,907
Sales with external customers	10,943	15,450	1,158	4,241	31,792
Operating result	2,666	2,193	-167	171	4,863
Depreciation and amortization expenses	2,052	599	32	550	3,233

Reconciliation in kEUR

Operating result segments					4,863
Financial result Group					-38
Result before income taxes					4,825

In order to take account of the general trend in the software industry in the reporting – namely the transformation process away from the model of purchasing rights of use against an one-off fee and in the direction of an ongoing monthly usage fee – a breakdown of sales by recurring revenue from ongoing obligations with varying terms or residual terms (recurring revenue) and sales not based on ongoing obligations (non-recurring revenue) follows.

Breakdown of sales by type of contract:

in kEUR	April – September 2023	April – September 2022
Recurring revenue	21,123	17,376
Non-recurring revenue	18,355	14,416
thereof software	756	466
thereof professional services	17,599	13,950
Total	39,478	31,792

Recurring revenue includes in particular software updates, fees for right of use for Mindbreeze InSpire, Fabasoft PROCECO Solutions and recurring professional services (e.g. for support and operation management).

Non-recurring revenue includes one-off licenses (software) and sales of consulting services (professional services).

6) Other statements

6.1. Details of affiliated persons and employees

6.1.1. Average number of employees

	April – September 2023	April – September 2022
Employees	470	394

6.1.2. Managing Board of Fabasoft AG

Prof. Dipl.-Ing. Helmut Fallmann, Linz
 Ing. Oliver Abl, Haag am Hausruck
 Matthias Wodniok, Hofheim Wallau

6.1.3. Supervisory Board of Fabasoft AG

em. o. Univ.-Prof. Mag. Dr. Friedrich Roithmayr, Linz (Chairman of the Supervisory Board)
 FH-Prof.ⁱⁿ Univ.Do^z.ⁱⁿ DJⁱⁿ Dr.ⁱⁿ Ingrid Schaumüller-Bichl, Linz
 Prof. Dr. Andreas Altmann, Innsbruck
 Mag.^a Michaela Schwinghammer-Hausleithner, Linz

6.1.4. Other affiliated companies and employees

Fallmann & Bauernfeind Privatstiftung, Linz, main shareholder of Fabasoft AG
 Mag.^a Birgit Fallmann, wife of Prof. Dipl.-Ing. Helmut Fallmann, employee of Fabasoft AG (continuous emoluments kEUR 28, corresponding period of the previous year kEUR 28).

There are no further business relationships with other affiliated companies and employees in the first half of the 2023/2024 fiscal year.

6.2. Direct and indirect impacts of the macroeconomic and geopolitical environment

Fabasoft does not operate any subsidiaries or branches in Ukraine, the Russian Federation, in Belarus or in Israel, nor does it procure relevant development services from any of these countries. Likewise, there is no relevant end customer or partner business in any of the aforementioned countries. The impact of the armed conflicts and the associated sanctions against Russia and similar measures on the company's customers and partners, for example by impairing supply chains, the overall economic climate, public budgets, etc., and thus possibly subsequently on the company's business, cannot currently be estimated. The increased risk of cyber attacks or other attacks on critical infrastructures cannot be quantified either. Inflation-related effects and the changing interest rate level are included in the general risk assessment and are taken into account accordingly in the relevant business processes.

6.3. Climate related risks and opportunities of the Fabasoft Group

The Fabasoft Group is fully aware of its role and responsibility with regard to climate change and is clearly committed to regularly collecting and actively managing its climate-related risks and opportunities taking into consideration the recommendations of the TCFD (Task Force on Climate-Related Financial Disclosures).

The assessment of the residual risk for all identified climate-related risks and opportunities is below the materiality threshold defined internally, so that the overall impact on the business model, income statement and balance sheet of the Fabasoft Group are classified as immaterial.

6.4. Events after the balance sheet date

The share buyback programme of Fabasoft AG started on 4 October 2023 and will run until 31 March 2025 at the latest, with own shares being bought back via the stock exchange up to a maximum total purchase price (excluding incidental costs) of EUR 2 million. The decision of the Managing Board dated 27 September 2023, made after approval of the Supervisory Board, to make use of the authorization of the General Meeting on 3 July 2023 to purchase its own shares according to Section 65 (1) (4) and Section 65 (1) (8) of the Austrian Stock Corporation Act (Aktengesetz, AktG) was made public on 29 September 2023 and can be viewed in more detail on the investors section of www.fabasoft.com. The company regularly provides information about the share buyback on its website.

