Annual Financial Report

Fabasoft

2024/2025

Consolidated balance sheet as at 31 March 2025

Assets in kEUR	Note	31/03/2025	31/03/2024
Non-current assets			
Property, plant and equipment	5.1.1.	36,743	23,928
Intangible assets	5.1.2.	4,235	6,857
Other financial assets	5.1.3.	151	145
Other non-financial assets	5.1.4.	159	376
Deferred income tax assets	5.1.5.	955	822
		42,243	32,128
Current assets			
Trade and other receivables	5.2.1.	13,905	16,532
Contract assets		2,694	2,516
Income tax receivables		131	84
Cash and cash equivalents	5.2.2.	34,283	25,068
		51,013	44,200
Total assets		93,256	76,328

Equity and liabilities in kEUR	Note	31/03/2025	31/03/2024
Equity			
Capital and reserves attributable to the Parent Company's equity holders			
Share capital	5.3.	11,000	11,000
Capital reserves	5.3.1.	19,555	19,555
Treasury shares	5.3.2.	-4,024	-2,016
Other reserves		-718	-740
Adjustment item for currency conversion		323	223
Retained earnings		7,637	-22
		33,773	28,000
Non-controlling interest		2,323	2,638
		36,096	30,638
Non-current liabilities			
Provisions for severance payments	5.4.1.	3,098	3,043
Deferred income tax liabilities	5.1.5.	1,159	908
Financial liabilities	5.4.3.	10,672	0
Other payables	5.4.4.	4,503	6,149
Investment grants	5.4.5.	81	106
		19,513	10,206
Current liabilities			
Financial liabilities		1,046	0
Trade and other payables	5.5.2.	12,920	13,704
Liabilities for income taxes	5.5.3.	2,096	1,795
Contract liabilities	5.5.4.	21,586	19,985
		37,647	35,484
Total equity and liabilities		93,256	76,328

Consolidated statement of comprehensive income for the 2024/2025 fiscal year

in kEUR	Note	2024/2025	2023/2024
Sales revenue	6.1.	**86,845**	**80,950**
Other operating income	6.2.	924	1,044
Expenses for purchased services		-5,164	-4,656
Employee benefits expenses	6.3.	-46,539	-43,493
Depreciation and amortization expenses	6.4.	-7,624	-7,878
Expenses from impairments	6.5.	-2,220	-335
Other operating expenses	6.6.	-12,921	-12,247
Operating result		**13,301**	**13,385**
Finance income	6.7.	133	112
Finance expenses	6.7.	-537	-384
Result before income taxes		**12,897**	**13,113**
Income taxes	6.8.	-3,782	-3,484
Result of the year		**9,115**	**9,629**
Other result (possible reclassification in result of the year):			
Change in adjustment item for currency conversion		125	132
Other result (no reclassification in result of the year):			
Revaluation effects severance payments and pensions net deferred taxes		23	-76
Other result		**148**	**56**
Total result		**9,263**	**9,685**
Result of the year attributable to:			
Equity holders of the Parent Company		8,800	9,073
Non-controlling interest		315	556
Total result attributable to:			
Equity holders of the Parent Company		8,922	9,107
Non-controlling interest		341	578
Diluted and undiluted earnings per share in terms of the result of the year for result attributable to the equity holders of the Parent Company in the fiscal year (expressed in EUR per share)	9.1.1.	0,80	0,83

Consolidated cash flow statement for the 2024/2025 fiscal year

in kEUR	Note	2024/2025	2023/2024
Cash flows from operating activities			
Result before income taxes		12,897	13,113
Net finance expenses	6.7.	404	272
Operating result		13,301	13,385
Adjustments in non-cash items			
Depreciation and amortisation expenses	6.4.	7,624	7,878
Expenses from impairments	6.5.	2,220	335
Effects from currency conversion		-3	-53
Changes in non-current provisions		56	334
Revaluation effects severance payments and pensions	5.4.1.	29	-99
Changes in other non-financial assets recognized in profit and loss	5.1.4.	217	37
Loss from disposal of property, plant and equipment		20	611
Income from the dissolution of investment grants	5.4.5.	-38	-45
Income from appreciation of other financial assets		-6	0
		23,420	22,383
Adjustments in net current assets			
Changes in trade and other receivables (without income tax receivables)		2,762	-875
Changes in contract assets		-176	557
Changes in trade and other payables (without income tax and lease liabilities)		232	-320
Changes in contract liabilities		1,563	1,168
		4,381	530
Cash generated from operations		27,801	22,913
Interest received		52	54
Interest paid		-1,347	-350
Income taxes paid		-3,417	-3,140
Net cash generated from operating activities		23,089	19,477
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets	5.1.1. 5.1.2.	-16,495	-13,332
Proceeds from sale of property, plant and equipment and intangible assets		16	3
Redemption of earn-out liabilities from company acquisitions	4.	-400	0
Investment grants received		0	88
Net cash used in investing activities		-16,879	-13,241
Cash flows from financing activities			
Redemption of lease liability	7.	-4,991	-1,990
Payments for the acquisition of treasury shares		-2,008	-2,016
Dividend distribution		-1,090	-3,300
Dividend distribution to non-controlling interest		-699	-686
Payments from transactions with non-controlling interest		0	176
Payments for transactions with non-controlling interest		-7	0
Proceeds from financial liabilities	7.	12,283	0
Repayment and payment of financial liabilities	7.	-566	0
Net cash used in financing activities		2,922	-7,816
Changes in cash and cash equivalents		9,132	-1,580
Development in cash and cash equivalents			
Cash and cash equivalents at beginning of year		25,068	26,563
Effect of exchange rates changes		83	85
Increase/decrease		9,132	-1,580
Cash and cash equivalents at end of year	5.2.2.	34,283	25,068

Consolidated statement of changes in equity for the 2024/2025 fiscal year

Attributable to equity holders of the Parent Company

in kEUR	Note	Share capital	Capital reserves	Treasury shares	Other reserves	Adjustment item for currency conversion	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 31 March 2024		11,000	19,555	-2,016	-740	223	-22	28,000	2,638	30,638
Other result		0	0	0	22	100	0	122	26	148
Result of the year		0	0	0	0	0	8,800	8,800	315	9,115
Total result		0	0	0	22	100	8,800	8,922	341	9,263
Dividend distribution		0	0	0	0	0	-1,090	-1,090	-700	-1,790
Transactions with non-controlling interest	2.2.2.	0	0	0	0	0	-51	-51	44	-7
Acquisition of treasury shares	5.3.2.	0	0	-2,008	0	0	0	-2,008	0	-2,008
Balance at 31 March 2025	5.3.	11.000	19.555	-4.024	-718	323	7.637	33.773	2.323	36.096

Attributable to equity holders of the Parent Company

in kEUR	Note	Share capital	Capital reserves	Treasury shares	Other reserves	Adjustment item for currency conversion	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 31 March 2023		**11,000**	**19,555**	**0**	**-666**	**115**	**-5,996**	**24,008**	**2,710**	**26,718**
First time application IAS 12.22 A		0	0	0	0	0	61	61	0	61
Balance at 1 April 2023		**11,000**	**19,555**	**0**	**-666**	**115**	**-5,935**	**24,069**	**2,710**	**26,779**
Other result		0	0	0	-74	108	0	34	22	56
Result of the year		0	0	0	0	0	9,073	9,073	556	9,629
Total result		**0**	**0**	**0**	**-74**	**108**	**9,073**	**9,107**	**578**	**9,685**
Dividend distribution		0	0	0	0	0	-3,300	-3,300	-686	-3,986
Transactions with non-controlling interest	2.2.2.	0	0	0	0	0	140	140	36	176
Acquisition of treasury shares	5.3.2.	0	0	-2,016	0	0	0	-2,016	0	-2,016
Balance at 31 March 2024	**5.3.**	**11,000**	**19,555**	**-2,016**	**-740**	**223**	**-22**	**28,000**	**2,638**	**30,638**

Notes to the Consolidated Financial Statements as at 31 March 2025

1. Company details

As an Austrian IT innovation leader and market leader in electronic files in the DACH region, Fabasoft sets standards for efficient and scalable processes in digital document and process management. The SaaS provider's technologies not only create solutions, but also define what excellence in digital transformation means. That is why numerous well-known companies and public administration organizations have been relying on Fabasoft's quality and experience for more than three decades. In a digital ecosystem – the Fabasphere – Fabasoft offers networked software solutions for document-intensive business processes. The products digitize, simplify, and accelerate business processes – while sustainably improving their quality.

Fabasoft 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 financial statements is from 1 April 2024 to 31 March 2025.

2. Accounting policies

2.1. Basis of preparation

The consolidated financial statements were drawn up according to the International Financial Reporting Standards (IFRS) and the interpretation of the IFRS interpretation committee as adopted by the European Union (EU), and the company law regulations of Section 245a of the Austrian Commercial Code.

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

2.1.1. New and amended standards used for the first time in the fiscal year

When drawing up the consolidated financial statements the following changes to the IAS, IFRS or interpretations and the newly published standards and interpretations were observed, in as far as these had been published in the Official Journal of the European Union and had become effective by 31 March 2025:

Standard	Contents	To be applied to new fiscal years as of
IAS 1	Classification of liabilities as current or non-current (Amendments to IAS 1)	January 2024
IAS 1	Non-current liabilities with covenants (Amendments to IAS 1)	January 2024
IFRS 16	Lease liabilities in sale and leaseback transactions	January 2024
IAS 7 and IFRS 7	Disclosure on supplier finance arrangements (Supplier Finance Arrangements)	January 2024

As far as these are individually applicable, the regulations indicated have been implemented in these consolidated financial statements.

Further amendments to the standards from 1 April 2024 have no significant impacts on the assets, liabilities, financial position and profit or loss of the Group.

2.1.2. Standards, interpretations and amendments to standards published which are not yet mandatory and have not been used earlier by the Group

The following standards and interpretations were adopted or amended by 31 March 2025, but their applications had, however, not become mandatory for the 2024/2025 fiscal year:

Standard	Content	Not adopted and to be applied to new fiscal years as of
IAS 21	Lack of currency convertibility	January 2025
IFRS 9 and IFRS 7	Changes to classification and measurement of financial instruments	January 2026
IFRS 9 and IFRS 7	Contracts that refer to electricity linked to natural conditions	January 2026
Various	Annual improvements to IFRS 2021-2023	January 2026
IFRS 18	Presentation and disclosure of information in the financial statements	January 2027
IFRS 19	Subsidiaries without public accountability: disclosures	January 2027

IFRS 18 Presentation and Disclosure in Financial Statements will replace IAS 1 Presentation of Financial Statements and will result in adjustments to IAS 7 Statement of Cash Flows and IAS 8 Accounting Policies. The redesign of the primary financial statements and new disclosures in the notes are intended to provide more consistent information and increase the comparability of company results.

To this end, a largely uniform structure is specified for the income statement and regulates which expenses and income are to be allocated to operating activities, investing activities and financing activities in the future.

In the cash flow statement, the disclosure options for dividends and interest received and paid are eliminated, and the operating result is defined as the starting point for applying the indirect method.

Specific disclosures are required for the presentation of company-specific performance measures (known as management-defined performance measures). Furthermore, more detailed rules and guidelines are established on how aggregated and disaggregated information is to be presented in the financial statements.

The application is mandatory retroactively for fiscal years beginning on or after January 1, 2027, an EU endorsement is currently still pending. Earlier application is permitted but is not currently planned for the consolidated financial statements of Fabasoft AG. IFRS 18 may have an impact on the presentation and structure of the consolidated statement of comprehensive income and the consolidated cash flow statement of the Fabasoft Group and may also require new or amended disclosures in the notes. The specific effects are currently being analysed.

From today's perspective there are no significant impacts to be expected on the assets, liabilities, financial position and profit or loss of the Group arising from the above listed new versions or amendments.

2.2. Consolidation

The annual financial statements of subsidiaries included in the consolidated financial statements were drawn up Group-wide on 31 March and in accordance with group-wide uniform accounting and valuation principles.

Subsidiaries are all companies controlled by the Group. The Group controls an associated company when it possesses power of disposition over the company and there exists a risk burden as a result of or entitlement to variable returns from its involvement in the associated company and the Group has the capability to use its power of disposition over the associated company in such a way that it influences the amount of variable returns of the associated company.

The consolidation of an associated company starts on the day on which the Group obtains control of the company. It ends when the Group loses control of the associated company.

The final consolidation of subsidiaries occurs on the day the control over the company comes to an end. The revenue and expenses are included in the consolidated statement of comprehensive income until the date the consolidation ends.

All subsidiaries of the Group appear fully consolidated in the consolidated financial statements.

2.2.1. Consolidation scope

The scope of consolidation is determined according to the principles of IFRS 10.

Non-Group shares owned by non-controlling shareholders are listed separately as part of equity.

As at the balance sheet date, 31 March 2025, 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	Type of business activity	Direct share of Fabasoft AG as a %	Non-controlling shareholder share as a %
Fabasoft International Services GmbH	Linz/ Austria	Group professional services	100	
Fabasoft R&D GmbH	Linz/ Austria	Fabasoft Research & Development	100	
Fabasoft Austria GmbH	Linz/ Austria	Fabasoft eGov-business Austria	100	
Mindbreeze GmbH	Linz/ Austria	Information Insight products and marketing	85.5	14.5
Fabasoft Talents GmbH	Linz/ Austria	Mobile learning, MicroLearning, Personnel file products and marketing	100	
Fabasoft Approve GmbH	Linz/ Austria	Technical data and document management products and marketing	80	20
Fabasoft Contracts GmbH	Linz/ Austria	Contract management products and marketing	80	20
Fabasoft Oblivation GmbH	Linz/ Austria	Sustainability reporting products and marketing	51	49
Hon24 Immobilien GmbH	Linz/ Austria	Real estate rentals	100	
Fabasoft Deutschland GmbH	Frankfurt am Main/ Germany	Fabasoft eGov-business Germany	100	
Fabasoft Xpublisher GmbH	Munich/ Germany	Content Editing, Publishing products and marketing	60	40
Fabasoft 4teamwork AG	Bern/ Switzerland	Operative Fabasoft business Switzerland	70	30

Entity	Location of Headquarters	Type of business activity	Indirect share of Fabasoft AG as a %	Non-controlling shareholder share as a %
Mindbreeze Corporation	Chicago/ USA	Operative Mindbreeze business USA	85.5	14.5
Fabasoft Xpublisher Inc.	Chicago/ USA	Operative Xpublisher business USA	60	40

The proportion of voting rights in the subsidiaries held directly by the Parent Company is not different from the proportion of shares held. There are neither joint ventures nor associates.

As at the balance sheet date, 31 March 2024, 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	Type of business activity	Direct share of Fabasoft AG as a %	Non-controlling shareholder share as a %
Fabasoft International Services GmbH	Linz/ Austria	Group professional services	100	
Fabasoft R&D GmbH	Linz/ Austria	Fabasoft Research & Development	100	
Fabasoft Austria GmbH	Linz/ Austria	Fabasoft eGov-business Austria	100	
Mindbreeze GmbH	Linz/ Austria	Information Insight products and marketing	85.5	14.5
Fabasoft Talents GmbH*	Linz/ Austria	Mobile learning, MicroLearning, Personnel file products and marketing	100	
Fabasoft Approve GmbH	Linz/ Austria	Technical data and document management products and marketing	80	20
Fabasoft Contracts GmbH	Linz/ Austria	Contract management products and marketing	80	20
Fabasoft Oblivation GmbH	Linz/ Austria	Sustainability reporting products and marketing	51	49
Fabasoft Deutschland GmbH	Frankfurt am Main/ Germany	Fabasoft eGov-business Germany	100	
Fabasoft Xpublisher GmbH**	Munich/ Germany	Content Editing, Publishing products and marketing	60	40
Fabasoft 4teamwork AG	Bern/ Switzerland	Operative Fabasoft business Switzerland	70	30

** In the 2023/2024 fiscal year, Knowledge Fox GmbH was renamed Fabasoft Talents GmbH and its registered office was relocated to Honauerstrasse 4, 4020 Linz.*

*** In the 2023/2024 fiscal year, Xpublisher GmbH was renamed Fabasoft Xpublisher GmbH.*

Entity	Location of Headquarters	Type of business activity	Indirect share of Fabasoft AG as a %	Non-controlling shareholder share as a %
Mindbreeze Corporation	Chicago/ USA	Operative Mindbreeze business USA	85.5	14.5
Mindbreeze InTend GmbH	Linz/ Austria	Bid management products and marketing	68.4	31.6
Fabasoft Xpublisher Inc.*	Chicago/ USA	Operative Xpublisher business USA	60	40

** In the 2023/2024 fiscal year, Xpublisher Inc. was renamed Fabasoft Xpublisher Inc.*

The proportion of voting rights in the subsidiaries held directly by the Parent Company is not different from the proportion of shares held. There are neither joint ventures nor associates.

2.2.2. Changes to the scope of consolidation

On 11 September 2024, Fabasoft AG founded a 100 % subsidiary, Hon24 Immobilien GmbH, based in the political community of Linz.

The full consolidation of Hon24 Immobilien GmbH took place for the first time when the company was founded.

On 8 October 2024, Mindbreeze GmbH increased its holding in Mindbreeze InTend GmbH from 80 % (indirect share Fabasoft AG 68.4 %) to 100 %. The shares were acquired from the former management of Mindbreeze InTend GmbH. The merger of Mindbreeze InTend GmbH with Mindbreeze GmbH took effect upon entry in the commercial register on 31 December 2024.

2.2.3. Consolidation methods

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition corresponds with the fair value of the assets obtained, the issued equity instruments and the resultant or assumed debts at the transaction date (date of purchase). Costs attributed directly to the acquisition are not capitalized but are instead recognized in the consolidated income statement under other operating expenses. Assets, liabilities and contingent liabilities identified in the course of a business consolidation are valued at their fair value at the time of acquisition in the first time consolidation, independently of the shares held by non-controlling shareholders.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of comprehensive income as other income.

All accounts receivable and payable, expenditure and earnings resulting from offsetting between the entities in the consolidation scope are eliminated. Interim results from intercompany trade and services are also consolidated.

The accounting and valuation principles of subsidiaries were amended where necessary to ensure standard, Groupwide accounting.

Transactions with non-controlling interests without loss of control are treated as transactions with Group equity holders. Any difference arising from the acquisition of a non-controlling interest between the paid service and the respective share of the book value of the net assets of the subsidiary is included in equity. Profits and losses arising from the sale of non-controlling shares are likewise recorded in equity.

The Group decides on an individual basis in the case of any company acquisition whether the non-controlling interests in the company acquired are recognized at the fair value or using the proportional share of net assets of the company acquired.

2.2.4. Currency translation

The functional and reporting currency of Fabasoft AG is the Euro. The annual financial statements of subsidiaries in foreign currency were converted using the respective mean rate. Whereby the exchange rates at the balance sheet date were applied for assets and liabilities, historical exchange rates for equity and for the items of the consolidated statement of comprehensive income the average exchange rates for the fiscal year were used. Differences between these foreign currency translations are recorded in equity as part of the other result. Conversion differences in receivable and payable monetary amounts from/to a foreign business that are neither planned nor likely to be fulfilled and are therefore part of the net investments in the foreign business, are initially recorded in the other result and then transferred from equity to profit and loss in the event of a sale.

Exchange rate differences from converting transactions and monetary assets and liabilities into foreign currencies are taken into account using the exchange rates valid at the time of the transaction or valuation.

Non-monetary items, which are valued at historical acquisition or production costs in a foreign currency, are converted using the exchange rate on the day of the transaction.

The following exchange rates were applied for the foreign currency translation:

Standard	Exchange rate as at 31 March	Average rate throughout the fiscal year
Swiss Francs		
2024/2025	0.9540 CHF	0.95285 CHF
2023/2024	0.9760 CHF	0.96315 CHF
US Dollars		
2024/2025	1.0806 USD	1.07324 USD
2023/2024	1.0774 USD	1.08428 USD

2.3. Property, plant and equipment and intangible assets

Property, plant and equipment and purchased intangible assets are valued at cost, less scheduled depreciation and amortization and impairment where applicable. Depreciation is linear based on the expected useful life.

Scheduled depreciation and amortization (without right-of-use assets from leases) are assessed based on the following Group-wide useful economic lifetimes:

Intangible assets	2 to 10 years
Structural investments in third party buildings	5 to 10 years
Office furniture and equipment	2 to 15 years
Building	37 years

The Fabasoft Group holds no assets with indefinite useful lives with the exception of goodwill and land.

In the case of a disposal or another type of deconsolidation, the purchase/production costs and the corresponding accumulated depreciation relating to the assets are derecognized from the balance sheet. Any profits or losses created as a result are included in the result of the year.

2.4. Impairment of specific non-current assets

Property, plant and equipment and intangible assets are monitored to ascertain whether changing circumstances and events indicate that the current net book value is not recoverable. In the case of goodwill, a relevant test is conducted annually or if there are indications of a need for impairment. Impairments will be devalued by the amount to which the net book value exceeds the recoverable amount of the asset. The recoverable amount corresponds to the fair value less the cost of disposal and the value in use of an asset. For the purpose of calculating impairments, assets are grouped to the lowest level where separate cash inflows are feasible (cash-generating units). Non-monetary assets for which impairment was reported in the past are examined on each balance sheet date, in order to establish if a reversal is to be recognized. Reversals for goodwill are prohibited.

2.5. Research and Development

An intangible asset arising from development shall be recognized only if all of the following can be demonstrated:

a) The technical feasibility of completing the intangible asset so that it will be available for use or sale.
b) The intention to complete the intangible asset and use or sell it.
c) The ability to use or sell the intangible asset.
d) How the intangible asset will generate probable future economic benefits. Among other things, the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset can be demonstrated.
e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
f) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Research and development expenditure is recorded as an expense (see section 9.2).

2.6. Leases

Leases are entered into by Fabasoft as the lessee. The Group assesses at the beginning of the contract whether this constitutes or contains a lease. Furthermore, a distinction is made between leasing and non-leasing components, whereby the lease payments are allocated to the two components on the basis of their relative stand-alone selling prices. Non-lease components are recognized as expenses. If a lease exists in accordance with IFRS 16, a right-of-use asset is recognized at cost on the asset side, which corresponds to the lease liability adjusted for payments made on or before the commencement date and any initial direct costs, and a lease liability is recognized on the liability side at the present value of the lease payments not yet made, discounted at the incremental borrowing rate.

In the case of short-term leases and leases where the underlying asset has a low value (< kEUR 5), the Group exercised its right not to recognize an asset and a corresponding liability in compliance with IFRS 16.5. Leased assets for which the right in accordance with IFRS 16.5 was exercised are not material.