No other significant events in respect of this interim financial statement occurred after 30 September 2023.

Linz, 8 November 2023

Prof. Dipl.-Ing. Helmut Fallmann
Chairman of the Managing Board

Ing. Oliver Albl
Member of the Managing Board

Matthias Wodniok
Member of the Managing Board

REPORT ON THE REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Fabasoft AG, Linz, for the period from 1 April 2023 to 30 September 2023. These condensed consolidated interim financial statements comprise the consolidated interim balance sheet as of 30 September 2023 and the consolidated statement of comprehensive income, the consolidated cashflow statement and the consolidated statement of changes in equity for the period from 1 April 2023 to 30 September 2023 and the condensed notes, summarizing the significant accounting policies and other explanatory notes.

Management is responsible for the preparation of the condensed consolidated interim financial statements in accordance with International Financial Reporting Standards (IFRS's) for Interim Financial Reporting as adopted by the EU.

Our responsibility is to express a conclusion on these condensed consolidated interim financial and third parties. Our liability towards the Company and towards third parties is limited in accordance with Section 275 (2) of the Austrian Commercial Code (UGB).

Scope of review

We conducted our review in accordance with Austrian Standards for Chartered Accountants, in particular in compliance with KFS/PG 11 "Principles of Engagements to Review Financial Statements", and with the International Standard on Review Engagements (ISRE 2410) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

A review of interim financial statements is limited primarily to making inquiries, primarily of Company personnel, responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Austrian Standards on Auditing or International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing came to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Financial Reporting Standards (IFRS's) for Interim Financial Reporting as adopted by the EU.

Statement on the condensed consolidated interim management report for the 6 month period and on management's statement in accordance with Section 125 Austrian Stock Exchange Act (BörseG)

We have read the condensed consolidated interim management report and evaluated whether it does not contain any apparent inconsistencies with the condensed interim consolidated financial statements. Based on our evaluation, the condensed consolidated interim management report does not contain any apparent inconsistencies with the condensed interim consolidated financial statements.

The interim financial information contains the statement by management in accordance with Section 125 (1) (3) Austrian Stock Exchange Act.

Linz, 8 November 2023

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Marion Raninger mp
Wirtschaftsprüferin / Certified Public Accountant

Mag. Erich Lehner mp
Wirtschaftsprüfer / Certified Public Accountant



STATEMENT OF ALL LEGAL REPRESENTATIVES

We, Prof. Dipl.-Ing. Helmut Fallmann, Ing. Oliver Albl and Matthias Wodniok, as Members of the Managing Board and statutory representatives of Fabasoft AG confirm that, to the best of our knowledge, the condensed interim financial statements drawn up in accordance with the applicable accounting principles present the truest and fairest view possible of the assets, finances and earnings of all the companies included in the consolidation and that the interim six-months management report presents the truest and fairest view possible of the assets, finances and earnings with regard to the information stipulated in Section 125 (4) of the Austrian Stock Exchange Act 2018.

Linz, 8 November 2023

Prof. Dipl.-Ing. Helmut Fallmann
Chairman of the Managing Board

Ing. Oliver Albl
Member of the Managing Board

Matthias Wodniok
Member of the Managing Board

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Future-related and other statements:

This report contains data which relate to expected future developments. These forward-looking statements are normally but not exclusively paraphrased with words such as “expect”, “assume”, “plan” etc. If these assumptions on which the statements have been based do not prove true or if risks materialise – such as those mentioned for example in the issue prospectus or in the risk report or if the current situation changes in the future, the actual results may deviate from the result expected at present. The forward-looking statements assert no claim to correctness or completeness, are not updated and should therefore be treated with all due caution.

This report has been compiled with the highest degree of diligence and all data published have been checked. Rounding, typesetting and printing errors cannot be excluded, however. The addition of rounded amounts and percentages may result in differences in figures calculated due to use of automatic calculation aids. The translation of the original German version of the report has been included for the convenience of our English-speaking shareholders. The German version is authoritative.

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