The right-of-use assets are amortized on a straight-line basis over the term of the lease. This is recognized on the basis of the non-cancellable lease term and any estimates of extensions. Extension options are recognized in the term if Fabasoft is reasonably certain to exercise an extension option of the lease. This estimate is reviewed if either events beyond Fabasoft's control or significant changes in circumstances occur that make it necessary to change the term. The term of a lease is adjusted if an extension option is exercised that was not taken into account in the original estimation. Lease liabilities are measured at their carrying amount using the effective interest method.

2.7. Other non-financial assets

Pursuant to IFRS 15, non-financial assets refer as an asset to capitalized expenses connected with the initiation or acquisition of a contract with a customer (contract acquisition costs). The contract acquisition costs refer to employee benefits expenses and are recognized at the time of the conclusion of the contract. They must be subjected to regular amortization via employee benefits expenses in dependence on how the term of the services to which the contract acquisition costs relate.

2.8. Other financial assets

Other financial assets relate to investment certificates, which are classified pursuant to IFRS 9. Other financial assets are valued subsequent to initial recognition at fair value on the respective reporting date. Fluctuations in the fair value are recognized in profit and loss.

2.9. Trade and other receivables

Trade receivables are recognized at the transaction price pursuant to IFRS 15 and accounted for at amortized cost using the effective interest method less necessary allowances. Other receivables are recognized at amortized cost less any necessary impairments.

Where impairment is concerned IFRS 9 has an impairment model based on expected losses (expected credit loss model). A considerable part of the consolidated sales and receivables derives from business with customers from the public sector. For this reason, the Group has had a very low level of defaults on receivables and impairment in the past. The same is also expected for the future in the case of existing receivables. There were no defaults on receivables in the public sector in the last five fiscal years. Likewise defaults on receivables in the private sector have always been very low. On 31 March 2025 there was an impairment of only kEUR 1 (see section 5.2.1).

Historical data on actually incurred defaults are first used to determine the default rate. However, the Group also takes future-related information and expectations into account for the determination of the default rates in addition to the historical perspective. Based on the analysis carried out with regard to the customer structure and the credit rating of the customers as well as defaults observed in the past, there are no significant impacts on the amount of risk provision calculated according to the expected credit loss model. Receivables in foreign currencies are valued at the market price valid on the balance sheet date of 31 March.

2.10. Contract asset

The revenue for service contracts is realized over time in compliance with IFRS 15. In accordance with IFRS 15.35c revenues are to be recognized over time if the performance does not create an asset with an alternative use and there is an enforceable right to payment.

Profits from a service contract (based on fixed-price projects) will be entered in the balance sheet according to the degree of completion as soon as they can be valued reliably. The determination of the degree of completion is based on the ratio of contract costs incurred prior to the balance sheet date to the total contract costs estimated on the balance sheet date. Losses are entered in their entirety in the balance sheet at the earliest possible point after detection.

Insofar as an asset is created from a service contract (based on fixed-price projects), disclosure is made as trade receivables, insofar an unconditional right to payment arises. The disclosure is made under the item “contract assets” if the group performs its contractual obligations and recognized revenue for it before the customer pays or payment is due. Pursuant to IFRS 15, receivables from service contracts constitute contract assets.

Insofar as a liability arises from a customer contract (based on fixed-price projects), disclosure is made under “contract liabilities”. Such a liability arises if the customer has made a payment or a receivable from the customer falls due before the Group has fulfilled a contractual performance obligation and thus recognized revenue. Contract liabilities within a customer contract must be offset against contract assets.

2.11. Cash and cash equivalents

Cash and cash equivalents are valued at the market value. Credit at financial institutions in foreign currencies is valued at the market price valid on the balance sheet date of 31 March.

2.12. Employee benefits

2.12.1. Provisions for severance payments

The provision for severance payments for employees corresponds to the present value of the performance-related commitment (defined benefit obligation, DBO) as at the balance sheet date. The DBO is calculated yearly by an independent expert actuary using the projected unit credit method. Actuarial profits or losses are recorded in accordance with IAS 19 under other result.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating primarily to the terms of the related provisions for severance payments.

Statutory requirements call for each employee of an Austrian group company, who joined the company before 1 January 2003, to receive a one-time severance payment upon dismissal by the employer or at the time of retirement. The amount depends on the number of years’ service and the applicable rate of compensation at the time the action arises.

The company has potential direct obligations to employees who joined the company up to and including 2002, for which provisions were created and measured in accordance with IAS 19.

As a result of legal regulations, a monthly contribution of 1.53 % of the employee’s gross salary is paid into a provision fund for employees of Austrian Group companies who joined the company after 31 December 2002.

Consequently, the employee acquires a title against the provision fund and not against the company.

The provision for severance payments was calculated for part of the Managing Board of Fabasoft AG according to the Managing Board contracts.

2.12.2. Pension obligations

The pension obligation was calculated for part of the Managing Board of Fabasoft AG in 2024/2025 fiscal year based on the contractual pension approvals. The pension approvals for part of the Managing Board of Fabasoft AG are financed by fixed payments to pension reinsurance agreements. The amount of the cover assets is based on regularly obtained confirmations from insurance companies.

In the 2014/2015 fiscal year, pension approvals were amended to the effect that the respective claim of the person entitled to the benefit applies only to the extent of the cover asset on the respective balance sheet date of the existing pension reinsurance agreements. As a consequence, the commitment is set to the amount of the cover asset. The commitment and cover asset (plan assets) are offset on the balance sheet based on the congruency, pledging and the insolvency-proof nature of the asset. There are no portions of the provisions for pensions that are not covered by reinsurances.

2.13. Trade and other payables

Trade and other payables are specified at the beginning at fair value and are entered in the balance sheet at amortized cost using the effective interest method.

Financial liabilities are initially recognized at fair value less directly attributable transactions costs. They are subsequently measured at amortized cost using the effective interest method, unless they are held for trading or recognized at fair value with changes in value recognized in profit or loss for the period. The Group recognizes all original financial liabilities at amortized cost.

Payables in foreign currencies are valued at the market price valid on the balance sheet date of 31 March.

2.14. Sales revenue

Pursuant to IFRS 15 revenue must be recognized when a customer obtains control of a promised good or service and thus, has the ability to direct the use and obtain the benefits from the good or service.

The revenue from the sale of one-off licenses constitutes a right of use of the intellectual property and are recognized in compliance with IFRS 15 after control is transferred at a point in time. These sales are deemed realized when the product is sold to the project partner who has no right of return.

Revenue from usage fees and software update, as well as professional services (support and operations management, consulting and training activities) are recognized over time, as, in compliance with IFRS 15, the customer obtains the benefit of the service of the company during the provision of the service. Revenue from service contracts based on fixed-price projects is recognized based on the stage of completion of the contract. (see section 2.10).

Recurring revenue includes in particular software updates, usage fees for Mindbreeze InSpire, Fabasoft Solutions and recurring professional services (e.g. for support and operation management). Non-recurring revenue includes one-off licenses (software) and non-recurring professional services revenues (e.g. consulting services, service contracts based on fixed-price projects).

2.15. Accounting of government grants and investment grants

Government grants are only recorded if there is reasonable assurance that the company will fulfil the associated conditions and the grants will in fact be awarded. A grant as compensation for already incurred expenses is recorded, subject to the requirement of appropriate security, as income in the period in which the respective entitlement arises. These grants are recognized as other operating income. Accounting of investment grants is affected according to the gross method. This means the acquisition costs are not reduced directly but reported as separate liability item. Accounting is not carried out before the corresponding assets are capitalized. The liability item is dissolved in accordance with the useful life of the underlying investment and reported as other operating income.

2.16. Income taxes

Taxes on income are recorded according to cause and include current and deferred taxes. These are recognized in the annual result, except to the extent that they are associated with a business combination or items recognized in other comprehensive income for the period.

As of assessment year 2006 Fabasoft AG operates as leader of the Fabasoft tax group in accordance with Austrian tax law. The following subsidiaries are included as Group members in the assessment year 2025:
(1) Fabasoft International Services GmbH, (2) Fabasoft R&D GmbH, (3) Fabasoft Austria GmbH,
(4) Mindbreeze GmbH, (5) Fabasoft Approve GmbH, (6) Fabasoft Talents GmbH, (7) Fabasoft Contracts GmbH,
(8) Fabasoft Oblivation GmbH, (9) Hon24 Immobilien GmbH.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The calculation of the amount is based on the tax rates and tax laws that apply or will soon apply on the reporting date in the countries in which the Group operates and generates taxable income.

Deferred income tax is calculated using the liability method on the basis of temporary differences between the fiscal values and the IFRS values of assets and liabilities according to each country-specific tax rate. Deferred income tax liabilities are declared under non-current liabilities, deferred income tax assets are declared under non-current assets.

Deferred income tax assets concerning tax loss carry forwards and deductible temporary differences are included in the balance sheet if it is likely that the company will have sufficient results to be taxed in the future.

Deferred income tax liabilities that occur through temporary differences in connection with interests in subsidiaries are determined unless the Group can specify the time of the reversal of the temporary differences and it is likely that the temporary differences will not reverse due to this influence in the foreseeable future.

Deferred income tax assets and liabilities are offset if there is an appropriate, enforceable legal claim regarding offsetting and if the deferred income tax assets and liabilities concern income tax which is levied by the same revenue authority for either the same tax subject or different tax subjects that intend to bring about the adjustment on a net basis.

2.17. Scope of discretion and estimates

The preparation of the consolidated financial statements in accordance with the generally accepted accounting and valuation methods requires the use of estimates and assumptions that affect the extent and the disclosure of the reported assets and liabilities on the balance sheet date and the income and expenses recorded in the reporting period. Although these estimates are calculated to the best knowledge based on current transactions, actual values may deviate from these estimates.

The following lists the critical discretionary parameters:

Service contracts

Profits from a service contract (based on fixed-price projects) will be entered in the balance sheet using the percentage of completion method as soon as they can be valued reliably.

Estimated figures refer to the final profits and the determination of the degree of completion on the balance sheet date.

To determine the percentage of completion, the Group calculates the proportion of contract costs already incurred in relation to the total contract costs. The total contract costs, which form the basis for the percentage of completion, are subject to a certain degree of estimation uncertainty. If the degree of completion was set 10 percentage points higher or lower, this would result in an increase in sales revenue/contract assets of kEUR 1,078 or a reduction in sales revenue/contract assets of kEUR -1,284.

Provisions for severance payments

Statutory requirements call for each employee of an Austrian group company, who joined the company before 1 January 2003, to receive a one-time severance payment upon dismissal by the employer or at the time of retirement. The amount depends on the number of years of service and the applicable rate of compensation at the time the action arises.
The company has potential direct obligations to employees who joined the company up to and including 2002, for which provisions were created and measured in accordance with IAS 19.

Obligations for the provision for severance payments for part of the Managing Board of Fabasoft AG are included in the Managing Board contracts.

If the calculations were based on an interest rate of 2.88 % (instead of 3.29 %) the expense for severance payments (incl. other result) in the 2024/2025 fiscal year would be kEUR 186 higher and the provision for severance payments would be kEUR 3,284 (instead of kEUR 3,098). With an interest rate of 4.21 % the expense for severance payments (incl. other result) in the 2024/2025 fiscal year would be kEUR 169 lower and the provision for severance payments would thus be kEUR 2,929 (instead of kEUR 3,098).

If the calculations were based on an increase in remuneration of 3.78 % (instead of 4.28 %) the expense for severance payments (incl. other result) in the 2024/2025 fiscal year would be kEUR 101 lower and the provision for severance payments amount to kEUR 2,997 (instead of kEUR 3,098). In the case of an increase in remuneration of 4.78 % the expense for severance payments (incl. other result) in the 2024/2025 fiscal year would be kEUR 106 higher and the provision for severance payments amount to kEUR 3,204 (instead of kEUR 3,098).

The comparative figures for the previous year are shown below:

If the calculations were based on an interest rate of 2.38 % (instead of 3.30 %) the expense for severance payments (incl. other result) in the 2023/2024 fiscal year would be kEUR 200 higher and the provision for severance payments would be kEUR 3,243 (instead of kEUR 3,043). With an interest rate of 4.22 % the expense for severance payments (incl. other result) in the 2023/2024 fiscal year would be kEUR 182 lower and the provision for severance payments would thus be kEUR 2,861 (instead of kEUR 3,043).

If the calculations were based on an increase in remuneration of 3.74 % (instead of 4.24 %) the expense for severance payments (incl. other result) in the 2023/2024 fiscal year would be kEUR 87 lower and the provision for severance payments amount to kEUR 2,956 (instead of kEUR 3,043). In the case of an increase in remuneration of 4.74 % the expense for severance payments (incl. other result) in the 2023/2024 fiscal year would be kEUR 92 higher and the provision for severance payments amount to kEUR 3,135 (instead of kEUR 3,043).

Goodwill

As presented in section 2.4, an annual impairment test is conducted for the recognized goodwill. This test must be based on assumptions such as future cashflows or discount rates. These assumptions and estimates are based on experience and other considerations that the Management Board or management deem appropriate. However, the amounts actually realized may differ from the assumptions and estimates made if the conditions expected on the balance sheet date develop differently than assumed. The relevant sensitivities are listed in section 5.1.2.

Deferred income tax assets

Deferred income tax assets are recognized for all unused tax loss carry forwards to the extent that it is probable that taxable income will be available against which the losses carried forward can actually be utilized. The estimation of the expected time and amount of the future taxable income and the future tax planning strategy play a decisive role in the calculation of the amount of the deferred income tax assets claims eligible for capitalization. If, based on this forecast, an existing loss carry forward is not expected to be utilized within an appropriate period of five years, this loss carry forward is not capitalized.

Accounting of leases

IFRS 16 requires estimates that influence the valuation of lease liabilities and usage rights. These include, among others, the determination of contracts that fall under IFRS 16, the lease terms of lease agreements and the incremental borrowing rate used for the discounting of future payment obligations. The incremental borrowing rate is derived from the risk-free rate of the underlying term, adjusted to the country, currency and corporate risk.

Climate-related aspects and macroeconomic factors

Climate-related aspects and macroeconomic factors increase the uncertainty of estimates and assumptions in several items in the consolidated financial statements. The following discretionary decisions and estimates were considered when preparing the consolidated financial statements:

Useful life of property, plant and equipment

An evaluation is made of the appropriate estimate of the useful life in relation to climate-related laws and regulations. No adjustments are currently considered necessary for the Fabasoft Group's property, plant and equipment.

Value retention of goodwill

The budget for the annual impairment test of goodwill is based on the sustainable strategy of the Fabasoft Group. Macroeconomic uncertainty is also reflected in the sensitivity analysis. Furthermore, climate-related and macroeconomic risks are evaluated on an ongoing basis to identify indicators for a need of impairment.

Financial instruments

Macroeconomic uncertainties, such as interest rate changes and inflation, have an impact on financial instruments. The appropriateness of the values used is evaluated on an ongoing basis.

Provisions and contingent obligations

The need for provisions and contingent obligations due to climate-related and macroeconomic uncertainties is evaluated on an ongoing basis.

With regard to climate-related aspects, management has not currently identified any significant risks for the Group's business model. The management therefore does not currently expect such risks to have any significant impact on the business model or on the presentation of the assets, liabilities, financial position and profit and loss.

3. Subsidiaries with material non-controlling interests

3.1. Mindbreeze

Mindbreeze GmbH has significant non-controlling interests in the amount of 14.5 %. Below is a summary of financial information before intragroup eliminations for the Mindbreeze GmbH and its subsidiary Mindbreeze Corporation drawn up in accordance with IFRS, as applicable in the EU.

Summarized balance sheet in kEUR		Mindbreeze
	31/03/2025	31/03/2024
Current assets	11,169	12,688
Current liabilities	-8,306	-9,359
Current net assets	2,863	3,329
Non-current assets	2,174	2,051
Non-current liabilities	-469	-314
Non-current net assets	1,705	1,737
Total net assets	4,568	5,066
Thereof net assets allocated to non-controlling interests	662	735

Summarized income statement in kEUR		Mindbreeze
	2024/2025	2023/2024
Sales revenue	16,625	17,106
Result before income taxes	3,302	4,003
Income taxes	-708	-913
Result for the year	2,594	3,090
Other result	3	-15
Total result	2,597	3,075
Thereof total result allocated to non-controlling interests	377	446

Summarised cash flow statement in kEUR		Mindbreeze
	2024/2025	2023/2024
Cash generated from operations	5,212	6,172
Interest recieved	51	108
Interest paid	-10	-11
Income tax payments	-751	-1,042
Net cash generated from operating activities	**4,503**	**5,227**
Net cash used in investing activities	**-1,386**	**-1,146**
Net cash used in financing activities	**-1,958**	**-5,842**
Net increase in cash and cash equivalents	**1,159**	**-1,761**
Effect of exchange rates changes	-1	7
Changes in cash and cash equivalents	**1,158**	**-1,754**

3.2. Fabasoft 4teamwork AG

Fabasoft 4teamwork AG has significant non-controlling interests in the amount of 30.0 %. Below is a summary of financial information before intragroup eliminations for Fabasoft 4teamwork AG, drawn up in accordance with IFRS, as applicable in the EU.

Summarized balance sheet in kEUR		Fabasoft 4teamwork AG
	31/03/2025	31/03/2024
Current assets	6,851	5,887
Current liabilities	-3,354	-3,068
Current net assets	**3,497**	**2,819**
Non-current assets	700	970
Non-current liabilities	-167	-190
Non-current net assets	**533**	**780**
Total net assets	**4,030**	**3,599**
Thereof net assets allocated to non-controlling interests	1,209	1,080

Summarized income statement in kEUR		Fabasoft 4teamwork AG
	2024/2025	2023/2024
Sales revenue	7,765	8,171
Result before income taxes	441	132
Income taxes	-93	-27
Result for the year	348	105
Other result	83	99
Total result	**431**	**204**
Thereof total result allocated to non-controlling interests	129	61

Summarised cash flow statement in kEUR	Fabasoft 4teamwork AG	
	2024/2025	2023/2024
Cash generated from operations	702	537
Interest recieved	5	2
Interest paid	-4	-8
Income tax payments	0	-42
Net cash generated from operating activities	**703**	**489**
Net cash used in investing activities	**-4**	**-19**
Net cash used in financing activities	**-135**	**-156**
Net increase in cash and cash equivalents	**564**	**314**
Effect of exchange rates changes	87	76
Changes in cash and cash equivalents	**651**	**390**

The remaining non-disclosed, non-controlling interests in relation to net assets amounting to kEUR 452 (previous year kEUR 823) for the most part concern Fabasoft Xpublisher GmbH with its subsidiary Fabasoft Xpublisher Inc., Fabasoft Approve GmbH, Fabasoft Contracts GmbH as well as Fabasoft Oblivation GmbH, which, however, do not constitute any significant share in the results of the Group results.

In the 2024/2025 fiscal year kEUR 700 (previous year kEUR 686) of the dividend distributions to non-controlling shareholders kEUR 450 (previous year kEUR 616) was distributed to the non-controlling shareholders of Mindbreeze GmbH.

There are no restrictions on the Group's ability to access or use assets and settle liabilities.

4. Financial Instruments

Financial instruments are agreements which lead to financial assets for one company and at the same time led to a financial liability or an equity instrument for the other company. According to IFRS 9, these instruments include original financial instruments such as trade receivables and payables or financing receivables and liabilities. Derivative financial instruments, which are applied for example as hedging to secure against risks from changes in exchange rates and interest rates, are also included. In the 2024/2025 fiscal year no derivative financial instruments were used.

Financial instruments to be measured at fair value are categorized in the following fair value hierarchy, on the basis of input factors used in the valuation techniques:

- Fair Value Level I: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Fair Value Level II: valuation techniques in which input factors are used that are observable either directly or indirectly on the market and that cannot be derived from Level I;
- Fair Value Level III: valuation techniques in which input factors are used that cannot be derived directly or indirectly from the market.

The following methods and assumptions were used to calculate the fair value for the respective financial instruments:

In view of daily and short-term maturities, the carrying value of cash and cash equivalents, short-term investments, current receivables and payables can be deemed as an appropriate approximation for fair value.

Other financial assets relate to securities (investment certificates) to the amount of kEUR 151 (31/03/2024: kEUR 145). The fair values of the securities are derived from the current market value.

As part of the acquisitions of Fabasoft 4teamwork AG, a miscellaneous receivable arose in the 2022/2023 fiscal year due to the valuation of the contingent purchase price at fair value. In subsequent years, the miscellaneous receivable was not recognized due to materiality considerations (< kEUR 1).

Part of the purchase price was paid into a trust account and will be paid to the seller in accordance with the specified performance indicators and defined integration steps. The valuations was carried out using the discounted cash flow method.

As of the reporting date of March 31, 2024, the specified performance indicators and defined integration steps had been achieved, so a further portion of the contingent purchase price amounting to kCHF 100 was paid out in the second quarter of 2024/2025.

In May 2025, it was agreed that the previous payment date for the remaining contingent purchase price would be extended from March 31, 2025 to March 31, 2026 with the specified performance indicators and defined integration steps remaining unchanged.

The amount recognized at fair value in other liabilities in the previous year is the earn-out component from the acquisitions of Fabasoft Xpublisher GmbH. The valuation was performed using the discounted cash flow method. The specified performance indicators were achieved in the 2023/2024 fiscal year, resulting in the payment of part of the earn-out component in the amount of kEUR 400 in the 2024/2025 fiscal year.

Due to changes in management's estimates, the earn-out obligation was revalued as of the reporting date. This resulted in the complete reversal of the provision in the amount of kEUR 830, as there will be no cash outflow from the earn-out. The reversal is recognized as other operating income in the consolidated statement of comprehensive income.

The financial liabilities relate to a loan with a nominal amount of kEUR 12,000 and a term of 15 years, which was taken out in connection with the acquisition of the office building at Honauerstrasse 2 and 4, 4020 Linz on October 30, 2024. The financial liability is to be repaid in equal semi-annual installments. For the first five years, the interest rate is fixed at 3.77 %, after which it will be converted to a variable interest rate based on the 6-month EURIBOR. There are no loan agreements (covenants) for this financing. The effective interest rate for this financial liability is 3.79 % for the 2024/2025 fiscal year.

Based on the relevant balance sheet items, the following table shows the classification according to IFRS 9 and the values of the financial instruments.

The financial instruments on 31 March 2025 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	No financial instrument
Cash and cash equivalents	At amortized costs	34,283	0	0	34,283	0
Trade and other receivables*	At amortized costs	13,905	0	6	11,789	2,110
Other financial assets	At fair value through profit and loss	151	151	0	0	0
Other payables*	At fair value through profit and loss	4,503	0	0	0	4,503
Trade and other payables*	At amortized costs	12,919	0	0	3,538	9,381
Financial liability	At amortized costs	11,474	0	0	11,474	0

** The carrying amounts cannot be reconciled with the respective balance sheet items, as this list only applies to financial instruments.*

The financial instruments on 31 March 2024 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	No financial instrument
Cash and cash equivalents	At amortized costs	25,068	0	0	25,068	0
Trade and other receivables*	At amortized costs	16,532	0	7	14,541	1,984
Other financial assets	At fair value through profit and loss	145	145	0	0	0
Other payables*	At fair value through profit and loss	6,149	0	526	0	5,623
Trade and other payables*	At amortized costs	13,704	0	684	3,392	9,628

** The carrying amounts cannot be reconciled with the respective balance sheet items, as this list only applies to financial instruments.*

Allowances for trade and other receivables are declared set off with trade and other receivables. Cumulative allowances amount to kEUR 1 (previous year kEUR 2). In the 2024/2025 fiscal year an impairment loss for financial assets amounting to kEUR 7 (previous year kEUR 1) was recorded under other operating expenses.

The following shows the net results from financial instruments:

in kEUR	2024/2025	2023/2024
Interest from loans	-233	0
Interest from receivables (cash and cash equivalents)	39	51
Interest from other financial assets	2	2
Foreign currency income/expenses from loans and receivables (cash and cash equivalents)	0	1
Interest from receivables (trade and other receivables)	7	-1
Interest from other liabilities	-21	-34
Total	**-206**	**19**

4.1. Primary financial instruments

The financial instruments reported in the balance sheet consist of securities, cash and cash equivalents, receivables, supplier credits and financial liabilities. Accounting policies apply to the primary financial instruments listed against the respective balance sheet items.

4.2. Credit risk

In respect of financial assets all the amounts specified likewise represent the maximum credit and non-payment risk as there are no general offsetting agreements. The receivables risk can be regarded as low due to the client structure and the desired financial scatter. The risk of non-payment for other primary financial instruments declared on the asset side is equally low, since the contractual parties are made up of financial institutions with an excellent credit rating.

The non-excludable risk regarding safety and impairment of assets at financial and insurance institutions and claims against these institutions is counteracted by the selection of institutions with a high credit rating and a broad scatter over various institutions.

4.3. Liquidity risk

Due to the extent of the existing cash and cash equivalents there is no significant liquidity risk. All the financial liabilities reported have short-term maturities, except for lease liabilities and financial liabilities.

Maturity structure of financial liabilities and leases liabilities on 31 March 2025:

in kEUR	Book value	Up to one year	1 to 5 years	More than 5 years
Financial liabilities	11,474	1,046	4,000	7,600
Trade and other payables	3,538	3,538	0	0
Lease liability (IFRS 16)	6,069	1,866	3,835	1,489

Maturity structure of financial liabilities and leases liabilities on 31 March 2024:

in kEUR	Book value	Up to one year	1 to 5 years	More than 5 years
Earn-out liability	1,210	700	600	0
Trade and other payables	3,392	3,392	0	0
Lease liability (IFRS 16)	7,604	2,468	6,001	371

4.4. Interest rate risk

Interest rate risk in terms of the fair value occurs in the case of other financial assets. As these can be converted into cash at short notice, the interest rate risk can be classified as insignificant. Similarly, the interest rate risk arising from the financial liability (loan) is not considered material, as a fixed interest rate has been agreed for the first five years and a variable interest rate based on the 6-month EURIBOR will apply after the first five years.

4.5. Exchange rate risk

In particular, currency risks arise where receivables, liabilities or credits at financial and insurance institutions exist in a currency other than the functional currency of the company. Cash and cash equivalents in foreign currencies are in Swiss Francs and US Dollars.

Cash and cash equivalents

in kEUR	31/03/2025	31/03/2024
Euro	29,375	20,213
US Dollars	713	1,331
Swiss Francs	4,195	3,524
Total	**34,283**	**25,068**

The following table shows the sensitivity of the Group result before tax (due to the foreign currency valuation of the cash and cash equivalents) compared to a basically possible exchange rate change judged to be fair and to currencies that are of major relevance to the Group and its effect on the valuation of credit at financial institutions. The development of the rate of the reporting currency Euro against the foreign currencies is taken as a basis.

in kEUR	Rate development 2024/2025	Effect on result before tax 2024/2025	Effect on result before tax 2023/2024
US Dollars	+10% (1.18866)	-65	-121
	-10% (0.97254)	79	148
Swiss Francs	+10% (1.04940)	-381	-320
	-10% (0.85860)	466	392

Trade receivables in foreign currencies

in kEUR	31/03/2025	31/03/2024
Euro	10,230	12,507
US Dollars*	864	985
Canadian Dollars	18	66
Swiss Francs*	546	748
Total	**11,658**	**14,306**

** Trade receivables in foreign currency are retained primarily in foreign subsidiaries with the relevant foreign currency as functional currency.*

5. Notes to the consolidated balance sheet

5.1. Non-current assets

5.1.1. Property, plant and equipment

in kEUR	Land, buildings, and structural investments	Office furniture and equipment	Advance payments and assets under construction	Total
Cost or valuation				
As at 1 April 2023	19,533	24,643	288	44,464
Additions	6,845	5,880	1,886	14,611
Disposals	-469	-2,099	0	-2,568
Transfers	1,470	498	-1,968	0
Net exchange differences	20	43	0	63
As at 31 March 2024	**27,399**	**28,965**	**206**	**56,570**
As at 1 April 2024	27,399	28,965	206	56,570
Additions	18,705	3,513	249	22,467
Disposals	-7,041	-4,581	0	-11,622
Transfers	0	413	-413	0
Net exchange differences	8	8	0	16
As at 31 March 2025	**39,071**	**28,318**	**42**	**67,431**
Accumulated depreciation				
As at 1 April 2023	-10,427	-17,518	0	-27,945
Additions	-2,737	-4,171	0	-6,908
Disposals	423	1,825	0	2,248
Net exchange differences	-3	-34	0	-37
As at 31 March 2024	**-12,744**	**-19,898**	**0**	**-32,642**
As at 1 April 2024	-12,744	-19,898	0	-32,642
Additions	-2,839	-3,929	0	-6,768
Disposals	4,143	4,591	0	8,734
Net exchange differences	-2	-10	0	-12
As at 31 March 2025	**-11,442**	**-19,246**	**0**	**-30,688**
Book value				
As at 1 April 2023	9,106	7,125	288	16,519
As at 31 March 2024	**14,655**	**9,067**	**206**	**23,928**
As at 31 March 2025	**27,629**	**9,072**	**42**	**36,743**

The rights of use included in property, plant and equipment in accordance with IFRS 16 are as follows:

in kEUR	Buildings	Office furniture and equipment	Total
As at 1 April 2023	6,487	619	7,106
Additions	1,388	811	2,199
Depreciation charges	-1,671	-422	-2,093
Disposals	-46	-68	-114
Net exchange differences	15	2	17
As at 31 March 2024	**6,173**	**942**	**7,115**
As at 1 April 2024	6,173	942	7,115
Additions	2,788	620	3,408
Depreciation charges	-1,466	-514	-1,980
Disposals	-2,793	45	-2,748
Net exchange differences	4	0	4
As at 31 March 2025	**4,706**	**1,093**	**5,799**

No foreign capital interest for property, plant and equipment has been capitalized.

The leasing activities accounted for pursuant to IFRS 16 include leased buildings and leased vehicles.

Investment in property, plant and equipment mainly relate to the acquisition of the office building at Honauerstrasse 2 and 4, 4020 Linz on October 30, 2024. The property, which was previously leased by Fabasoft AG, was acquired from Hon24 Immobilien GmbH (a wholly owned subsidiary of Fabasoft AG) for a purchase price including incidental fees of kEUR 15,741. The acquisition of the office building by Fabasoft strengthens this location, where Fabasoft AG and some of its affiliated companies already had their headquarters.

Due to the acquisition of the previously leased office building at Honauerstrasse 2 and 4 at the end of October 2024, the previous lease arrangement with Fabasoft AG, which had an original term until December 31, 2028, was also terminated prematurely. At the time of acquisition of the property, the carrying amounts of the lease liability (kEUR 2,895) and right of use (kEUR 2,790) from this lease were therefore derecognized, and the difference in carrying amounts of kEUR 105 resulted in an adjustment to the acquisition cost of the property in the consolidated financial statements.

A portion of the purchase price amounting to kEUR 12,000 was financed by the Group through a bank loan (see also Note 4.).

In the consolidated cash flow statement, an adjustment item was recognized in cash flow from investing activities resulting from non-cash additions to non-current assets. These relate to investments for which no payments had been made as of the balance sheet date and amount to kEUR 68 in the 2024/2025 fiscal year (previous year: kEUR 122). The corresponding adjustment serves to present cash-generating investing activities.

5.1.2. Intangible assets

in kEUR	Goodwill	Internally developed software	Customer relationships and orderbacklog	Software licences and other rights	Total
Cost or valuation					
As at 1 April 2023	5,129	1,722	1,178	1,077	9,106
Additions	0	0	0	1,042	1,042
Disposals	-76	-364	-98	0	-538
Net exchange differences	45	21	19	0	85
As at 31 March 2024	**5,098**	**1,379**	**1,099**	**2,119**	**9,695**
As at 1 April 2024	5,098	1,379	1,099	2,119	9,695
Additions	0	0	0	399	399
Disposals	0	0	0	143	143
Net exchange differences	44	8	15	0	66
As at 31 March 2025	**5,142**	**1,387**	**1,114**	**2,661**	**10,303**
Accumulated depreciation					
As at 1 April 2023	0	-601	-255	-807	-1,663
Additions	0	-349	-234	-387	-970
Impairments	-335	0	0	0	-335
Disposals	0	109	21	0	130
Net exchange differences	1	-1	-2	2	0
As at 31 March 2024	**-334**	**-842**	**-470**	**-1,192**	**-2,838**
As at 1 April 2024	-334	-842	-470	-1,192	-2,838
Additions	0	-196	-104	-557	-857
Impairments	-2,220	0	0	0	-2,220
Disposals	0	0	0	-143	-143
Net exchange differences	-2	-2	-6	0	-10
As at 31 March 2025	**-2,556**	**-1,040**	**-580**	**-1,892**	**-6,068**
Book value					
As at 1 April 2023	5,129	1,121	923	270	7,443
As at 31 March 2024	**4,764**	**537**	**629**	**927**	**6,857**
As at 31 March 2025	**2,586**	**346**	**534**	**769**	**4,235**

No internally generated intangible assets were capitalized in the 2024/2025 fiscal year except for first time consolidations (previous year kEUR 0). The reported internally generated intangible assets exclusively comprise internally generated software from past purchase price allocations.

The position "Customer relationships" results from the initial consolidation of Fabasoft Xpublisher GmbH in the 2019/2020 fiscal year, Fabasoft Talents GmbH in the 2021/2022 fiscal year and Fabasoft 4teamwork AG in the 2022/2023 fiscal year.

Goodwill from the acquisition of Fabasoft Xpublisher GmbH amounting to kEUR 605 (previous year kEUR 2,825), from the acquisition of Fabasoft Talents GmbH amounting to kEUR 111 (previous year kEUR 111) and from the acquisition of Fabasoft 4teamwork AG amounting to kEUR 1,870 (previous year kEUR 1,828) is included in the intangible assets.

These goodwills are allocated to the cash-generating unit (CGU) "Fabasoft Xpublisher GmbH", to the cash-generating unit (CGU) "Fabasoft Talents GmbH" and to the cash-generating unit (CGU) "Fabasoft 4teamwork AG" and are usually tested for impairment annually in the fourth quarter. A triggering event analysis is also performed for each reporting period. In addition, a triggering event analysis is performed on each reporting date. For this purpose, the recoverable amount of the CGU is determined by calculating its value in use. This is done using the discounted cash flow method with a five-year detailed planning phase and subsequent perpetuity.

The discount rate used (WACC) for the "Fabasoft Xpublisher GmbH" is 9.14 % after taxes (previous year 7.96 %) or 12.20 % before taxes (previous year 10.28 %), the growth rate of the perpetuity was assumed to be 1 % (previous year 2 %). The discount rate used (WACC) for the CGU "Fabasoft Talents GmbH" is 14.47 % after taxes (previous year 17.75 %) or 19.12 % before taxes (previous year 21.25 %), the growth rate of the perpetuity was assumed to be 1 % (previous year 2 %). For the CGU "Fabasoft 4teamwork AG" the discount rate used (WACC) is 8.33 % after taxes (previous year 10.49 %) or 10.00 % before taxes (previous year 12.56 %), the growth rate of the perpetuity was assumed to be 1 % (previous year 2 %).

The detailed planning phase of five years is based on the budget approved by the Managing Board and the Supervisory Board and on medium-term planning for the following four years, which is based on management's estimates. These management estimates are based among other things, on historical and empirical values. Subsequently, based on the assumptions made in the previous year with a perpetual annuity that takes into account a sustainable and long-term growth rate. The estimated value used for this is half the inflation rate for the coming years as expected by an international economic institute, which tends to offset general inflation.

In the detailed planning phase, an average annual growth rate between 9.98 % and 13.69 % (previous year: 11.70 % and 12.05 %) is expected for revenue in all CGUs. The EBIT planning, which forms the basis for the expected cash flows, is based on an expected improvement in the EBIT margin, driven by changes in the product mix and cost savings. The EBIT of the CGUs is also currently still affected by relatively high investments in product development and in strengthening the market positions, which is why the Group EBIT margin will only be approached beyond the medium-term planning horizon. These internal assumptions are based on historical experience, current operating results and the company's assessment of future developments. In addition, industry-specific conditions and market trends are also taken into account in the assessment to ensure that the picture of future business development is as realistic as possible.

The discount rate used is based on a risk-free interest rate calculated on the basis of the Svensson method. This is adjusted by a risk premium that reflects the specific risk of the CGU and the heightened risk of an equity investment. This is based on external information that corresponds to the internal estimates of the management.

The impairment test for the CGU "Fabasoft Talents GmbH", which sells a software solution for efficient and transparent HR processes and a learning app for effective, verifiable and sustainable knowledge transfer, did not result in any impairment losses (previous year: impairment losses of kEUR 335). Similarly, the impairment test carried out on the CGU "Fabasoft 4teamwork AG", which sells a software solution for efficient business management for Swiss cantons, municipalities and administration-related organizations, did not result in any impairment losses either. The recoverable amount of both CGUs resulted in sufficient coverage of the carrying amounts.

The CGU "Fabasoft Xpublisher GmbH" offers the Xpublisher product, a cloud-based editorial and publishing system for digital and print media in all phases of the content lifecycle. In the fiscal year 2024/2025, the CGU achieved revenue growth, but this was lower than originally planned. The tense economic situation in the target markets led to noticeable restraint on the part of customers, which was reflected in longer sales cycles and low momentum in new businesses. In addition, there were delays in the project business. In response to these developments, strategic measures were initiated in the reporting period to strengthen the CGU in the long term. These include organizational adjustments and the targeted sharpening of the market positioning, combined with the further development of the software product. The changed conditions have been taken into account in the current planning and are reflected in reduced revenue growth and lower free cashflows. The recoverable amount of the CGU "Fabasoft Xpublisher GmbH" in the amount of kEUR 1,955 resulted in a value adjustment requirement for the CGU in the amount of kEUR 2,220, which reduced the existing goodwill of this CGU from kEUR 2,825 to kEUR 605. The value adjustment requirement is allocated to the Segment Germany.

The following sensitivity analyses indicate the impact of the value in use as at 31 March 2025:

		Change in value in use Fabasoft Xpublisher GmbH	Change in value in use Fabasoft Talents GmbH	Change in value in use Fabasoft 4teamwork AG
Change in the discount rate by	1 %	-283	-23	-1,769
	-1 %	366	26	2,335
Change in growth in perpetuity by	1 %	256	36	1,927
	-1 %	-200	-31	-1,464
Change in annual free cashflows by	10 %	195	57	1,351
	-10 %	-195	-57	-1,351

Due to the impairment of the CGU "Fabasoft Xpublisher GmbH" in the 2024/2025 fiscal year, the sensitivities indicated, which leads to a reduction in the value in use, would result in a further impairment requirement.

The sensitivities stated would not result in any impairment requirement for the CGU "Fabasoft Talents GmbH" and the CGU "Fabasoft 4teamwork AG".

The following sensitivity analyses indicate the impact of the value in use as at 31 March 2024:

		Change in value in use Fabasoft Xpublisher GmbH	Change in value in use Fabasoft Talents GmbH	Change in value in use Fabasoft 4teamwork AG
Change in the discount rate by	1%	-2,310	-35	-572
	-1%	3,244	40	726
Change in growth in perpetuity by	1%	2,792	25	627
	-1%	-1,989	-22	-495
Change in annual free cashflows by	10%	1,434	47	525
	-10%	-1,434	-47	-525

Based on the sensitivities indicated, only Fabasoft Talents would require further value adjustments.

5.1.3. Other financial assets

in kEUR	2024/2025	2023/2024
Start of fiscal year	145	153
Additions	6	0
Reclassification to current receivables	0	-7
Fair value changes	0	-1
End of fiscal year	151	145

Other financial assets largely consist in their entirety of investment certificates. These are classified as long-term securities as there is no intention of selling them within the next twelve months.

5.1.4. Other non-financial assets

The contract acquisition costs recognized under other non-financial assets in compliance with IFRS 15 developed as follows:

in kEUR	2024/2025	2023/2024
Start of fiscal year	376	413
Dissolution	-217	-310
Allocation	0	273
End of fiscal year	159	376

5.1.5. Deferred income taxes

Deferred income taxes as at 31 March 2025 is calculated as follows:

in kEUR	01/04/2024 Deferred income tax assets	01/04/2024 Deferred income tax liabilities	Changes of statement of comprehensive income	31/03/2025 Deferred income tax assets	31/03/2025 Deferred income tax liabilities
Provisions for non-current employee obligations	437	0	21*	458	0
Fixed assets	0	-610	-138	0	-748
Fair values valuation of the securities	1	0	-1	0	0
Contract assets		-1,018	-223	0	-1,241
Contract acquisition cost		-86	49	0	-37
Loss carryforwards	1,040	0	49	1,090	0
Other provisions	2	0	15	17	0
Vacation provisions	83	0	12	95	0
Anniversary bonus provision	0	0	158	158	0
IFRS 16	88	0	-48	40	0
Deferred income	9	0	-8	1	0
Unrealized FX gains/losses	0	-25	-12	0	-37
Contracts liabilities	0	-7	7	0	0
	1,660	-1,746	-119	1,859	-2,063
Netting	-838	838	0	-904	904
Total deferred income taxes	822	-908	-119	955	-1,159

** Thereof kEUR 7 were reported as part of other result and offset with the revaluation effects from severance payments.*

Deferred income tax receivables for loss carryforwards on 31 March 2024 are as follows:

	01/04/2023				31/03/2024	
in kEUR	Deferred income tax assets	Deferred income tax liabilities	First time application IAS 12.22 S	Changes of statement of comprehensive income	Deferred income tax assets	Deferred income tax liabilities
Provisions for non-current employee obligations	439	0	0	-2*	437	0
Fixed assets	0	-815	0	205	0	-610
Fair values valuation of the securities	1	0	0	0	1	0
Contract assets	0	-679	0	-339	0	-1,018
Contract acquisition cost	0	-98	0	12	0	-86
Loss carryforwards	980	0	0	60	1,040	0
Other provisions	3	0	0	-1	2	0
Vacation provisions	0	0	0	83	83	0
IFRS 16	0	0	61	27	88	0
Deferred income	9	0	0	0	9	0
Unrealized FX gains/losses	0	0	0	-25	0	-25
Contracts liabilities	0	-16	0	9	0	-7
	1,432	-1,608			1,660	-1,746
Netting	-942	942			-838	838
Total deferred income taxes	**490**	**-666**	**61**	**29**	**822**	**-908**

** Thereof kEUR 23 were reported as part of other result and offset with the revaluation effects from severance payments.*

Deferred income tax receivables for loss carry forwards on March 2025 are as follows:

in kEUR	Existing loss carryforwards	Tax rate	Assessed deferred income taxes	Non-assessed deferred income taxes
Mindbreeze Corporation	175	30%	53	0
Fabasoft Xpublisher GmbH	1,910	31%	601	0
Fabasoft 4teamwork AG	551	21%	116	0
Fabasoft Xpublisher Inc.	162	21%	0	34
Fabasoft Talents GmbH	1,073	23%	247	0
Fabasoft Contracts GmbH	313	23%	72	0

Deferred income tax receivables for loss carryforwards on 31 March 2024 were as follows:

in kEUR	Existing loss carryforwards	Tax rate	Assessed deferred income taxes	Non-assessed deferred income taxes
Mindbreeze Corporation	265	27%	72	0
Fabasoft Xpublisher GmbH	1,698	31%	534	0
Fabasoft 4teamwork AG	762	21%	160	0
Fabasoft Xpublisher Inc.	152	20%	0	30
Fabasoft Talents GmbH	1,098	23%	252	0
Fabasoft Contracts GmbH	94	23%	22	0

The loss carryforwards in Mindbreeze Corporation arose in particular due to the tax-related immediate amortization of additions of property, plant and equipment. The reported loss carryforwards of Mindbreeze Corporation exist both nationwide with an effective tax rate of 21 % as well as on the level of a US state with an effective tax rate of 9.18 %. The resulting combined tax rate is 25 %. The reported loss carryforwards of Fabasoft Xpublisher Inc. exist both nationwide with an effective tax rate of 21 % as well as on the level of a US state with an effective tax rate of 0.37 %. The resulting combined tax rate is 21 %.

Realization of deferred tax assets:

in kEUR	31/03/2025	31/03/2024
Deferred income tax assets that are expected to be realised after more than 12 months	543	1,336
Deferred income tax assets that are expected to be realised within 12 months	1,316	324
	1,859	**1,660**

Realisation of deferred income tax liabilities:

in kEUR	31/03/2025	31/03/2024
Deferred income tax liabilities that are expected to be realised after more than 12 months	-1,699	-615
Deferred income tax liabilities that are expected to be realised within 12 months	-364	-1,131
	-2,063	**-1,746**

In compliance with IAS 12.39 no deferred tax liabilities were recognized for temporary differences in connection with investment in affiliated companies (kEUR 4,019, previous year kEUR 3,740), because the incurred profits in the subsidiaries are indefinitely invested or are not subject to taxation if sold.

5.2. Current assets

5.2.1. Trade and other receivables

in kEUR	31/03/2025	31/03/2024
Trade receivables	11,658	14,306
Other receivables	444	459
thereof input tax reimbursement	40	51
thereof receivables from tax office	205	90
thereof deposits	108	94
thereof social security	0	76
thereof other receivables	91	148
Accrued costs	1,803	1,767
Total	**13,905**	**16,532**
thereof financial receivables	11,795	14,548
thereof non-financial reiceivables	2,110	1,984

Trade receivables are generally recognized with a term of payment of 30 days. With some individual customers special due dates are agreed which are also categorized short-term. There is no variable offset.

Accrued costs prior to the balance sheet date are declared prepaid expenses if they represent expenses for a specific period after that date.

Maturity structure of trade receivables:

in kEUR	31/03/2025	31/03/2024
Not yet mature	7,854	8,693
Overdue and depreciated (individual)	0	2
Overdue but not depreciated	3,804	5,611
Between 1 and 60 days	2,906	3,999
Between 61 and 90 days	517	295
Between 91 and 180 days	281	675
More than 180 days	100	642

The book values of trade receivables correspond closely to the fair value. Allowances amounting to kEUR 1 (previous year kEUR 2) – see section 2.9 – were formed. There is no further need for value adjustment, in particular due to the branch sector of overdue receivables, payments received after the balance sheet date and a detailed analysis of the overdue analysis of the overdue receivables.

5.2.2. Cash and cash equivalents

in kEUR	31/03/2025	31/03/2024
Cash in hand	4	4
Credit at financial institutions	34,279	25,064
Total	**34,283**	**25,068**

5.3. Equity

As of 31 March 2025, the company's share capital was kEUR 11,000 (31/03/2024: kEUR 11,000). It is comprised of 11,000,000 individual shares (31/03/2024: 11,000,000) at a nominal value of EUR 1.00 per share.

The Group considers components to be equity that must be recognised as such in accordance with IFRS. Equity management focusses on being in a position to maintain the companies operated within the Group as going concerns in a secured and independent manner, on assuring the progress of the topic of growth that is critical for the corporate Group with the aid of the equity base and on investing or expanding investment of utilizable equity in future-proof company participations based on responsible entrepreneurial action and thinking.

Consistent with others in the industry, the Group monitors capital on the basis of the equity ratio. The aim is to achieve a stable equity ratio in order to enable any investments and to maintain the Group's general resilience. This ratio is calculated as equity divided by total capital. The equity ratio of the Fabasoft Group on the balance sheet date is 39 % (40 % on 31 March 2024).

The following resolutions, among others, were made at the Fabasoft AG Annual General Meeting on 2 July 2024:

A dividend of EUR 0.10 per dividend-bearing share was paid out for the 2023/2024 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 (Aktiengesetz, AktG) 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 AktG 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 of Fabasoft AG proposes for the fiscal year from 1 April 2024 to 31 March 2025, that a dividend of EUR 0,10 will be disbursed per dividend-bearing no-par value share.

5.3.1. Reserves

The capital reserve amounting to kEUR 19,555 (31/03/2024: kEUR 19,555) affects premiums to the amount of kEUR 17,173 (31/03/2024: kEUR 17,173). The remainder results in an amount of kEUR 2,069 (31/03/2024: kEUR 2,069) from reorganizations and in an amount of kEUR 313 (31/03/2024: kEUR 313) from former options programs.

5.3.2. Treasury shares

The resolution of the Managing Board dated 13 August 2024, made after approval of the Supervisory Board, to make use of the authorization of the General Meeting on 2 July 2024 to purchase its own shares according to Section 65 (1) (4) and Section 65 (1) (8) of the AktG was made public on 14 August 2024 and can be viewed in detail on the investors section of www.fabasoft.com. Under this share buyback programme, shares in the company were to be acquired up to a maximum total volume excluding incidental acquisition costs of EUR 2 million.

The share buyback programme of Fabasoft AG started on 15 August 2024 and was completed on 10 December 2024. Since then, a total of 223,627 shares (2.03 % of the share capital) have been held as treasury shares, of which 125,409 shares were purchased in fiscal year 2024/2025. The costs this entailed for the company amounting to kEUR 4,024 are disclosed in a separate adjustment item in equity.

The share buyback was carried out under the management of a bank that made its decisions on the timing of the acquisition of the shares independently and without influence from the company. The acquisition was made via the stock exchange in compliance with the safe harbor provision in Article 5 of Regulation (EU) No. 596/2014, with the exception of the repurchase purpose. This is broader than provided for in Article 5 (2) of Regulation (EU) No. 596/2014. 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 acquired shares can be used for all purposes specified in the authorisation of the Annual General Meeting on 2 July 2024, in particular in accordance with Section 65 para. 1 no. 4 AktG for issue to employees, senior executives and members of the Executive Board of the company or an affiliated company and in accordance with Section 65 para. 1 no. 8 AktG up to a maximum of 10 % of the share capital. No treasury shares were sold in the reporting period.

5.4. Non-current liabilities

5.4.1. Provisions for severance payments

The following significant actuarial assumptions were made:

	2024/2025	2023/2024
Discount rate	3.29 %	3.30 %
Future salary increases	4.28 %	4.24 %
Fluctuation	0.99 %	1.08 %

The calculation of the provisions for severance payments for employees was affected according to actuarial principles based on the biometric guideline tables AVÖ 2018-P. The retirement age results from the minimum from the retirement age as stipulated in the ASVG (the Austrian General Social Security Act) and the early retirement age due to long insurance period. Fluctuation was calculated on the basis of individual company experience.

Plan duration (average weighted period) amounts to 6.90 years (previous year 7.55 years).

Severance payment expenses are derived from the following components:

in kEUR	2024/2025	2023/2024
Service cost	90	98
Interest cost	98	98
Payments into employee severance payment and pension funds	362	301
Total severance payment expenses	550	497
Revaluation effects		
-/+ Profit/loss from change to economic assumptions	-4	139
-/+ Experience gain/loss	0	-1
Total revaluation effects (loss)	-4	138

The components of severance payment expenses (current service cost, interest cost, severance payments to be made and payments into employee severance payment and pension funds) are disclosed under employee benefit expenses.

The revaluation effects are reported in other result (net deferred income taxes) and concluded through other reserves.

Provisions for severance payments in kEUR	2024/2025	2023/2024
Value as at 31/3 previous year	3,043	2,708
Service cost	90	98
Interest cost	98	99
Severance Services	-128	0
Revaluation effects		
-/+ Profit/loss from change to economic assumptions	-4	139
-/+ Experience gain/loss	0	-1
Value as at 31/3	3,099	3,043

5.4.2. Provisions for pensions

As shown under section 2.12, during the 2014/2015 fiscal year the pension approvals were amended to the effect that the respective claim of the person entitled to the extent of the cover asset on the respective reporting date of the existing pension reinsurance agreements. The gross pension obligation is thus specified in the amount of the asset values of the insurance agreements. The commitment and cover asset (plan assets) are offset on the balance sheet based on the congruency, pledging and the insolvency-proof nature of the asset. There are no portions of the provisions for pensions that are not covered by reinsurances.

The asset values amounted to kEUR 3,356 on the reporting date 31 March 2025 (previous year kEUR 3,069).

in kEUR	2024/2025	2023/2024
Service cost	235	250
Interest cost	101	101
Interest income	-101	-101
Total expenses for pension schemes	235	250
Revaluation effects (gain/loss)	-25	-39

Changes in net liability in kEUR	Defined benefit obligation	Fair value of plan assets	Net liability
Value as at 31/03/2024	3,069	-3,069	0
Service cost	211	0	211
Interest cost/interest income	101	-101	0
Actuarial effects/income from plan assets without interest income	-25	25	0
Contributions paid by the employer	0	-211	-211
Value as at 31/03/2025	3,356	-3,356	0

5.4.3. Financial liability

in kEUR	31/03/2025	31/03/2024
Liabilities to banks	10,672	0
Total	10,672	0

Further information on financial liabilities can be found in Note 4.

5.4.4. Other payables

in kEUR	31/03/2025	31/03/2024
Non-current lease liabilities	4,503	5,623
Earn-out liability	0	526
Total	4,503	6,149

Further information on long-term lease liabilities is provided in Note 5.1.1.

5.4.5. Investment grants

in kEUR	31/03/2025	31/03/2024
Investment grant	81	106
Total	81	106

The balance sheet item ‘Investment grants’ includes investment premiums. These are grants from the Republic of Austria of up to 14 % of the investments made and up to 30 % of the investments made in e-charging infrastructure.

With regard to the effects of the reversal of investment grants on income, see section 6.2.

5.5. Current liabilities

5.5.1. Financial liability

in kEUR	31/03/2025	31/03/2024
Liabilities to banks	1,046	0
Total	1,046	0

5.5.2. Trade and other payables

in kEUR	2024/2025	2023/2024
Trade payables	3,538	3,392
Prepayments received	283	661
Current lease liabilities IFRS 16	1,565	1,981
Payables from other taxes	1,042	1,073
Payables for social security payments	690	635
Other current payables	5,802	5,962
thereof short-term employee benefits	5,772	5,173
thereof other payables	30	789
Total	12,920	13,704
thereof financial payables	3,538	4,076
thereof non-financial payables	9,382	9,628

Short-term benefits to employees consist mainly of accruals for as yet non-consumed leave, special payments and performance-related remuneration.

The book values correspond closely to the fair value.

5.5.3. Income tax liabilities

in kEUR	31/03/2025	31/03/2024
Austria	2,090	1,646
Other countries	7	149
Total	2,097	1,795

5.5.4. Contract liabilities

Contract liabilities include revenue received from usage fees and software updates as well as recurring professional services, which will not have an effect on profit before fiscal year 2024/2025.

Transfer of contract liabilities as at 31 March 2025:

in kEUR	01/04/2024	Dissolution 2024/2025	Allocation 2024/2025	31/03/2025
Contract liabilities in compliance with IFRS 15	19,985	-19,698	21,298	21,585

Transfer of contract liabilities as at 31 March 2024:

in kEUR	01/04/2023	Dissolution 2023/2024	Allocation 2023/2024	31/03/2024
Contract liabilities in compliance with IFRS 15	18,752	-18,482	19,715	19,985

This includes contract liabilities resulting from service contracts pursuant to IFRS 15 amounting to kEUR 747 (31/03/2024: kEUR 739), the remaining amount of kEUR 20,838 (31/03/2024: kEUR 19,246) relates to deferred revenue, in particular from software updates, fees for right of use and recurring professional services.

The terms of the contract liabilities break down as follows:

in kEUR	31/03/2025	31/03/2024
Up to one year	20,813	19,698
Longer than one year	772	287
Total	21,585	19,985

6. Notes to the consolidated statement of comprehensive income

6.1. Sales revenue

In 2024/2025 fiscal year revenue for service contracts realized over time amounts to kEUR 8,439 (previous year kEUR 6,610). For further information on sales revenue see the details on segment reporting section 8.

6.2. Other operating income

in kEUR	2024/2025	2023/2024
Income from disposal of property, plant and equipment	8	2
Other income	916	1,042
thereof grants for research projects	0	463
thereof from termination of life and death insurance	0	169
thereof settlement of earn-out obligation currency gains	830	0
thereof from the dissolution of investment grants	38	45
Total	924	1,044

Further information on earn-out liability can be found in Note 4.

6.3. Employee benefits expenses

in kEUR	2024/2025	2023/2024
Salaries	36,479	34,262
Expenses for severance payments	550	497
Expenses for pension schemes	235	250
Expenses for statutory social contributions	8,248	7,510
Other social welfare expenditure	1,027	974
Total	**46,539**	**43,493**

6.4. Depreciation and amortisation expenses

in kEUR	2024/2025	2023/2024
Depreciation charges on property, plant and equipment	6,767	6,908
Depreciation charges on intangible assets	857	970
Total	**7,624**	**7,878**

6.5. Expenses from impairment

The expense from impairment totalling kEUR 2,220 results from the impairment of the goodwill of the CGU "Fabasoft Xpublisher GmbH". In the previous year, the expense from impairment losses consisted of the impairment of the goodwill of the CGU "Fabasoft Talents GmbH" in the amount of kEUR 335. Further information on this can be found in segment reporting section 5.1.2.

6.6. Other operating expenses

in kEUR	2024/2025	2023/2024
Taxes unless included under income taxes	101	104
Maintenance	560	603
Rental* and operating costs	1,211	1,383
Vehicle and leasing expenses*	416	440
Operating expenses	2,187	2,426
Legal and consulting fees	1,796	1,661
Auditing, bookkeeping and tax advice fees	443	440
Investor relations	215	210
Insurance premiums	273	285
Personnel recruitment	578	762
Information expenses	313	317
Further education	1,088	378
Other	1,128	1,234
Administrative expenses	5,834	5,287
Trademark registrations	142	157
Travel expenses	873	765
Advertising	3,740	3,468
Other	44	40
Sales expenses	4,799	4,430
Other operating expenses	12,921	12,247

** excl. IFRS 16 contracts*

The leasing expenses for short-term leases, which are accounted for pursuant to IFRS 16.6, amount to kEUR 216 in the 2024/2025 fiscal year (previous year kEUR 194). The leasing expenses for leases of low value, which are accounted for pursuant to IFRS 16.6, amount to kEUR 2 in the 2024/2025 fiscal year (previous year kEUR 11).

6.7. Financial result

in kEUR	2024/2025	2023/2024
Interest income	132	111
Foreign currency income	1	1
Interest expenses	-537	-384
thereof interest expenses for lease liabilities	-282	-348
thereof interest expenses for loans	-233	0
Total	-404	-272

In addition to the interest expenses presented for lease liabilities, interest expense mainly results from bank balances and liabilities to banks as well as from earn-out accounting.

6.8. Income taxes

in kEUR	2024/2025	2023/2024
Austria	-2,201	-2,126
Other countries	-1,471	-1,365
Current income taxes	-3,672	-3,491
Austria	55	178
Other countries	-165	-171
Deferred income taxes	-110	7
Total	-3,782	-3,484

The tax on the Group's pre-tax profit deviates from the theoretical value, which results from the use of the income tax rate of 23 % (previous year 24 % (until 31 December 2023) as well as 23 % (as of 1 January 2024)) applicable in Austria to the result before tax as follows:

in kEUR	2024/2025	2023/2024
Result before income taxes	12,897	13,113
Tax expenses calculated according to Austrian tax rate 2024/2025: 23 % (previous year: 24 % (until 31/12/2023) as well as 23 % (as of 01/01/2024))	-2,965	-3,113
Tax effects from:		
Foreign tax rates	-396	-420
Effects of future tax rate changes	0	-17
Tax-free income and other tax-free items	52	72
Currency differences	-4	-100
Expenses not deductible for tax purposes	-499	-167
Adjustment to deferred income taxes	4	8
Changes in unapplied deferred income tax assets and liabilities	4	212
Non-periodic income tax	22	41
Declared income tax expenses	-3,782	-3,484

7. 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.

Within the cash flow statement, a distinction is made between cash flows from operating activities, investing activities and financing activities.

Lease liabilities amounted to kEUR 7,604 as of 31 March 2024 and kEUR 6,069 as of 31 March 2025. The change in the 2024/2025 financial year is made up of the following items:

Development in liabilities from financing activities in kEUR

		Cash-effective changes				Non-cash changes		
in kEUR	Value as of 01/04/2024	New borrowing	Other expenses	Repayment	Interest payments Leasing	Additions Leasing	Valuation effects	Value as of 31/03/2025
Liabilities to banks	-	12,243	-166	-400	-	-	40	11,717
Lease liabilities	7,604	-	-	-4,991	-282	3,408	330	6,069

The change in the 2023/2024 financial year is made up of the following items:

Development in liabilities from financing activities in kEUR

		Cash-effective changes				Non-cash changes		
in kEUR	Value as of 01/04/2023	New borrowing	Other expenses	Repayment	Interest payments Leasing	Additions Leasing	Valuation effects	Value as of 31/03/2024
Lease liabilities	7,492	-	-	-1,990	-349	2,199	252	7,604

8. Segment reporting

The business segments are reported in a manner consistent with internal reporting to the chief operating decision maker. The chief operating decision maker is responsible for decisions on the allocation of resources to the business segments and for reviewing their profitability. The Management Board of Fabasoft AG has been identified as the chief operating decision maker. The arm's length nature of transfer prices between segments is monitored and documented on an ongoing basis. The Group's segment reporting is structured by region based on the location of the assets.

2024/2025 fiscal year in kEUR	Austria	Germany	Switzerland	Other countries	Group
Gross sales	61,726	39,852	7,765	6,963	116,306
Less intersegmental sales	-27,942	-1,098	-233	-188	-29,461
Sales with external customers	**33,784**	**38,754**	**7,532**	**6,775**	**86,845**
Operating result	7,968	4,827	441	65	13,301
Depreciation and amortisation expenses	5,652	887	295	790	7,624
Expenses from impairment losses	0	2,220	0	0	2,220

Reconciliation in kEUR	
Operating result segments	13,301
Financial result Group	-404
Result before income taxes	12,897

2023/2024 fiscal year in kEUR	Austria	Germany	Switzerland	Other countries	Group
Gross sales	55,551	39,526	8,254	7,604	110,935
Less intersegmental sales	-27,773	-1,765	-203	-244	-29,985
Sales with external customers	**27,778**	**37,761**	**8,051**	**7,360**	**80,950**
Operating result	8,309	4,934	138	4	13,385
Depreciation and amortisation expenses	5,367	1,046	533	932	7,878
Expenses from impairment losses	335	0	0	0	335

Reconciliation in kEUR	
Operating result segments	13,385
Financial result Group	-272
Result before income taxes	13,113

The main decision makers see the company from a geographical perspective. The business segments that are subject to reporting generate their sales primarily through the manufacture and sales of software products and the provision of associated services.

Sales amounting to kEUR 12,038 derive from transactions with a single customer in the 2024/2025 fiscal year. These sales are attributable to the segment Germany. Sales amounting to kEUR 11,042 derived from transactions with a single customer in the previous year and these concerned the segment Germany. Internal reporting is carried out in the same way as external reporting in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union (EU).

Sales and intermediate consumption between the segments are charged on the basis of market prices.

Internal reporting is essentially based on information on earnings power. This information is communicated to the main decision-makers on a monthly basis in the form of reporting decision-makers and serve as a basis for their decisions.

The "Other countries" segment summarizes the activities of the sales companies of the geographical region USA. Apart from scheduled depreciation and amortisation and the impairment of the goodwill of the CGU 'Fabasoft Xpublisher GmbH', there were no other significant non-cash expenses in the individual segments.

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 a 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:

2024/2025 fiscal year in kEUR	Austria	Germany	Switzerland	Other countries	Group
Recurring revenue	23,445	16,389	3,890	5,078	48,802
Non-recurring revenue	10,339	22,365	3,642	1,697	38,043
thereof software	1,821	763	70	0	2,654
thereof professional services	8,518	21,602	3,572	1,697	35,389
Total	**33,784**	**38,754**	**7,532**	**6,775**	**86,845**

2023/2024 fiscal year in kEUR	Austria	Germany	Switzerland	Other countries	Group
Recurring revenue	18,695	14,960	4,019	4,964	42,638
Non-recurring revenue	9,083	22,801	4,032	2,396	38,312
thereof software	975	1,847	681	0	3,503
thereof professional services	8,108	20,954	3,351	2,396	34,809
Total	**27,778**	**37,761**	**8,051**	**7,360**	**80,950**

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

Non-recurring revenues include one-time licenses (software) and non-recurring professional services revenues (e.g. consulting services, service contracts based on fixed-price projects).

With the exception of one-time licenses, whose revenues are recognized at a point in time, revenues are recognized on an accrual basis (see section 2.14).

Breakdown of non-current assets by region:

in kEUR	31/03/2025	31/03/2024
Austria	31,388	23,316
Germany	7,110	5,237
Switzerland	2,648	2,798
Other countries	1,097	777
Total	**42,243**	**32,128**

9. Other statements

9.1. Earnings per share

9.1.1. Diluted and undiluted earnings per share

The diluted and undiluted earnings per share are calculated on the basis of the weighted average of the subscribed capital in the period under review taking into account treasury shares (see section 5.3.2).

	2024/2025	2023/2024
Result for the year attributable to the equity holders of the Parent Company (in kEUR)	8,800	9,073
Average number of shares in circulation (units)	10,945,726	10,971,334
Diluted and undiluted earnings per share (in EUR/unit)	0.80	0.83

9.2. Expenses for research and development

In the 2024/2025 fiscal year, research and development costs totalled kEUR 26,653 (previous year kEUR 25,458). These costs were primarily allocated to employee benefits expenses and depreciation for investments.

No expenditure on research and development was capitalized in the 2024/2025 fiscal year as it was not possible to provide in full the documentation of the requirements for the capitalization as an intangible asset (see section 2.5). Software research and development are cyclical and iteratively closely linked processes. Due to the scrum method applied in the Group these are continuously rolling processes. Moreover, establishing technological feasibility taking competitive costs and customer acceptance into consideration is not possible until shortly before market maturity.

9.3. Other financial obligations

Obligations due to operating lease contracts and rental contracts (incl. leased assets accounted for in accordance with IFRS 16) amount to:

in kEUR	31/03/2025	31/03/2024
Up to one year	2,542	2,554
Between one and five years	5,414	6,460
Total	**7,956**	**9,014**

9.4. Details of affiliated persons and employees

9.4.1. Average number of employees

	2024/2025	2023/2024
Average number of employees	498	482
Number of employees on the reporting date (headcount)	494	497

9.4.2. Breakdown of expenses for severance payments

in kEUR	2024/2025	2023/2024
Members of the Managing Board and senior executives	148	261
Other employees	402	236
Total	**550**	**497**

9.4.3. Breakdown of expenses for pensions schemes

in kEUR	2024/2025	2023/2024
Members of the Managing Board	236	250

9.4.4. Managing Board of Fabasoft AG

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

The expenses for continuous emoluments, severance payments and pensions schemes for members of the Managing Board amounted to kEUR 1,508 in the 2024/2025 fiscal year (previous year kEUR 1,406) and are broken down as follows:

in kEUR	2024/2025	2023/2024
Continuous emoluments	1,168	955
Expenses for severance payments recorded in the result for the year	126	238
Expenses for contributions to employee severance payment and pension funds	3	2
Expenses for pensions schemes recorded in the result for the year	211	211
Total	1,508	1,406

9.4.5. Supervisory Board of Fabasoft AG

- em. o. Univ.-Prof. Mag. Dr. Friedrich Roithmayr, Linz (Chairman of the Supervisory Board)
- FH-Prof.in Univ.Doz.in DIin Dr.in Ingrid Schaumüller-Bichl, Linz (Second deputy)
- Prof. Dr. Andreas Altmann, Innsbruck (First deputy)
- Mag.a Michaela Schwinghammer-Hausleithner, Linz (Member)

For the 2024/2025 fiscal year, emoluments amounting to kEUR 102 (previous year kEUR 90) were paid to the members of the Supervisory Board.

No members of the Managing Board or of the Supervisory Board were guaranteed loans and no liabilities were assumed for the benefit of these persons.

The following members of the Supervisory Board are on the Audit Committee of Fabasoft AG:

- Prof. Dr. Andreas Altmann, Innsbruck (Chairman of the Audit Committee)
- em. o. Univ.-Prof. Mag. Dr. Friedrich Roithmayr, Linz (Member)
- FH-Prof.in Univ.Doz.in DIin Dr.in Ingrid Schaumüller-Bichl, Linz (Member)
- Mag.a Michaela Schwinghammer-Hausleithner, Linz (Member)

In this context, Prof. Dr. Altmann has special expertise (knowledge and practical experience) in the fields of finance and accounting as well as reporting. Furthermore, Mag.a Schwinghammer-Hausleithner has special expertise in the field of accounting and em. o. Univ.-Prof. Mag. Dr. Roithmayr has special expertise in the field of auditing.

9.4.6. 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 56, previous year kEUR 57).
- Fabian Fallmann, MSc, son of Prof. Dipl.-Ing- Helmut Fallmann, managing director of Fabasoft International Services GmbH (continuous emoluments kEUR 95, previous year kEUR 0).

There are no further business relationships with other affiliated companies and employees in the 2024/2025 fiscal year.

9.5. Other affiliated companies and employees

Expenses for the auditors amount to kEUR 297 (previous year kEUR 244) and are divided into the following areas of activity:

in kEUR	2024/2025	2023/2024
Audit/Review of annual financial statements of companies included in the consolidated statements	189	190
thereof Fabasoft AG	45	50
thereof Mindbreeze GmbH	15	15
thereof Fabasoft R&D GmbH	15	15
thereof Fabasoft Austria GmbH	15	5
thereof Fabasoft Deutschland GmbH	26	15
thereof other auditing services	72	90
Review of quarterly statements	21	20
Other services	87	34
Total	297	244

9.6. Direct and indirect effects from 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 cyberattacks or other attacks on critical infrastructures cannot be quantified either.

The formation of new governments in countries that are also relevant to the Fabasoft Group represents a significant source of uncertainty. Governments determine the future direction of their countries and thus also define key factors in global economic competition. The introduction of new trade barriers could therefore also have a negative impact on the Fabasoft Group's net assets, financial position, and results of operations.

9.7. Climate-related risks and opportunities of the Fabasoft Group

Climate change is an extremely challenging issue for our society that requires all sectors to participate in the transition to a decarbonized economy. The IT industry, together with the ongoing digitalization, will make a significant contribution to the decarbonization of the economy, but is also itself exposed due to energy consumption and the use of rare earths.

The Fabasoft Group is aware of its role and responsibility with regard to climate change and is clearly committed to actively anticipating and managing its climate-related risks. For the 2024/2025 fiscal year, the Fabasoft Group has assessed its climate-related risks considering the recommendations of the TCFD (Task Force on Climate-Related Financial Disclosures). The existing group-wide assessment of climate-related opportunities was reviewed for completeness and updated in the reporting year. The Fabasoft Group's current control environment, combined with its business model and the scope of climate-related opportunities, creates a relatively low risk environment with regard to climate change.

9.8. Events after the balance sheet date

On 9 April 2025, Fabasoft AG founded two wholly owned subsidiaries, Fabasoft Research GmbH and Fabasphere GmbH, based in the political municipality of Linz.

On 23 May 2025, the shareholders of Fabasoft Xpublisher GmbH unanimously resolved to increase the share capital by EUR 58,000.00 from EUR 42,000.00 to EUR 100,000.00. The increase in share capital was carried out as a cash capital increase. The amount of the increase in share capital was paid in full. The capital increase led to an increase in the shareholding of Fabasoft AG from previously 60 % to 75.5 %; the other co-shareholders now hold 24.5 %.

No further significant events occurred after 31 March 2025 for these consolidated financial statements.

9.9. Release of consolidated financial statements

These consolidated financial statements were drawn up by the Managing Board on the date specified hereunder and released for publication. The consolidated financial statements and the individual accounts of the Parent Company – which are also included in the consolidated financial statements following adaptation to accounting standards – will be presented to the Supervisory Board for scrutiny on 3 June 2025. The Supervisory Board and, in the event of presentation at the Annual General Meeting, the shareholders may amend the individual accounts of the Parent Company in such a way that also influences the presentation of the consolidated financial statements.

Linz, 28 May 2025

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

This report includes both the management report of Fabasoft AG and the Group management report. Where required to provide a true and fair view of the actual assets, financial and profit situation, the information has been specified separately.

Management Report of Fabasoft AG and the Fabasoft Group

1. Report on the business performance and economic situation of Fabasoft AG and the Fabasoft Group

1.1. Net assets, financial position and results of operations of Fabasoft AG and the Fabasoft Group

In the past fiscal year 2024/2025, the Fabasoft Group recorded sales revenue of kEUR 86,845 (kEUR 80,950 in the corresponding period of the previous year). The increase in revenue reflects the continued positive development of recurring revenue and further growth in the project business in the 2024/2025 fiscal year.

Despite ongoing investments in the development and expansion of the Fabasphere and higher personnel expenses, the Group achieved EBITDA[1)] of kEUR 23.145 in fiscal year 2024/2025 (kEUR 21,598 in the corresponding period of the previous year) and EBIT[1)] of kEUR 13,301 (kEUR 13,385 in the corresponding period of the previous year).

Other operating expenses increased by 5.5 % from kEUR 12,247 to kEUR 12,921 in the reporting period, developing at a lower rate than the sales revenues of Fabasoft Group.

With a research and development ratio of 30.7 % in relation to sales revenue, investments in research and development (kEUR 26,653) of the Fabasoft Group (Fabasoft AG has no research and development activities) were again on a very high level compared with the industry as a whole (kEUR 25,458 in the 2023/2024 fiscal year).

The equity ratio[1)] of the Fabasoft Group on the balance sheet date (31 March 2025) was 38.7 % (40.1 % on 31 March 2024).

The amount of cash and cash equivalents increased in the Fabasoft Group from kEUR 25,068 (as at 31 March 2024) to kEUR 34,283 respectively in the Fabasoft AG from kEUR 483 (as at 31 March 2024) to kEUR 563 as at the balance sheet date 31 March 2025.

1) Definition of the key figures in the management report section 1.5

1.2. Business performance of Fabasoft AG and the Fabasoft Group

In fiscal year 2024/2025, the Fabasoft Group further consolidated its market position through sales growth and strategic investments in innovation, research and development. Investments focused on research and development of cloud-native software product technology and on applications for AI.

The high level of research intensity and the solid financial position and earnings put Fabasoft in a strong position for sustainable growth in the future.

The Fabasoft Group employed 494 people as of 31 March 2025 (31 March 2024: 497). Fabasoft AG employed 6 people as of 31 March 2025 (31 March 2024: 6). The figures refer to the respective number of employees (headcount).

1.3. Report on the regional presence of the Fabasoft Group

Subsidiaries of Fabasoft AG on the balance sheet date (31/03/2025)

Company	Direct share	Country	Headquarters	Offices
Fabasoft International Services GmbH	100 %	Austria	Linz	Vienna
Fabasoft R&D GmbH	100 %	Austria	Linz	Vienna
Fabasoft Austria GmbH	100 %	Austria	Linz	Vienna, Graz
Fabasoft Approve GmbH	80 %	Austria	Linz	
Fabasoft Contracts GmbH	80 %	Austria	Linz	
Fabasoft Oblivation GmbH	51 %	Austria	Linz	Vienna
Fabasoft Talents GmbH	100 %	Austria	Linz	Vienna
Hon24 Immobilien GmbH	100 %	Austria	Linz	
Mindbreeze GmbH	85.5 %	Austria	Linz	Vienna
Fabasoft Deutschland GmbH	100 %	Germany	Frankfurt am Main	Berlin, Erfurt, Munich
Fabasoft Xpublisher GmbH	60 %	Germany	Munich	Deggendorf
Fabasoft 4teamwork AG	70 %	Switzerland	Bern	

Subsidiaries of Mindbreeze GmbH on the balance sheet date (31/03/2025)

Company	Direct share	Country	Headquarters	Offices
Mindbreeze Corporation	100 %	USA	Chicago	

Subsidiaries of Fabasoft Xpublisher GmbH on the balance sheet date (31/03/2025)

Unternehmen	Unmittelbarer Anteil	Land	Sitz	Betriebsstätten
Fabasoft Xpublisher Inc.	100 %	USA	Chicago	

Changes in the Group structure and company acquisitions

On 11 September 2024, Fabasoft AG founded a 100 % subsidiary, Hon24 Immobilien GmbH, based in the political community of Linz. The full consolidation of Hon24 Immobilien GmbH took place for the first time when the company was founded.

On 8 October 2024, Mindbreeze GmbH increased its stake in Mindbreeze InTend GmbH from 80 % (indirect stake of Fabasoft AG: 68.4 %) to 100 % by acquiring the remaining shares from the former management of Mindbreeze InTend GmbH. The merger of Mindbreeze InTend GmbH with Mindbreeze GmbH took effect upon entry in the commercial register on 31 December 2024.

1.4. Financial and non-financial performance indicators of Fabasoft AG and the Fabasoft Group

Financial performance indicators of Fabasoft AG (individual financial statements in accordance with the Austrian Commercial Code)

in kEUR	2024/2025	2023/2024
Sales revenue	7,453	5,700
Result before income taxes	9,241	7,168
EBIT[1]	-960	-3,134
EBITDA[1]	1,608	-557
Annual net profit	9,437	7,879
Equity at end of period	52,466	46,119
Equity ratio[1]	80,8 %	71,1 %
Cash flows from operating activities	3,101	9,815
Cash and cash equivalents at end of period	563	483
Employees at end of period	6	6

Financial performance indicators of the Fabasoft Group (consolidated financial statements in accordance with IFRS)

in kEUR	2024/2025	2023/2024
Sales revenue	86,845	80,950
Result before income taxes	12,897	13,113
EBIT[1]	13,301	13,385
EBITDA[1]	23,145	21,598
Annual net profit	9,115	9,629
Equity at end of period	36,096	30,638
Equity ratio[1]	38,7 %	40,1 %
Cash flows from operating activities	23,089	19,477
Cash and cash equivalents at end of period	34,283	25,068
Employees at end of period	494	497

[1] Definition of the key figures in the management report section 1.5

Non-financial performance indicators of the Fabasoft AG and the Fabasoft Group

Employees as a success factor

Our employees are a key success factor for the Fabasoft Group. Their innovative strength, expertise and commitment form the basis for sustainable growth. Fabasoft attaches great importance to promoting the skills and career development of its employees and offers a wide range of further training opportunities.

The internal training programme at the Fabasoft Management Academy is specifically designed to provide managers with comprehensive management skills in line with Fabasoft's strategic goals and thus represents an essential element for promoting the long-term success of the Group.

In addition, the Group's own training center, the Fabasoft Academy, coordinates other internal and external training courses. Particular attention is paid to internationally recognized certifications from IPMA or Scrum Alliance. As at the balance sheet date, the Fabasoft Group employed 65 certified (senior) project managers in accordance with the IPMA standard as well as 98 Scrum Masters and 39 Product Owners.

Personal communication and knowledge transfer

Personal communication and direct exchange are essential components of Fabasoft's corporate culture. Regular face-to-face meetings enable internal experts to network and promote the development of innovative ideas and solutions and are therefore essential for the company's success. This is why Fabasoft regularly organizes events such as Fabasoft Success, the Group-wide employee conference, and Fabasoft Enlight, the internal think tank for innovation.

Sustainability at the Fabasoft Group

Fabasoft understands sustainability to mean making decisions based on ecological, social and economic aspects (ESG aspects). An important factor here is the efficient, sparing and economical use of resources. In autumn 2022, Fabasoft committed to reducing its CO2 emissions by at least 42 % by 2030 as part of the Science Based Targets Initiative (SBTi). With this near-term target, Fabasoft is committing to reducing its direct (Scope 1) and indirect CO2 emissions from purchased energy (Scope 2) by at least 42 % by 2030 compared to the base year 2021.

The group-wide switch to electric mobility, including the expansion of the charging infrastructure, is already measurably reducing traffic-related Scope 1 emissions. At the same time, environmentally friendly mobility is being supported by promoting public transport, providing an e-shuttle service at the Linz site and specifically choosing office locations with good transport connections. As a result of these and other measures taken, 70.4 % of total energy consumption in fiscal year 2024/2025 will already come from renewable energy sources (63.1 % in fiscal year 2023/2024).

In its IT infrastructure, Fabasoft consistently relies on energy-efficient data centres, most of which are already powered by electricity from renewable sources. In order to take responsibility for the greenhouse gases emitted in the course of its business activities, Fabasoft has again decided to offset all direct and indirect emissions from its business operations (Scope 1 and 2) for the fiscal year 2024/2025 by supporting certified climate projects. In addition, Fabasoft offsets selected indirect emissions from Scope 3 that have been generated in the value chain. This means that customers receive the Fabasoft Group's services on a CO_2-neutral basis, in line with the offset emissions from Scope 1, Scope 2, and selected Scope 3 categories.

This commitment is complemented by the sustainable transformation of the supply chain: Fabasoft aims to achieve CO_2 neutrality across the entire value chain by 2027, with the long-term goal of becoming CO_2 negative.

Fabasoft communicates its commitment in this area in its annual sustainability report, which is an integral part of the annual report.

1.5. 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. Fabasoft calculates the following APM:

- Nominal change in sales revenue
- EBIT or operating result
- EBITDA
- Equity ratio
- Research & development ratio (is published in each case with 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.

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 Amortization. In addition to interest and taxes this indicator of success also neutralizes 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 amortization 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 sets expenses for research and development in relation to the revenue.

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

2. Report on the expected development and risks of Fabasoft AG and the Fabasoft Group

2.1. Opportunities of Fabasoft AG and the Fabasoft Group

Opportunities for the Fabasoft Group and consequently also for the result of Fabasoft AG are seen in the following areas in particular:

2.1.1. The opportunities and growth potential of Fabasphere

Fabasoft is well positioned to actively leverage the growing demand for reliable and high-performance software products in Europe and beyond. The digital transformation of business and public administration, along with increasing demands for security and efficiency, offer a wide range of market opportunities.

Significant growth potential lies in the targeted expansion of existing customer business. Fabasoft has an established portfolio that is successfully used by many customers. In addition to focused marketing and sales measures by the Fabasoft Solutions, the comprehensive rebranding and subsequent campaign to increase visibility are intended to sustainably increase market penetration.

These measures are aimed at highlighting the significant added value of using multiple Fabasoft Solutions and increasing growth both with existing customers and in new customer acquisition. As the market leader in electronic files in German-speaking countries, Fabasoft also considers itself very well positioned for upcoming tenders – both technologically and in terms of excellent references and market knowledge.

Further growth opportunities arise from the targeted expansion of the existing portfolio with new functionalities, particularly in the area of AI. Mindbreeze AI in Fabasphere offers the Fabasoft Solutions upselling potential within its existing customer base. There is also growing interest in intelligent enhancements to existing specialist applications in public administration, which is increasingly focusing on the automation of routine processes due to demographic change. In addition, technological advances, particularly in the area of cloud-native architecture, enable seamless integration into different operating environments. This allows the requirements of modern multi-cloud strategies to be optimally supported and digital administration processes to be implemented efficiently, confidently and in a future-proof manner.

In addition to the organic development of the product portfolio, Fabasoft is also consistently pursuing an inorganic growth strategy. Fabasoft continuously evaluates the development of new solutions and strategically appropriate acquisition opportunities that either offer technological additions, open up new market segments or enable access to new customer groups. Fabasoft has a corporate organization that is geared towards bringing new solutions to market quickly and realizing customer benefits rapidly. This structured approach supports the expansion of the Fabasphere and strengthens its position as a trusted provider of business-critical digitalization solutions.

2.1.2. The opportunities and growth potential of Mindbreeze

Mindbreeze has been working on intelligent information processing (enterprise search, information insight, proactive knowledge management) and the use of AI for over two decades. The company's achievements are also reflected in the numerous positive reviews it has received from IT analyst firms. The resulting visibility on the international market provides a good starting point for further growth with and alongside major international clients and partners who are specifically looking for AI-based technologies for enterprise use.

Fabasoft and Mindbreeze see particular opportunities in the area of new customer acquisition through the user-oriented further development of Mindbreeze InSpire as the technological basis for specific application-centric solutions and the Insight Workplace. Mindbreeze InTend, an example of an application-centric solution, optimizes offer management by relieving sales teams of the burden of responding to tenders. Further opportunities arise with the provision of modern interaction options through the integration of AI language models for generative AI.

Introduced in December 2024, the Insight Workplace takes interaction with company data to a new level. By using different AI methods and providing information from all connected company data sources, the Insight Workplace offers forward-looking interaction options with company data (summarizing content, chatting with documents, answering questions, content-specific visual representations) as a central starting point.

Mindbreeze uses Retrieval Augmented Generation to provide answers and minimize hallucinations. Mindbreeze InSpire is already in long-term productive use by well-known international customers. Currently, around 25 Mindbreeze customers are listed in the Forbes 2000. Fabasoft and Mindbreeze see opportunities for further growth through the targeted establishment and expansion of key account management in order to identify upselling potential or discuss further applications for Mindbreeze, such as the use of Mindbreeze InTend.

In addition, the partner network will be established and expanded to support customers with focused local and/or specific use cases and to tap into customer groups that are not directly served by Mindbreeze. Mindbreeze's partner programs are designed to further expand its presence in Europe and North America and strengthen Mindbreeze's position in the market.

Furthermore, Fabasoft and Mindbreeze see opportunities in the use of Mindbreeze AI for solutions in the Fabasphere.

2.1.3. Audits and certifications

To ensure high standards in the areas of information security and data protection, Fabasoft pursues a comprehensive certification strategy through regularly renewed and expanded audits and certifications. Ensuring high quality, security, and service standards is made possible by an integrated and certified management system.

As part of a cross-company monitoring audit in November 2024, carried out by Quality Austria Certification GmbH, Fabasoft's quality management system was recertified according to ISO 9001. During this audit, the information security management system was also recertified according to ISO 27001 including ISO 27018 (protection of personal data in public cloud services) and the service management system was recertified according to ISO 20000 by CIS – Certification & Information Security Services GmbH.

The SaaS product portfolio of Fabasoft and Mindbreeze is also distinguished by demanding audits and certifications. The scope of the audits described below includes the Fabasoft Cloud and the Fabasoft Solutions (Fabasoft Approve, Fabasoft Boards, Fabasoft Contracts, Fabasoft Dora, Fabasoft Oblivation, Fabasoft OneGov, Fabasoft Talents, Fabasoft Xpublisher) as well as Mindbreeze InSpire SaaS.

Fabasoft and Mindbreeze successfully completed the audit again in early 2025 in accordance with the requirements of the BSI C5 criteria catalog, SOC-2 (Trust Service Criteria for Security), and ISAE 3402 for the

Fabasoft Cloud and the Fabasoft Solutions, as well as Mindbreeze Inspire SaaS. The observation period ranged from 1 January to 31 December 2024. The Type 2 audit method verifies the effective application and implementation of controls throughout the entire audit period using the ISAE 3000 reporting method. The audit reports were issued by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) Germany.

The Cloud Computing Compliance Criteria Catalogue of the German Federal Office for Information Security (BSI C5) specifies minimum requirements for secure cloud computing and was developed to specify and verify the security requirements for cloud service providers. The SOC 2 audit is a standard for service companies that process customer data, particularly in the IT and cloud sector. Developed by the American Institute of Certified Public Accountants (AICPA), it checks whether companies meet criteria for security, availability, confidentiality, integrity of processing, and data protection. The ISAE 3402 Type 2 audit is an international standard for evaluating the internal control systems (derived from the COBIT 2019 framework) of service providers that perform financial and business processes on behalf of their customers, particularly for external services that have an impact on financial reporting.

In May 2024, SCOPE Europe, the responsible monitoring body, once again confirmed the compliance of the Fabasoft Cloud and the Fabasoft Solutions developed on it with the requirements of the EU Cloud Code of Conduct at the highest compliance level 3. The EU Cloud CoC was developed by representatives of European and multinational companies and organizations that are significantly involved in cloud computing. The focus was on requirements that enable cloud service providers to demonstrate their ability to comply with the GDPR. Specifically, the code provides cloud-specific approaches and recommendations based on the GDPR and international standards such as ISO 27001 and ISO 27018. The EU Cloud CoC aims to make it easier for cloud customers to decide whether certain cloud services are suitable for their intended purpose. Through its transparency, the EU Cloud CoC will create greater trust and a high level of data protection in the European cloud computing market.

In December 2024, Fabasoft's Cyber Trust Austria Gold Label was renewed. The Austrian seal of approval for cybersecurity is based on the Cyber Risk Rating of the Competence Center Secure Austria (KSÖ).

The Fabasoft Cloud meets the requirements of WCAG 2.1 – AA for accessible web content to a high degree and was once again awarded the WACA certificate (Web Accessibility Certificate) in silver by TÜV Austria in June 2022, which is valid for three years. This web application does not exclude any users and enables everyone to use it optimally, even with the necessary input/output devices such as a keyboard, voice input, screen reader, etc. Mindbreeze InSpire also meets the requirements of WCAG 2.1 – AA for accessible web content to a high degree and was awarded the WACA certificate in silver by TÜV Austria for the first time in November 2022.

The WACA certificate is Austria's first and only quality seal for web accessibility (websites/applications) that makes compliance with international W3C guidelines visible to the public.

2.1.4. Climate-related opportunities

The Fabasoft Group is aware of its role and responsibility with regard to climate change and is clearly committed to actively anticipating and managing its climate-related opportunities. For the fiscal year 2024/2025, the Fabasoft Group has identified climate-related risks and opportunities, taking into account the recommendations of the TCFD (Task Force on Climate-Related Financial Disclosures).

Identification and evaluation of climate-related opportunities

The existing group-wide assessment of climate-related opportunities was reviewed for completeness and updated in the reporting year.

In order to identify climate-related opportunities, extensive literature research was carried out on publicly available information and topic-specific reporting in the IT sector. In addition, interviews were conducted with several key individuals at the company. The analysis was not limited to the company level, but also included upstream and downstream activities.

As part of the climate-related opportunity assessment, a qualitative scenario analysis was carried out, considering climate and economic forecasts for the relevant time horizons and scenarios. In addition to opportunities that can be realized in the short term, there are in particular transitory opportunities in connection with the transition to a low-carbon economy. These can take the form of a changing regulatory landscape and the associated penetration of environmentally friendly technologies on the market.

In line with the TCFD recommendations, the analyses were conducted over three different time horizons. The short-term perspective (up to 2026) is intended to identify the immediate potential opportunities, while the medium-term (up to 2030) and long-term (up to 2050) time horizons focus on the broader international political environment, which also includes the regulations of the Paris Agreement and the EU Green Deal.

Management of climate-related opportunities

Measures to utilize climate-related opportunities are documented in a separate, internal company register. This register is reviewed annually and updated as necessary. Existing and emerging regulatory requirements in connection with climate change are also considered.

The opportunities identified included the decarbonizing effect of digitalizing documentation processes as well as increasing the company's attractiveness as an employer by positioning itself well in the area of climate change. Existing evaluations were considered when assessing the impact and likelihood of all climate-related opportunities.

In all cases, the assessment of the opportunities was below the internally defined materiality threshold. The overall impact on Fabasoft's business model, income statement and balance sheet is categorized as immaterial.

2.2. Significant risks and uncertainties for Fabasoft AG and the Fabasoft Group

Significant risks and uncertainties for the Fabasoft Group and consequently also for the result of Fabasoft AG are seen in the following areas in particular:

2.2.1. 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 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.

2.2.2. 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 localization expenses for the products, and possible deficits in communication and control are exemplary note 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 conditions in individual countries, in particular trade restrictions and contradictions or overlaps in regulatory or tax provisions, may also represent risk factors for more internationalized business activities.

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 potential. These include higher marketing and 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 defense against these risks. Moreover, internal reporting and controlling measures are continually supplemented and further developed.

2.2.3. 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 – as well as operating errors, cyber-attacks, DDoS attacks, malware (for example viruses, phishing attacks, trojans or ransomware) 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 with which these are linked can jeopardize 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 AI technologies

The company's products use generative AI technologies to varying degrees. Large language models (LLMs) are trained with a large amount of publicly available data to continuously improve their performance. However, this carries a high risk of misinterpretation in the results (hallucinations). To minimize this risk, the Fabasoft Group relies on retrieval augmented generation (RAG). This combines the performance of Mindbreeze as a fact provider with the language understanding of the LLM – for generated, context-based answers including the sources of the information. Nevertheless, it cannot be ruled out that content generated by AI systems may be offensive, illegal, or otherwise harmful. In addition, ineffective or inappropriate procedures in the development or implementation of AI by customers, partners, or the Fabasoft Group itself could lead to incidents that impair the acceptance of AI solutions or harm individuals, customers, or society, or result in our products and services not functioning as intended.

Risks with regard to information security and data protection

Fabasoft attaches great importance to the protection of confidential information and personal data. Nevertheless, the risk of unauthorized third parties gaining access to this sensitive material cannot be entirely ruled out. In view of the increase in global cyber attacks on companies in all sectors, Fabasoft is making intensive efforts to continuously expand its cyber resilience.

Various organizational, technical, and physical measures and barriers have been implemented to prevent unauthorized access and to ensure the confidentiality, integrity, availability, and authenticity of information and systems.

A catalog of criteria implemented in the procurement workflow supports the selection of security-relevant suppliers. All security-relevant contractors, such as data centers, hardware and software suppliers or special service providers, must meet defined Fabasoft requirements, such as relevant certifications, contractually defined service levels, demonstrable compliance with security precautions, order processing agreements and signed confidentiality declarations. The information security management system installed in the company is regularly reviewed by internal and external audits to ensure that it is up to date and effective.

In addition to the purely technical aspects of information security, there is also the risk of cyber-attacks in combination with manipulation and fraud on a social level. In order to raise employees' awareness of the resulting risks, professional awareness training sessions are held regularly and possible threat scenarios are simulated. In addition, Fabasoft products and cloud services are regularly audited by external bodies and the corresponding audit reports are prepared.

2.2.4. Organizational risks

Risks concerning dependence on suppliers

Customer benefits are not only determined by the performance features of the software developed by 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 transportation and warehouse logistics, both in the procurement process and in delivery to the customer. There is also a risk of complete supplier failure, for example as a result of production interruptions, capacity bottlenecks or other delivery disruptions along the supply chain.

In order to reduce dependence on individual suppliers, Fabasoft's procurement process is based on a broad range of carefully selected sources of supply and appropriated quality management measures. In addition, the Fabasoft Group endeavors to counter the risk described above through defined, documented and certified business processes as well as continuous training and further education of the team members involved.

Personnel risks

It is essential for Fabasoft's growth path to find a sufficient number of additional highly qualified specialists and to retain them in the company in the long term. The demand for specialists in the IT sector in particular clearly outweighs the supply on the labor market. Sufficiently qualified staff may not be available to meet the personnel requirements.

There is also a risk that a large number of employees could leave the company at short notice and that no adequate replacement could be found in the short term. This would have a negative impact on business development and the company's ability to meet existing obligations and would likely lead to a negative development in customer satisfaction and revenue, including possible contractual penalties, liability claims or other adverse consequences for the company.

Understaffing can also mean that potential business opportunities cannot be realized or can only be partially realized. If such personnel risks materialize at suppliers, sales or implementation partners, this can also have a negative impact on 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 our own expectations and those of our partners and other stakeholders, in addition to legal requirements, in order to minimize compliance and awareness risks as far as possible.

2.2.5. External risks

Risks from the effects of the macroeconomic and geopolitical environment

Fabasoft does not operate any subsidiaries or branches in Ukraine, the Russian Federation, Belarus, or Israel, nor does it procure any relevant development services from any of these countries. Likewise, there are no relevant end customer or partner businesses in any of the countries mentioned. From today's perspective, no significant effects on customers and partners are expected as a result of the armed conflict and the associated sanctions against Russia and other affected countries, for example through disruptions to supply chains, the overall economic climate, public finances, etc. However, the increased risk of cyber-attacks or other attacks on critical infrastructure remains unquantifiable.

The formation of new governments in countries that are also relevant to the Fabasoft Group represents a significant source of uncertainty. Governments determine the future direction of their countries and thus also define key factors in global economic competition. The introduction of new trade barriers could therefore also have a negative impact on the Fabasoft Group's net assets, financial position, and results of operations.

Risks from pandemics and environmental disasters

The spread of a pandemic or any environmental or natural disasters could repeatedly lead to significant disruptions to operational business processes and public life. Fabasoft took comprehensive measures at an early stage to maintain business operations as best as possible, which will be maintained and continuously evaluated as necessary. Tried-and-tested emergency and crisis plans and defined measures will be adapted or expanded as necessary to reflect new findings.

As the owner of its headquarters in Linz, Fabasoft bears the risk of damage caused by environmental disasters, which can result in both financial burdens and business interruptions. To counter these risks, insurance policies have been taken out for the headquarters to mitigate the consequences of such risk factors to the extent available on the market. For the leased locations, the risk of damage lies primarily with the landlords, but operational disruptions could also occur here.

2.2.6. Climate-related risks

Climate change is an extremely challenging issue for our society that requires all sectors to participate in the transition to a decarbonized economy. The IT industry, together with the ongoing digitalization, will make a significant contribution to the decarbonization of the economy, but is also itself exposed due to energy consumption and the use of rare earths.

The Fabasoft Group is aware of its role and responsibility with regard to climate change and is clearly committed to actively anticipating and managing its climate-related risks. For the 2024/2025 fiscal year, the Fabasoft Group has assessed its climate-related risks considering the recommendations of the TCFD (Task Force on Climate-Related Financial Disclosures).

Identification and assessment of climate-related risks

The existing Group-wide assessment of climate-related risks was reviewed for completeness and updated in the reporting year. Risks were originally identified on the basis of an extensive literature review of publicly available information and reporting on climate risks in the IT sector. In addition, interviews were conducted with several key persons within the company, e.g. in the areas of risk, energy and strategy. The analysis was not only carried out at company level, but also included upstream and downstream activities.

As part of the climate-related risk assessment, twelve risks were identified for Fabasoft. A qualitative scenario analysis was carried out for all risks, considering publicly available sources as well as climate and economic forecasts for the relevant time horizons and scenarios. This information was used to assess the probability and consequences of the risk, whereby the risks were categorized according to the existing dimensions and assessments along the risk management framework already established in the company.

Existing controls to minimize the identified risks were reviewed and, where relevant, included in the risk assessment. Two scenarios were used in the analysis to understand the potential extent of the impact on Fabasoft:

- Paris-aligned: The scenario is aligned with the general goals of the Paris Agreement to limit global warming to below two degrees Celsius, using the Shared Socio-economic Pathway (SSP) 1 - 2.6 of the Intergovernmental Panel on Climate change (IPCC) and the Sustainable Development Scenario of the International Energy Agency (IEA) as a benchmark. In this scenario, the transition risks were primarily assessed.
- Hot House World: This scenario is based on the assumption of global warming of around four degrees Celsius, based on the IPCC's SSP 5 - 8.5 scenario. This scenario was mainly used to assess physical risks.

In line with the TCFD recommendations, the analyses were conducted over three different time horizons. The short-term perspective (up to 2026) is intended to identify the immediate risk exposure, while the medium-term (up to 2030) and long-term (up to 2050) time horizons focus on the broader international political environment, which also includes the regulations of the Paris Agreement and the EU Green Deal.

When assessing climate-related risks, a distinction was made between acute and chronic physical impacts on business activities and transitory risks to the business model. Physical risks are natural events such as floods, forest fires or extreme heat, which primarily have an impact on the supply chain, the locations of offices and data centers or lead to price fluctuations due to a shortage of resources. 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 and the associated costs on the market.

Management of climate-related risks

Risk minimization measures are documented in a separate, internal climate risk register. This register is reviewed annually by the sustainability officers and key management personnel and updated as necessary. Existing and emerging regulatory requirements in connection with climate change are also considered. In line with general Fabasoft risk management, risks categorized as "catastrophic" are escalated by the risk owners and assessed directly by the management. In addition, existing controls are evaluated and appropriate mitigation strategies are developed.

A total of twelve risks were identified as relevant to the Fabasoft Group. These include, for example, disruptions in the supply chain for raw materials that could affect the timely delivery of hardware or regional power outages that could lead to operational disruptions. Existing controls were considered when assessing the impact and probability of all climate-related risks.

In all cases, the assessment of the residual risk was below the internally defined materiality threshold, above which further risk management measures would be required to mitigate the risk in accordance with the requirements of Fabasoft's general risk management. The overall impact on Fabasoft's business model, income statement, and balance sheet is therefore considered immaterial.

The Fabasoft Group's current control environment, combined with its business model and the scope of climate-related opportunities, creates a relatively low risk environment with regard to climate change.

2.2.7. Financial risks

There is a risk that customer expectations of individual products of the Fabasoft Group will not be met in the medium term in such a way as to compensate for the significant initial investments and the resulting increase in monthly expenses. For example, if use cases prove not to be useful from the customer's perspective or if AI is used in areas for which it is not suitable. This can lead to a reduction in revenues and a simultaneous increase in expenses, which can have a negative impact on earnings.

The risk of defaults on receivables is still considered relatively low due to the customer structure in the public sector and the resulting composition of customer receivables. In particular, usage fees are collected at the beginning of the term and linked to the provision of services. There is an interest rate risk for both other financial assets and long-term financial liabilities. While financial assets pose only a low risk due to their short-term liquidity, an increase in interest rates could lead to higher financing costs for long-term bank liabilities with variable interest rates. This risk is monitored on an ongoing basis as part of liquidity and financial planning. Currency risks exist in particular where receivables or liabilities or balances with financial and insurance institutions are denominated 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 company's existing continuing obligation contracts with customers and partners for recurring revenue generally include options for inflation adjustments. These are usually measured against a general, published index. The adjustment option generally exists on specific dates or after specific periods and once certain thresholds have been exceeded. This usually results in a time lag between the rise in inflation and the impact of price adjustments on revenue. Furthermore, it should be noted that price increases, particularly among suppliers, as well as the rise in personnel costs and personnel acquisition costs, may in some cases still be significantly higher than the published index figures used for contract adjustments. Although both the ECB key interest rate and inflation in the core European markets declined in the reporting period, there is still a risk that the difference between the current interest rate level and a potential loss of purchasing power will widen again, particularly in the event of persistent or renewed increases in procurement and energy costs and inflation-related salary adjustments.

2.3. Forecast report

Like the entire software industry, the Fabasoft Group's software product business continues to undergo a transformation process characterized by technological developments, regulatory requirements, and changing customer needs.

Artificial intelligence

After a phase of high expectations and public attention, the focus in the field of AI is increasingly shifting to concrete, economically viable applications. At Fabasoft, the sustainable benefits for customers, i.e., improving efficiency, quality and access to information are at the forefront. The close technological cooperation with Mindbreeze forms a powerful basis for this. The AI functionalities are designed to meet the high requirements for security, transparency, and data sovereignty. Data does not leave the customer-specific environment, and existing rights and access concepts are maintained. In addition, sources are traceably identified – a key aspect for explainability, especially when using generative methods for text creation or content summarization. The areas of application are diverse and range from process automation and intelligent information processing to specific document use cases.

The greatest challenge in an algorithm-driven society and economy will be to underpin AI ethically – with the focus on people – and to make its decision-making processes explainable.

Cloud-native architecture

A central element of technological transformation is a consistent focus on cloud-native architecture. This is based on modular, container-based components and enables software solutions to be delivered in a flexible, scalable, and future-proof manner. Cloud-native also forms the basis for efficient further development, shorter innovation cycles, and better adaptability to different operating environments. While the private sector is increasingly relying on Fabasoft for its entire operations, the public sector continues to run many applications in its own data centers. Here, Fabasoft provides targeted support for the transformation to modern cloud-native operating models within the framework of customer-specific infrastructure.

Flexible operating models

The public sector and regulated industries in particular have high requirements for data protection, security, and digital sovereignty. Fabasoft meets these requirements by providing flexible operating models: Customers can choose between public cloud, government cloud, private cloud, or operation via a hyperscaler of their choice. These options increase acceptance and allow individual security and compliance requirements to be met while supporting national cloud strategies and multi-cloud approaches. Such strategies are becoming increasingly important in the public sector in particular in order to reduce dependencies and strengthen sovereignty.

Software as a Service (SaaS)

The market is increasingly moving toward flexible, scalable, and service-oriented use. Customers expect modern software solutions that are available without high implementation costs and can be adapted dynamically. Fabasoft is responding to this change with a clear focus on cloud-native products that are based on a SaaS model and meet the long-term requirements of businesses and public authorities. At the same time, the company remains in a position to offer traditional purchase and license models in response to tenders – particularly in public administration, where the acquisition of perpetual usage rights is still required in some cases.

Investments in growth measures

In order to consistently continue on its growth course, the Fabasoft Group is setting clear investment priorities for the fiscal year 2025/2026: the focus will be on product innovations, the targeted expansion of expertise in the field of AI – including the development of corresponding capacities in the data centers – the strengthening of sales and marketing, and the acquisition of new talent to actively shape future opportunities. In addition, the company's organization will be specifically geared towards growth and the Fabasoft brand will be positioned for the future as part of a comprehensive rebranding.

Fabasoft will continue to invest in the development, distribution and marketing of content-focused solution offerings. In addition to business-oriented organic growth opportunities, inorganic options will also continue to be evaluated and pursued.

Just as it does for our customers, SAP forms the financial backbone of the Fabasoft Group. In order to optimally support further growth and to standardize and professionalize group-wide financial processes in the long term, Fabasoft has initiated the transition to SAP S/4HANA Public Cloud and SAP SuccessFactors for all group companies. This is an important step toward a future-oriented, scalable system landscape.

The company also aims to establish and expand successful international partner infrastructures. This would involve significant upfront investments, particularly in international marketing, cross-regional presence, partner support, and personnel expansion.

These investments and the planned expansion and growth initiatives will continue to impact the Fabasoft Group's profitability in fiscal year 2025/2026. At the same time, strategic issues of high relevance for sustainable and future-oriented development will continue to be given priority over short-term earnings targets.

The Fabasoft Group, which successfully implements the core topics of digital transformation with its comprehensive and proven range of products and services, will continue to be well positioned to seize opportunities even in a difficult market environment characterized by global political and economic upheaval.

3. Report on research and development within the Fabasoft Group (Fabasoft AG does not undertake any research or development)

Fabasoft invested around 30.7% of its revenue in research and development in the reporting period. The investment focus was particularly on user-oriented applications of AI in the Fabasoft Group's high-performance solutions.

Within the Fabasoft Group, dedicated product teams are responsible for product-related research and software development. The development activities of these teams follow the agile method framework "Scrum" with the aim of creating innovation and added value in accordance with the principles of "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. Furthermore, research topics in the context of digitalization are dealt with in international collaborations.

3.1. The Fabasphere

The Fabasphere AI Core

During the reporting period, research and development in Fabasphere AI Core focused on further improving the use of Mindbreeze AI in Fabasoft Solutions. During the reporting period, enhancements and improvements were implemented in Fabasphere AI Core in the areas of email communication and process and form design. In the area of digital signatures, SwissSign was integrated as an additional trust service provider for qualified electronic signatures.

The development tools were improved in various areas to support and optimize the development of Fabasoft Solutions. For example, advanced debugging options are now available.

The Fabasoft Solutions

Fabasoft Approve

At Fabasoft Approve, AI-supported use cases were the focus of further development, in particular chat with documents and complex document structures. Of particular note is the implementation of chat with instruction documents for review steps as part of review planning. In addition, further functions for FMEA in quality management were implemented.

Fabasoft Boards

During the reporting period, Fabasoft Boards focused on seamless technical integration with Fabasoft eGov-Suite and Fabasoft OneGov. In addition, the range of functions offered by Fabasoft Boards was significantly expanded. An important step was the implementation of the first AI-supported use cases, such as the summarization and translation of applications. A particular highlight in application management is the newly created option of customizing the entire application process using BPMN 2.0. In addition, protocols can now also be created directly in Microsoft Word.

Fabasoft Contracts

For Fabasoft Contracts, the focus was on implementing new AI features. Among other things, the team researched the automated review of contracts based on a wide range of aspects such as knockout criteria or specific clauses. Customers can create their own individual checklists or use ready-made checklists for specific use cases, such as checking non-disclosure agreements. In addition, the new AI chat function enables quick answers to questions about document content.

Fabasoft Dora

At Fabasoft Dora, research and development focused on the further development of the automatically generated information register, which financial companies must report annually on all outsourced ICT services in accordance with the EU DORA regulation. In addition, AI checklists were designed to support the monitoring of contracts for compliance with DORA regulations.

Fabasoft Oblivation

At Fabasoft Oblivation, research and development during the reporting period focused on developing an AI-supported solution for automating the CDP sustainability reporting process. The research combines AI-powered information gathering with Mindbreeze AI and workflow automation in the Fabasoft Cloud to provide customers with this use case for annual reports and save them hundreds of hours of manual administrative work. Fabasoft Oblivation thus helps sustainability teams focus expert resources on strategic improvements to environmental impact rather than repetitive manual tasks.

Fabasoft OneGov

The further development of Fabasoft OneGov focused on AI-supported use cases such as chatting with dossiers and automatic document summarization. A special feature is the voice-controlled translation of the summary into the language of the user interface. The filing system now optimally supports the "group-by-three" principle and can be expanded with additional components. Fabasoft OneGov now also meets the requirements for BAR delivery. With the new generation of Fabasoft OneGov in mind, additional functions have been implemented for the migration path.

Fabasoft Talents

At Fabasoft Talents, the focus was on further developing the personnel file, particularly the design of the user interface. Technical and content development was driven forward based on a revised design concept.

Fabasoft Xpublisher

Fabasoft Xpublisher has placed a special focus on AI applications. Alongside automatic text summarization, journal articles and entire book manuscripts can now be pre-translated into various languages. In addition, intensive work has been carried out on the further development of the integrated editor for structured XML documents. This particularly concerns the simple transfer of Microsoft Word content, the restructuring of this content according to the principle of guided authoring, and improved collaboration functions that will enable simultaneous editing of a document by several people.

Fabasoft eGov-Suite

In the past fiscal year, the Fabasoft eGov-Suite development team focused increasingly on implementing AI-based use cases. Among other things, a use case was developed for interacting with business objects, such as files, using Mindbreeze AI Chat. This solution enables users to interact with a business object in natural language to retrieve information about people or documents involved, for example.

In addition, the processing of the information supplied was upgraded to a low-code/no-code model in order to accelerate business management processes or, where necessary, automate them completely.

Development activities relating to the operation of Fabasoft eGov-Suite in a cloud-native infrastructure were intensified. In addition to the essential foundations, specific containers for a Fabasoft eGov-Suite web service for use in a cloud-native infrastructure were also created.

Finally, the Fabasoft eGov-Suite feature set was expanded based on customer requirements and legal requirements. Of particular note is the implementation of the Freedom of Information Act in Fabasoft eGov-Suite, already included in version 2025, to give our customers the time they need to familiarize themselves with the solution and implement it in their organizations.

3.2. Mindbreeze

At Mindbreeze, research and development in fiscal year 2024/2025 focused on generative AI with large language models. Numerous enhancements were made to Mindbreeze InSpire's Insight Services to enable users to communicate intuitively with company data in the Insight Workplace.

The Insight Workplace offers users a new way of providing and preparing data. Mindbreeze InSpire understands questions posed in natural language and, depending on the content, automatically selects the appropriate visual representation (Insight App). These can be lists, graphics, diagrams, with or without a chat window, which the Insight App Designer generates automatically. The entire generation and "thinking process" is presented transparently and comprehensibly in a "chain of thought." Links to the data sources from which the content originates serve to verify the results. Users interact with the information, select information, chat with it, or have summaries created. Only the content from the selected information is considered for generation. Depending on requirements, further questions or tasks are asked, or the answers are narrowed down and focused using inputs and filters.

Mindbreeze InTend focused on the integration and further development of retrieval-augmented generation and generative AI in quotation processes and on providing the solution to Mindbreeze InSpire customers. Since December 2024, customers and partners have been able to enjoy the benefits of Mindbreeze InTend directly in their existing installations.

For administrators, the retrieval and generation process (RAG pipeline) was continuously optimized. In addition to the relevant response text excerpts from the index, semantic text structures are now also provided to the RAG and the LLM to generate even more precise responses. Insight into search queries and prompts used enables precise tracking of the retrieval and generation processes.

During the reporting period, the developers also laid the technological foundation for future multimodal interactions with Mindbreeze InSpire. This means that, in addition to entering questions in text form, other formats and combinations such as images, video, and speech are also possible. Results are also generated in different modalities such as text, images, or graphics.

4. Report on the stock, purchase and sale of the company's own shares

Share buyback program Fabasoft AG

On 13 August 2024, the Managing Board of Fabasoft AG, with the approval of the Supervisory Board, resolved to make use of the authorization granted by the Annual General Meeting on 2 July 2024 to acquire own shares in accordance with Section 65 (1) (4) and Section 65 (1) (8) of the Austrian Stock Corporation Act (AktG) and to launch a share buyback program for the period from 15 August 2024, to 30 September 2025 at the latest.

Under this share buyback program, shares in the company were to be acquired up to a total volume of EUR 2 million excluding incidental acquisition costs.

On 10 December 2024, the maximum repurchase volume of EUR 2 million (excluding incidental acquisition costs) was reached and the share buyback program was thus completed.

The repurchase volume under the share buyback program amounted to 125,409 shares. This corresponds to an amount of EUR 125,409 of the share capital, or 1.14 % of the company's share capital of EUR 11,000,000.00. The total number of treasury shares held by Fabasoft AG as of 31 March 2025 was 223,627. This corresponds to EUR 223,627 of the share capital, or 2.03 % of the company's share capital of EUR 11,000,000.00.

The share buyback was carried out under the management of a bank that made its decisions on the timing of the acquisition of the shares independently and without influence from the company. The acquisition was made via the stock exchange in compliance with the safe harbor provision in Article 5 of Regulation (EU) No. 596/2014, with the exception of the repurchase purpose. This is broader than provided for in Article 5 (2) of Regulation (EU) No. 596/2014. This means that the shares can be used for all purposes specified in the authorization granted by the Annual General Meeting on 2 July 2024.

The purchase price paid on the stock exchange for the share buyback program, which ran from 15 August 2024, to 10 December 2024, averaged EUR 15.9477 per share. A total of shares were repurchased for a total purchase price of EUR 1,999,985.80 (excluding incidental acquisition costs). No treasury shares were sold in fiscal year 2024/2025. The company has no rights attached to treasury shares. The purposes for which treasury shares may be used and sold are explained in section 6.

5. Reporting of significant features of the internal control and the risk management system with regard to the financial reporting process at Fabasoft AG and the Fabasoft Group

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

Those responsible for controls and processes ensure that their controls and processes are appropriate, effective, and efficient. They ensure that internal and external sources of information relevant to the functioning of the controls and processes are considered and that controls are carried out at the defined time or at the defined intervals. They communicate the necessary information on the control objectives and implementation (control execution) to those responsible for carrying out the controls.

Fabasoft's group-wide risk management system aims to identify significant developments that could jeopardize the continued existence of the company at an early stage through a risk early warning system. Climate-related opportunities and risks are also integrated into the risk management system.

Information pursuant to Section 243a (2) of the Austrian Commercial Code

A comprehensive reporting system based on key performance indicators has been implemented within the Fabasoft Group to enable risks to be identified at an early stage. The Finance organizational unit is responsible for reporting. The data consists of strategic and operational key performance indicators, which are reported on a monthly basis. During regular reviews between the managing board and the organizational units, the detailed plans are coordinated with the overall plan, the target/actual figures are compared, and an outlook for the following quarters is provided. In addition, an internal control system (ICS) has been set up, which is described as follows: Fabasoft has installed an internal control system in the areas of human resources, purchasing, revenue cycle, and tax, which uses control points and is based on a dual control principle and corresponding process definitions and guidelines to ensure compliance with laws and standards and to prevent dishonest and illegal actions.

The ICS guidelines for human resources, purchasing, revenue cycle, and tax have been comprehensively documented in writing and linked to a coordinated control matrix. These matrices contain all automated and manual internal controls that must be performed. The documents (ICS guidelines and control matrix) are revised or updated once a year or ad hoc in the event of fundamental changes. Compliance with the control points is checked at regular intervals by means of random samples. The responsibilities and accountabilities contained in the risk management and internal control system (ICS) apply to all subsidiaries and are centrally managed by the head office in Linz.

ICS Purchasing

The ICS guideline for purchasing regulates the procurement of goods and services for the entire Fabasoft Group. The aim of ICS purchasing is to procure the required goods and services in the required quality, in the right quantity, at the best possible prices, and on time.

ICS Human Resources

The ICS Human Resources covers all processes related to personnel matters within the Fabasoft Group, from job advertisements to the termination of employment. The aim is to ensure that all personnel matters are handled in a legally compliant manner, to promote the qualifications and further development of employees, and to ensure the correct calculation of salaries and fringe benefits, thereby also ensuring the cost-effectiveness of personnel deployment.

ICS Revenue Cycle

The ICS Revenue Cycle describes all activities and controls relating to revenue generation within the Fabasoft Group, from market analysis to receipt of payment from the customer. The aim is to standardize and verify business activities in the Group's companies (service progress, service provision, invoicing, receipt of payments, other financial information) through clearly defined and documented processes and responsibilities, supported by technology.

ICS Tax

The tax control system (ICS Tax) covers all activities, processes, and risks related to taxes within the Fabasoft Group. Its objectives are to ensure legal and planning certainty, reduce tax risks by providing binding clarity on the tax treatment of issues as early as possible, reduce compliance costs, and ensure timely and legally correct tax collection.

Annual financial statements and consolidation

The annual financial statements of Fabasoft AG are prepared by the Managing Board in accordance with the Austrian Commercial Code (UGB) as amended and audited by the Supervisory Board.

The consolidated financial statements of Fabasoft AG are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the provisions of company law pursuant to Section 245a of the Austrian Commercial Code (UGB). The consolidated financial statements are prepared by the Managing Board and reviewed by the Supervisory Board prior to publication.

Interim consolidated financial statements are prepared in accordance with International Accounting Standard 34 (IAS 34) and published after approval by the Managing Board.

The Accounting Manual documents standards and guidelines to ensure smooth accounting and financial reporting processes. The guidelines contained therein apply to the accounting and financial reporting of Fabasoft AG and also apply to all subsidiaries. In addition, the consolidation process is documented in writing in the Accounting Manual.

The use of IT systems ensures transparent, traceable processing and audit-proof archiving of company data. The systems have interfaces that enable data to be exchanged.

Budgeting is carried out once a year by the heads of the organizational units and is approved by the Managing Board and the Supervisory Board.

6. Information on capital, share, voting and control rights and associated obligations

Information pursuant to Section 243a (1) of the Austrian Commercial Code

1. The capital stock of Fabasoft AG is divided into 11,000,000 individual shares.
2. The Managing Board is not aware of any restrictions beyond the scope of legislation that concern voting rights or the transfer of shares.
3. The company has received the following notifications of shareholdings amounting to at least 10 percent of the capital:
   - Fallmann & Bauernfeind Privatstiftung: 42,90 %.
4. There are no shares with special control rights.
5. There is no control over voting rights of employees who are also shareholders.
6. There are no provisions deviating from the law regarding the appointment and dismissal of members of the Managing Board. Resolutions on amendments to the Articles of Association pursuant to Section 146 (1) of the Austrian Stock Corporation Act (AktG) require a simple majority of the share capital represented at the time of the resolution, unless the object of the company is affected. The Supervisory Board is subject to the rotation principle, according to which one member of the Supervisory Board is newly elected each year.
7. Authority of the members of the managing board that go beyond the law, especially with regard to the possibility of issuing or buying back shares:

Authorized capital:
In accordance with the resolution of the Annual General Meeting on 3 July 2023, the Managing Board is authorized pursuant to Section 169 (1) 1 of the Austrian Stock Corporation Act (AktG), to increase the share capital by up to EUR 5,500,000.00 to up to EUR 16,500,000.00 until 9 September 2028 (entry 69, commercial register FN 98699x of the Linz Regional Court).

Acquisition of own shares in accordance with Section 65 (1) (4) of the Austrian Stock Corporation Act:
Resolution of the Annual General Meeting of 2 July 2024 on the authorization to acquire treasury shares pursuant to Section 65 (1) (4) of the Austrian Stock Corporation Act (AktG) for the purpose of issuing shares to employees, executives and members of the Managing Board of the company or an affiliated company for a period of 30 months up to a maximum share of ten percent of the company's share capital.

The consideration permitted upon repurchase may not exceed 10 % above and must not be less than 20 % below the average closing price on the Xetra trading platform of Deutsche Börse AG on the last five trading days prior to the determination of the purchase price.
The treasury shares acquired on the basis of this authorization, together with other treasury shares already acquired and still held by the company, may not exceed 10 % of the company's share capital. The respective buyback program and its duration must be published.

Acquisition of own shares in accordance with Section 65 (1) (8) of the Austrian Stock Corporation Act:
Resolution of the Annual General Meeting of 2 July 2024 authorizing the acquisition of treasury shares pursuant to Section 65 (1) (8) of the Austrian Stock Corporation Act (AktG) for a period of 30 months up to a maximum of 10 percent of the Company's share capital. The consideration permitted for the repurchase may not exceed 10 % above and must not be less than 20 % below the average closing price on the Xetra trading system of Deutsche Börse AG on the last five trading days prior to the determination of the purchase price. The treasury shares acquired on the basis of this authorization, together with other treasury shares already acquired and still held by the company, may not exceed 10 % of the company's share capital. The respective buyback program and its duration must be published.
This authorization also includes the acquisition of shares by subsidiaries of Fabasoft AG (Section 66 AktG). The acquisition may be made through the stock exchange, by way of a public offer or in any other manner permitted by law and for any purpose permitted by law.
The Managing Board is also authorized to redeem treasury shares after repurchase and treasury shares held by Fabasoft AG without further resolution by the shareholders' meeting. The supervisory board is authorized to resolve amendments to the articles of association resulting from the redemption of shares. This authorization may be exercised in whole or in part and also in several parts.

Utilization and sale of own shares:
Resolution of the Annual General Meeting on 2 July 2024, authorizing within five years, i.e. up to and including 2 July 2029, with the approval of the Supervisory Board and without further resolution by the Annual General Meeting, to sell or use treasury shares after repurchase and treasury shares of Fabasoft AG held by Fabasoft AG in a manner other than through the stock exchange or by means of a public offer, in particular treasury shares
(i) for issue to employees, company executives and/or members of the Managing Board/Management of the company or an affiliated company, including for the purpose of servicing share transfer programmes, in particular share options, long-term incentive plans or other participation programmes;
(ii) for servicing convertible bonds that may be issued;
(iii) as consideration for the acquisition of companies, shareholdings or other assets, and
(iv) for any other legally permissible purpose; and to hereby exclude shareholders' subscription rights (exclusion of subscription rights), whereby the authorization may be exercised in full or in part as well as in several parts and for the pursuit of several purposes. Within this framework, the Managing Board shall also have the possibility of offering the shares by means of indirect subscription rights, i.e. via an intermediary credit institution. In this case the intermediary credit institution assumes the new shares with the obligation of offering these to shareholders for subscription.

8. With the exception of the information specified under section 9, significant agreements of the company which, as a result of a change of control in the company due to a takeover bid, become effective, change or terminate, and the effects of such agreements, are not disclosed, as this would be extremely damaging to the company, and other legal stipulations state that the company is not expressly obliged to disclose such information.
9. No compensation agreements exist between the company and the members of its Managing Board, Supervisory Board or workforce in the event of a public takeover bid.

Linz, 28 May 2025

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

Ing. Oliver Albl e.h.
Member of the Managing Board

Matthias Wodniok
Member of the Managing Board

Consolidated Financial Statements

Auditor's report

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of Fabasoft AG, Linz and of its subsidiaries (the Group) comprising the consolidated statement of financial position as of 31 March 2025, the consolidated statement of comprehensive income, statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended and the notes to the consolidated financial statements.

Based on our audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of 31 March 2025 and cashflows and its financial performance for the year then ended in accordance with the International Financial Reportings Standards (IFRS) as adopted by EU, and the additional requirements under Section 245a Austrian Company Code UGB.

Basis for Opinion

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

Key Audit Matters

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

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

- Recognition of sales revenue
- Impairment of goodwill – impairment test in accordance with IAS 36

1. Recognition of sales revenue

Description

In the consolidated financial statements of Fabasoft AG, sales revenues for the fiscal year 2024/25 amounting to a total of EUR 86,845 thousand are reported from various service offerings. These consist of recurring sales revenues totaling EUR 48,802 thousand (particularly software updates, usage fees, and support services) and non-recurring sales revenues totaling EUR 38,043 thousand (one-time licenses and professional services related to consulting). All sales revenues, except for one-time licenses, are recognized over time.

Fabasoft AG disclosures about the composition of sales revenues are included in Note "6.1. Sales revenue", "2.17. Scope of discretion and estimates – Service contracts", "2.14. Sales revenue", "2.10. Contract assets" and "8. Segment reporting".

We considered the recognition of sales revenues to be a key audit matter because it is a central management control instrument. Due to the diverse product range of the group, there are various sources of income, some of which require judgment.

How we addressed the matter during the audit:

Our audit procedures have included, among others, the following activities:

As part of our audit, we first identified the different types of contracts by analyzing customer contracts. In doing so, we developed an understanding of the accounting and valuation methods applied concerning the recognition and deferral of sales revenues.

Based on this, we assessed the design of controls in the sales revenue recognition process, particularly regarding the correct identification of performance obligations and the proper booking of sales revenues.

We examined this by selecting individual transactions and obtaining the underlying evidence (such as contracts, orders, performance records, invoices, and payment proofs). We assessed this evidence concerning the identification of performance obligations, the allocation of the transaction price, and the booking of sales revenues.

We also obtained balance confirmations for selected trade receivables to verify the fulfillment of the identified performance obligations. Additionally, the correct deferral over contract liabilities was reviewed.

Furthermore, we traced the determination of the progress of performance and the resulting sales revenue recognition for individual projects with sales revenue recognition over time (particularly for fixed-price projects).

Additionally, we performed data analyses in the area of sales revenues and the related positions.

We also assessed the appropriateness of the disclosures in the notes of Fabasoft AG regarding sales revenue recognition.

2. Impairment of goodwill – impairment test in accordance with IAS 36

Description

In the consolidated financial statements of Fabasoft AG, goodwill is reported to a significant extent (carrying amount EUR 2,586 thousand), which is allocated to several cash-generating units. The composition of the cash-generating units did not change during the fiscal year.

Fabasoft AG disclosures about the composition of cash-generating units and goodwill are included in Note "2.3. Property, plant and equipment and intangible assets", "2.4. Impairment of specific non-current assets", "2.17. Scope of discretion and estimates – Goodwill", and "5.1.2. Intangible assets".

We considered the impairment of goodwill to be a key audit matter because the amounts are significant, the valuation is complex, and it requires judgment. The valuation is also based on assumptions influenced by future market and economic parameters.

How we addressed the matter during the audit:

Our audit procedures included, among others, the following:

We gained an understanding of the design and implementation of the process for reviewing the impairment.

We reviewed the composition of the cash-generating units (CGUs) and the assets allocated to the respective CGUs.

We reviewed the valuation model. Furthermore, we reconciled the forecasted revenues and EBIT margins, as well as the investments and changes in working capital for all cash generating units with the plans presented to the supervisory board and analyzed the planning assumptions. Additionally, we reviewed the assumptions regarding discount rates and growth rates. EY valuation specialists supported us in performing the audit procedures.

We assessed the appropriateness of the disclosures in the notes regarding the impairment tests and the related assumptions.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the Group's management report and the auditor's report thereon. We received the Corporate Governance Report until the date of this audit opinion; the rest of the annual report is estimated to be provided to us after the date of the auditor's report.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

Comments on the Management Report for the Group

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

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

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

Opinion

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

Statement

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

Additional information in accordance with article 10 EU regulation

We were elected as auditor by the ordinary general meeting at 2 July 2024. We were appointed by the Supervisory Board on 12 August 2024. We are auditors without cease since 2023/24.

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

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

Responsible Austrian Certified Public Accountant

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

Linz, 28 May 2025

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H

Mag. Erich Lehner mp
Wirtschaftsprüfer / Certified Public Accountant

*) *This report is a translation of the original report in German, which is solely valid. Publication or sharing with third parties of the consolidated financial statements together with our auditor's opinion is only allowed if the consolidated financial statements and the management report for the Group are identical with the German audited version. This audit opinion is only applicable to the German and complete consolidated financial statements with the management report for the Group. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions.*

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, hereby confirm that to the best of our knowledge, the consolidated financial statements drawn up in accordance with the applicable accounting principles present the truest and fairest view possible of the asset, financial and profit position of all the companies included in the consolidation and that the course of business, operating profit and the situation of all the companies included in the consolidation are presented in the Management Report for the Group in such a way that they present the truest and fairest view possible of the asset, financial and profit situation and that the Management Report for the Group also defines all significant opportunities, risks and uncertainties with which the Group is confronted.

Linz, 28 May 2025

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

Ing. Oliver Albl
Member of the Managing Board

Matthias Wodniok e.h.
Member of the Managing Board

Balance Sheet of Fabasoft AG, Linz, as at 31 March 2025

Assets in EUR		31/03/2025		31/03/2024
A. Fixed assets				
I. Intangible assets				
Concessions, industrial property rights and similar rights and benefits as well as licenses deriving from them		251,138.71		298,388.49
II. Property, plant and equipment				
1. Land and buildings on third-party land		6,642,404.31		7,576,570.55
2. Other equipment, office furniture and equipment		2,937,935.00		3,177,041.02
3. Advance payments and assets under construction		42,322.00		206,250.00
		9,622,661.31		**10,959,861.57**
III. Financial assets				
1. Shares in affiliated companies		38,900,903.99		35,726,332.86
2. Investment securities		151,169.70		151,169.70
		39,052,073.69		**35,877,502.56**
		48,925,873.71		**47,135,752.62**
B. Current assets				
I. Trade and other receivables				
1. Receivables from affiliated companies		14,434,569.74		16,397,653.24
thereof with a remaining term of more than one year	0.00		0.00	
2. Other receivables and assets		13,649.81		15,556.75
thereof with a remaining term of more than one year	0.00		0.00	
		14,448,219.55		**16,413,209.99**
II. Cash and cash equivalents		562,514.21		483,431.22
		15,010,733.76		16,896,641.21
C. Prepaid expenses		**618,233.23**		**511,467.02**
D. Deferred inome tax assets		**358,235.00**		**322,589.00**
		64,913,076.21		**64,866,449.85**

Equity and liabilities in EUR		31/03/2025		31/03/2024
A. Equity				
I. Capital called and paid-up		11,000,000.00		11,000,000.00
Subscribed capital	11,000,000.00		11,000,000.00	
Nominal value of treasury shares		-223,627.00		-98,218.00
Issued capital		**10,776,373.00**		**10,901,782.00**
II. Capital reserves				
1. Appropriated		22,191,953.75		22,191,953.75
2. Free		42,039.57		42,039.57
3. Appropriated reserve for treasury shares		223,627.00		98,218.00
		22,457,620.32		**22,332,211.32**
III. Accumulated profit		19,231,843.16		12,885,366.26
thereof profit brought forward	11,795,188.06		7,005,969.46	
		52,465,836.48		**46,119,359.58**
B. Investment grants		**43,185.70**		**78,077.47**
C. Provisions				
1. Provisions for severance payments		1,708,625.88		1,647,689.92
2. Tax provisions		2,140,109.08		1,771,217.08
3. Other provisions		779,387.17		2,238,452.64
		4,628,122.13		**5,657,359.64**
D. Liabilities				
thereof with remaining term of up to one year	2,175,931.39		4,361,653.16	
thereof with a remaining term of more than one year	5,600,000.00		8,650,000.00	
1. Trade payables		65,475.01		92,184.92
thereof with remaining term of up to one year	65,475.01		92,184.92	
thereof with a remaining term of more than one year	0.00		0.00	
2. Payables to affiliated companies		7,551,995.11		12,303,214.35
thereof with remaining term of up to one year	1,951,995.11		3,653,214.35	
thereof with a remaining term of more than one year	5,600,000.00		8,650,000.00	
3. Other payables		158,461.27		616,253.89
thereof relating to tax payables	41,544.67		39,772.84	
thereof relating to social securities	11,344.95		10,653.20	
thereof with remaining term of up to one year	158,461.27		616,253.89	
thereof with a remaining term of more than one year	0.00		0.00	
		7,775,931.39		**13,011,653.16**
		64,913,076.21		**64,866,449.85**

Income Statement of Fabasoft AG, Linz, for the period from 1 April 2024 to 31 March 2025

in EUR		2024/2025		2023/2024
1. Sales revenue		7,452,922.00		5,699,650.13
2. Other operating income				
a) Income from the disposal of property, plant and equipment with exception of financial assets		6,074.34		336.15
b) Other		49,703.79		242,056.90
		55,778.13		242,393.05
3. Employee benefits expense				
a) Salaries		-1,507,509.01		-1,727,050.76
b) Social security expenses		-452,333.58		-760,839.86
thereof expenses for pension schemes	-210,617.84		-210,617.84	
thereof expenses for severance payments and contributions for employee provision funds	-68,425.53		-358,062.33	
thereof expenses for statutory social contributions and from remuneration-based charges and compulsory contributions	-173,290.21		-192,159.69	
		-1,959,842.59		-2,487,890.62
4. Depreciation and amortisation of intangible assets and property, plant and equipment		-2,567,632.36		-2,576,833.50
5. Other operating expenses		-3,941,143.40		-4,010,899.63
thereof taxes, provided these do not fall under item 15	-6,275.04		-10,331.04	
6. Subtotal of items 1 to 5		-959,918.22		-3,133,580.57
7. Income from investments		11,190,250.00		11,650,500.00
thereof from affiliated companies	11,190,250.00		11,650,500.00	
8. Income from other securities of the financial assets		2,323.50		2,026.18
9. Other interest and similar income		32,432.01		6,735.16
thereof from affiliated companies	0.00		0.00	
10. Income from the reversal of impairment on financial assets		471,200.00		
thereof from affiliated companies	471,200.00			
11. Expenses from financial assets		-1,126,116.75		-952,387.67
thereof from affiliated companies	-1,126,116.75		-952,387.67	
12. Interest and similar expenses		-369,437.92		-405,245.35
thereof from affiliated companies	-345,493.69		-382,694.87	
13. Subtotal of items 7 to 12		10,200,650.84		10,301,628.32
14. Result before income taxes (Subtotal of items 6 and 13)		9,240,732.62		7,168,047.75
15. Taxes on income		195,909.38		711,338.60
thereof deferred income taxes	35,646.00		19,921.00	
thereof tax compensation	2,365,846.00		2,817,968.00	
16. Result after taxes = Annual net profit		9,436,642.00		7,879,386.35
17. Acquisition of treasury shares		-1,999,986.90		-1,999,989.55
18. Profit brought forward from previous year		11,795,188.06		7,005,969.46
19. Accumulated profit		19,231,843.16		12,885,366.26

Notes for the 2024/2025 fiscal year of Fabasoft AG, Linz

1. General policies

These annual financial statements were drawn up in accordance with the accounting principles of the UGB (Austrian Commercial Code) in its currently applicable version taking into consideration the generally accepted accounting principles and in compliance with the general standard to provide the truest and fairest possible view of the net assets, finances and earning performance of the company.

The company is to be classified as a large company pursuant to Section 221 of the Austrian Commercial Code.

The presentation form previously used was retained when drawing up these annual financial statements.

The generally accepted principles were taken into account for the accounting and valuation. Whereby the generally accepted accounting principles codified in Section 201 (2) of the Austrian Commercial Code were adhered to, as were the provisions on classification and valuation of balance sheet and profit and loss account items under Sections 195 to 211 and 222 to 235 of the Austrian Commercial Code.

The profit and loss account is compiled pursuant to the total cost method.

The principle of completeness was adhered to while drawing up the annual financial statements.

The principle of individual evaluation was observed for the assets and liabilities and the assumption of a going concern.

The principle of prudence was taken into account in that only profits actually realized on the reporting date are recognized. All discernible risks and impending losses that arose up to the balance sheet date were taken into consideration.

Expenses and income from the fiscal year were taken into account in the annual financial statements regardless of the date of the respective payments.

Estimates are based on prudent assessments. Insofar statistically ascertainable experience from similar circumstances exists, the company has taken this into account in its estimates.

If assets or liabilities are allocated to several items of the balance sheet, these are shown in that item in which they are recognized.

Amounts with no indication of currency are exclusively Euro amounts.

2. Accounting policies

The accounting policies previously applied were retained when drawing up these annual financial statements.

2.1. Fixed assets

Acquired intangible assets and property, plant and equipment are assessed at purchase cost or production cost and, insofar as subject to depreciation, depreciation takes place based on average useful life using the straight-line method.

Low-value assets with an individual purchase value of less than EUR 1,000.00 are fully depreciated in the year of acquisition and shown in the statement of fixed assets under additions and disposals.

An average useful life for intangible assets of 2 to 5 years is assumed and for other property, plant and equipment 2 to 15 years.

Unscheduled depreciations on a lower applicable asset value at the closing date take place if impairments are expected to be permanent.

Additions in the first half of the fiscal year are depreciated at the full annual rate; additions in the second half of the fiscal year at one-half the annual rate.

Financial assets are assessed at purchase cost or at the lower applicable asset value at the balance sheet date. Unscheduled depreciation and amortization are only carried out in the event of an expected permanent impairment. If a detailed analysis is necessary, the equity value is calculated using the discounted cash flow method with a five-year detailed planning phase and subsequent perpetual annuity. The discount rate used (WACC) ranged from 8.34 % to 14.47 % as at the reporting date (previous year 8.01 % to 18.21 %); the growth rate in the perpetual annuity was assumed to be 1 % (previous year 2 %).

Appreciation to the fixed assets is undertaken when the reasons for the unscheduled depreciation have ceased to apply. The appreciation is made to a maximum of the net carrying amount resulting from consideration of the normal depreciations that would have had to be carried out in the meantime. Pursuant to Section 208 (2) of the Austrian Commercial Code, no appreciation is undertaken for goodwill.

2.2. Current assets

Trade and other receivables are recognized at the nominal value. In case of foreseeable risks, individual value adjustments are established.

Foreign-currency receivables are assessed at the rate in effect on the day of the transaction or the lower exchange rate on the balance sheet date.

2.3. Prepaid expenses

Expenses prior to the balance sheet date are declared prepaid expenses if they represent expenses for a specific period after that date.

2.4. Deferred income tax assets

Deferred income tax assets are recognized for differences between the carrying amounts of assets, provisions, liabilities and prepaid expenses under corporate law and the tax base of assets, which are expected to be reduced in subsequent fiscal years.

Due to the obligation to sum up all temporary differences, the so-called netting of differences, all differences leading to deferred income tax liabilities were offset with the deferred income tax assets. This netting of differences took place since it was legally possible to offset actual tax refund claims against actual tax liabilities.

2.5. Investment grants

Investment grants are only recorded if there is reasonable assurance that the company will fulfil the associated conditions, the grants will in fact be awarded and the relevant assets have already been capitalized. Accounting is effected according to the gross method, which means the acquisition costs are not reduced but reported as a liability item. This is dissolved in accordance with the useful life of the underlying investment and reported as other operating income.

2.6. Provisions

2.6.1. Provisions for pensions

The provisions for pensions were calculated on the basis of contractual pension commitments. The pension plan for the Managing Board of Fabasoft AG is financed by payments to pension reinsurances. The pension commitments were modified in the 2014/2015 fiscal year such that the respective beneficiaries are entitled only to the amount of the cover assets of the existing pension reinsurance contracts at the respective effective date. The gross pension obligation is therefore recognized at the amount of the cover assets of the insurance contracts as at the balance sheet date. The amount of the premium reserve is based on continuously obtained insurance certificates. Pursuant to AFRAC Statement 27, the resulting pension provisions have been offset against the asset values from the pension reinsurances.

2.6.2. Provisions for severance payments

Provisions for severance payments were calculated in accordance with AFRAC Statement 27 ”Provisions for pensions, severance payments, jubilee benefits and similar long-term obligations under the provisions of the Austrian Commercial Code” using recognized actuarial principles based on the projected unit credit method using the biometric mortality tables AVÖ 2018-P with an actuarial interest rate of 1.63 % (previous year 1.27 %) and a retirement age resulting from the minimum retirement age according to ASVG and the early retirement age due to a long insurance period. The calculation was based on a salary trend of two increases of 5.0 % (previous year 5.0 %) until departure.

The actuarial interest rate used in 2024/2025 fiscal year is an average interest rate. The average interest rate is calculated from the average of the interest rate on the reporting date and the interest rates on the reporting date of the seven preceding reporting dates.

The interest expense relating to the provision for severance payments and the effects of a change in the interest rate are recognized in the relevant personnel expenses.

As at 31 March 2025 there were no employees with a legal entitlement to a severance payment vis-à-vis the company (severance payment old).

The provisions for the Managing Board of Fabasoft AG severance payments are calculated on the basis of the Managing Board contracts.

2.6.3. Other provisions

All foreseeable risks and uncertain liabilities known at the time the annual financial statement was prepared were taken into account according to the prudence principle. The other provisions were formed to the amount of the settlement.

2.7. Liabilities

Liabilities are recognized at the settlement amount, taking into account the principle of prudence.

Foreign-currency liabilities are assessed at the rate in effect on the day of the transaction or the higher exchange rate on the balance sheet date.

3. Notes on the items of the balance sheet

3.1. Assets

3.1.1. Fixed assets

Please refer to the statement of fixed assets (attachment to these notes) with regard to the development of the individual items of the fixed assets and the classification of the annual depreciation.

The financial obligations of the company arising from the use of property, plant and equipment not listed in the balance sheet, amount to:

in EUR	in the following fiscal year	in the following 5 fiscal years
Obligations from lease contracts	220,470.07	298,334.69
Obligations from rental contracts	733,744.56	3,668,722.80
	954,214.63	3,967,057.49

Previous year:

in EUR	in the following fiscal year	in the following 5 fiscal years
Obligations from lease contracts	224,227.02	428,984.03
Obligations from rental contracts	733,744.56	3,668,722.80
	957,971.58	4,097,706.83

The rental and lease expenses for office space and the car fleet for the period under review amount to EUR 620,321.11 (previous year kEUR 887).

On 11 September 2024 Fabasoft AG founded a 100 % subsidiary, Hon24 Immobilien GmbH, with its registered office in the political municipality of Linz.

Statement of investments
(additional disclosures pursuant to Section 238 (1) (4) of the Austrian Commercial Code)

	Carrying amount of the investment in EUR 31/03/2025	Share in %	Nominal equity	Carrying amount of equity	Annual net profit/loss
Fabasoft Austria GmbH, Linz	3,593,819.34	100	EUR 800,000.00	EUR 3,290,736.03	EUR 2,029,788.85
Fabasoft Deutschland GmbH, Frankfurt/Main, Germany	2,282,933.18	100	EUR 52,000.00	EUR 4,235,181.89	EUR 3,102,135.09
Fabasoft International Services GmbH, Linz	35,000.00	100	EUR 35,000.00	EUR 716,432.00	EUR 413,904.51
Fabasoft R&D GmbH, Linz	5,062,000.00	100	EUR 35,000.00	EUR 3,508,707.88	EUR 2,907,981.05
Fabasoft Talents GmbH, Linz	1,069,700.00	100	EUR 58,450.00	EUR 172,155.40	EUR 25,026.58
Fabasoft Contracts GmbH, Linz	634,096.73	80	EUR 43,750.00	EUR 160,303.98	EUR -213,433.29
Mindbreeze GmbH, Linz	14,071,357.14	85.5	EUR 1,070,000.00	EUR 3,775,263.39	EUR 2,584,840.75
Fabasoft Approve GmbH, Linz	174,412.24	80	EUR 43,750.00	EUR 2,079,492.48	EUR 1,125,280.33
Fabasoft 4teamwork AG, Bern, Switzerland	4,682,185.36	70	CHF 180,000.00	CHF 3,236,108.07	CHF 20,876.05
Fabasoft Xpublisher GmbH, Munich, Germany	2,590,000.00	60	EUR 42,000.00	EUR 4,306.93	EUR -374,284.73
Fabasoft Oblivation GmbH, Linz	670,400.00	51	EUR 40,000.00	EUR 164,072.94	EUR -453,433.17
Hon24 Immobilien GmbH, Linz*	4,035,000.00	100	EUR 35,000.00	EUR 3,849,729.08	EUR -185,270.92
Total	38,900,903.99				

** Short fiscal year 11 September 2024 to 31 March 2025*

(Previous year)	Carrying amount of the investment in EUR 31/03/2024	Share in %	Nominal equity	Carrying amount of equity	Annual net profit/loss
Fabasoft Austria GmbH, Linz	3,593,819.35	100	EUR 800,000.00	EUR 3,510,947.18	EUR 2,307,001.55
Fabasoft Deutschland GmbH, Frankfurt/Main, Germany	2,282,933.18	100	EUR 52,000.00	EUR 4,333,046.80	EUR 2,974,857.19
Fabasoft International Services GmbH, Linz	35,000.00	100	EUR 35,000.00	EUR 452,527.49	EUR 255,060.14
Fabasoft R&D GmbH, Linz	5,062,000.00	100	EUR 35,000.00	EUR 3,000,726.83	EUR 2,383,497.46
Fabasoft Talents GmbH, Linz	598,500.00	100	EUR 58,450.00	EUR 147,128.82	EUR 46,917.73
Fabasoft Contracts GmbH, Linz	134,096.72	80	EUR 43,750.00	EUR -126,262.73	EUR -218,833.46
Mindbreeze GmbH, Linz	14,071,357.14	85.5	EUR 1,070,000.00	EUR 4,290,422.64	EUR 3,116,559.55
Fabasoft Approve GmbH, Linz	174,412.24	80	EUR 43,750.00	EUR 2,204,212.15	EUR 1,257,503.08
Fabasoft 4teamwork AG, Bern, Switzerland	4,682,185.36	70	CHF 180,000.00	CHF 3,215,232.02	CHF 325,764.15
Fabasoft Xpublisher GmbH, Munich, Germany	4,571,628.87	60	EUR 42,000.00	EUR 378,591.66	EUR -264,782.60
Fabasoft Oblivation GmbH, Linz*	520,400.00	51	EUR 40,000.00	EUR 467,506.11	EUR -72,493.89*
Total	35,726,332.86				

** Short fiscal year 3 January to 31 March 2024*

Investment securities

Securities and pension reinsurance agreements amounting to EUR 3,428,954.12 (previous year kEUR 3,142) are pledged to the benefit of the Managing Board within the framework of a pension provision.
The capitalization value of the pension reinsurance agreements are reported offset against the pension provisions.

3.1.2. Current assets

Trade and other receivables

There are no receivables secured by bill of exchange nor any general value allowances on receivables.

The receivables from affiliated companies include receivables from intergroup offsetting amounting to EUR 878,473.74 (previous year kEUR 1,929) and receivables from same-period appropriation of profit and tax compensation amounting to EUR 13,556,096.00 (previous year kEUR 14,468).

3.1.3. Deferred income tax assets

The deferred income tax assets concern temporary differences from pension provisions and from the vacation provisions. A tax rate of 23% (previous year 23%) was used for the calculation.

The deferred income taxes include long-term temporary differences amounting to EUR 358,235.00 (previous year kEUR 323).

3.2. Equity and liabilities

3.2.1. Equity

Share capital

As at the closing date 31 March 2025 the share capital of the company amounted to EUR 11,000,000.00 (previous year kEUR 11,000).

The total share capital comprises bearer shares (11,000,000 shares) at a nominal value of EUR 1.00 per share.

The shares of Fabasoft AG are listed in the trading segment "Prime Standard" on the Frankfurt Stock Exchange, WKN (D) 922985.

Authorized capital

Please refer to the resolutions of the Annual General Meeting on 2 July 2024 for information on authorized capital (see section 5.4).

Proposal for the appropriation of earnings

The 2024/2025 fiscal year resulted in a reported net profit of EUR 19,231,843.16.

The Managing Board of Fabasoft AG proposes for the fiscal year from 1 April 2024 to 31 March 2025, that a dividend of EUR 0.10 will be disbursed per dividend-bearing no-par value share and, taking into consideration the legal dividend distribution restriction, the remaining net profit is to be carried forward to new account.

Legal dividend distribution restriction

Pursuant to Section 235 (2) of the Austrian Commercial Code, the amount of EUR 358,235.00 (previous year kEUR 323) from the net profit is blocked from distribution.

Treasury shares

	Number	Nominal value per share	Nominal value	Share in share capital
	Share	EUR	EUR	%
As at 01/04/2024	98,218	1.00	98,218.00 EUR	0.9 %
Additions from 15 August to 10 December 2024	125,409	1.00	125,409.00 EUR	1.1 %
As at 31/03/2025	223,627	1.00	223,627.00 EUR	2.0 %

The decision of the Managing Board dated 13 August 2024, made after approval of the Supervisory Board, to make use of the authorization of the General Meeting on 2 July 2024 to purchase its own shares according to Section 65 (1) (4) and Section 65 (1) (8) of the Austrian Stock Corporation Act (Aktiengesetz, AktG) was made public on 14. August 2024 and can be viewed in more detail on the investors section of www.fabasoft.com. The share buyback programme of Fabasoft AG started on 15 August 2024 and was completed on 10 December 2024, whereby treasury shares totalling 125,409 shares were acquired.

3.2.2. Investment grants

Investment premiums are recognized in the balance sheet item "Investment grants". These are grants from the Austrian Federal Government of up to 14 % of the investments made. The development of the investment grants is as follows:

in EUR	As at 01/04/2024	Allocation	Dissolution	As at 31/03/2025
I. Intangible assets	6,017.18	0.00	4,011.45	2,005.73
II. Property, plant and equipment				
1. Buildings on third-party land	50,671.01	0.00	24,266.99	26,404.02
2. Other equipment, office furniture and equipment	21,389.28	0.00	6,613.33	14,775.95
	78,077.47	0.00	34,891.77	43,185.70

3.2.3. Provisions

Provisions for pensions

Pursuant to AFRAC Statement 27, the provision for pensions is reported offset with the claims from pension reinsurance agreements.

The provisions for pensions arising from the pension obligation described in Section 2.6.1 amounts to EUR 3,355,796.88 (previous year kEUR 3,069) as at 31 March 2025. The claims from the pension reinsurance agreements offset against the provisions for pensions amount to EUR 3,355,796.88 (previous year kEUR 3,069) at the same level, whereby no report is made in the balance sheet.

Other provisions

The other provisions consist of the following provisions:

	31/03/2025 kEUR	31/03/2024 kEUR
Earn-out components acquisition of Fabasoft Xpublisher GmbH	0.00	856
Expenses for auditors	70,410.00	77
Performance-related remuneration	17,172.00	532
Not yet consumed holidays	123,550.00	85
Special payments	63,726.78	52
Outstanding invoices received	474,378.39	608
Publications of annual financial statements	9,650.00	10
Others	20,500.00	18
	779,387.17	2,238

The defined performance indicators were achieved in the 2023/2024 financial year, which is why part of the earn-out component in the amount of EUR 400,000.00 was paid out in the 2024/2025 financial year.

Due to changes in management's assessment, the earn-out obligation was revalued as of the reporting date.

This led to a reversal of the provision as at 31 March 2025 and to a reduction in the carrying amount of the investment in Fabasoft Xpublisher GmbH by EUR 855,512.12.

3.2.4. Liabilities

There are no collateral securities and no liabilities with a remaining term of more than 5 years.

Other liabilities include expenses amounting to EUR 17,965.96 (previous kEUR 16), that will not affect payment until after the reporting date.

4. Notes on the items of the income statement

4.1. Sales revenue

The sales revenue amounting to EUR 7,452,922.00 (previous year kEUR 5,699) results from the allocation of expenses of the group holding, Fabasoft AG, Linz, to the affiliated companies.

4.2. Expenses for severance payments and benefits to employee pension funds

The expenses for severance payments and benefits to employee pension funds include amounts of EUR 7,489.57 (previous year kEUR 7) for employee pension funds.

4.3. Expenses for pension schemes

The expenses for pension schemes are composed as follows:

	2024/2025 EUR	2023/2024 kEUR
Expense for allocation to the pension provision	286,896.06	273
Income from the capitalisation of pension reinsurance agreements	-286,896.06	-273
Payments to the pension reinsurance agreements	210,617.84	210
	210,617.84	210

4.4. Other operating expenses

Other disclosed operating expenses include in particular:

	2024/2025 EUR	2023/2024 kEUR
Operating expenses	1,571,790.04	1,915
Administrative expenses	2,040,504.37	1,887
Marketing expenses	322,573.95	199
	3,934,868.36	4,001

4.5. Income from financial assets

The impairment test of the carrying amount of the investment in Fabasoft Talents GmbH revealed a surplus of EUR 471,200.00 in the calculation of the equity value compared to the carrying amount of the investment. This led to a reversal of impairment losses in the same amount, as the amortised cost had not yet been reached.

4.6. Expenses from financial assets

The impairment test of the carrying amount of the investment in Fabasoft Xpublisher GmbH revealed a shortfall of EUR 1,126,116.75 compared to the carrying amount of the investment. This led to an impairment loss in the same amount.

4.7. Expenses for the annual auditor

The expenses for the auditor are disclosed in the consolidated financial statements of Fabasoft AG, Linz.

5. Other statements

5.1. Group taxation

As of the year of assessment 2025, Fabasoft AG as the group parent and the following group members constitute a group of companies pursuant to Section 9 of the Corporate Tax Law (Austrian Corporate Income Tax Act): (1) Fabasoft International Services GmbH, Linz, (2) Fabasoft R&D GmbH, Linz, (3) Fabasoft Austria GmbH, Linz, (4) Mindbreeze GmbH, Linz, (5) Fabasoft Approve GmbH, Linz, (6) Fabasoft Talents GmbH, Linz, (7) Fabasoft Contracts GmbH, Linz, (8) Fabasoft Oblivation GmbH, Linz, and (9) Hon24 Immobilien GmbH, Linz.

The positive or negative tax allocation for domestic group members is 23% of the attributed income. The tax compensations are disclosed in the receivables or liabilities from the affiliated companies. If, upon termination of the corporate group or the group member's withdrawal from the corporate group, following a minimum period pursuant to Section 9 (10) 1st dash of the Corporate Tax Law negative income of the group member which has already been allocated to the group parent has not yet been offset against tax compensations, a final settlement must be made calculated in the amount of the present value of the (fictitious) future tax relief which the group member would likely realize by claiming the remainder of this loss carryforward.

The taxes on income amount to EUR -107,126.62 (previous year kEUR 711) and are subdivided into the following items:

	2024/2025 EUR	2023/2024 kEUR
Current taxes	-2,205,582.62	-2,126
Tax compensations	2,365,846.00	2,818
Deferred income taxes	35,646.00	19
	195,909.38	711

5.2. Mandatory disclosures on bodies and employees

5.2.1. Average number of employees

	2024/2025	2023/2024
Employees	6	6

5.2.2. Members of the Managing Board of Fabasoft AG

- 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)

No advances or loans were granted to members of the Managing Board or the Supervisory Board. Moreover, no liabilities were assumed for benefit of the members of the Managing Board.

Expenses for continuous emoluments, severance payments and pension schemes for the members of the Managing Board amounted to kEUR 1,443 (previous year kEUR 1,519) in the 2024/2025 fiscal year and are composed as follows:

in kEUR	2024/2025	2023/2024
Continuous emoluments	1,169	955
Expenses for severance payments	61	351
Expenses for contributions to employee severance payment and pension funds	3	2
Expenses for pension schemes	211	211
Total	**1,443**	**1,519**

The Supervisory Board is composed of the following persons:

- em. o. Univ.-Prof. Mag. Dr. Friedrich Roithmayr (Chairman of the Supervisory Board)
- FH-Prof.$^{\text{in}}$ Univ.Doz.$^{\text{in}}$ DI$^{\text{in}}$ Dr.$^{\text{in}}$ Ingrid Schaumüller-Bichl (Second deputy)
- Prof. Dr. Andreas Altmann (First deputy)
- Mag.$^{\text{a}}$ Michaela Schwinghammer-Hausleithner (Member)

Emoluments amounting to EUR 102,000.00 (previous year kEUR 90) were paid to the members of the Supervisory Board in the 2024/2025 fiscal year.

5.3. Information on the stock option programs

As at the reporting date 31 March 2025 there are no effective stock option programs.

5.4. Resolutions of the Annual General Meeting on 02 July 2024

The following resolutions, among others, were made at the Fabasoft AG Annual General Meeting on 02 July 2024:

A dividend of EUR 0.10 per dividend-bearing share shall be paid out for the 2023/2024 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.

5.5. Significant events after the balance sheet date

On 9 April 2025, Fabasoft AG founded two wholly owned subsidiaries, Fabasoft Research GmbH and Fabasphere GmbH, based in the political municipality of Linz.

On 23 May 2025 the shareholders of Fabasoft Xpublisher GmbH unanimously resolved to increase the share capital by EUR 44,000.00 from the previous EUR 42,000.00 to EUR 86,000.00. The increase in share capital was carried out as a cash capital increase. The amount of the increase in share capital was paid in full. The capital increase led to an increase in the size of the shareholding of Fabasoft AG from 60 % to 75.1 %, the other co-shareholders hold a 24.9 % stake.

No further significant events occurred after 31 March 2025 for these separate financial statements.

Linz, 28 May 2025

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

Statement of fixed assets of Fabasoft AG, Linz, as at 31 March 2025

	Acquisition/production costs				
Development of fixed assets in EUR	As at 01/04/2024	Additions	Disposals	Transfer	As at 31/03/2025
I. Intangible assets					
Concessions, industrial property rights and similar rights and benefits as well as licenses deriving from them	1,076,917.75	371,077.43	75,071.80	0.00	1,372,923.38
II. Property, plant and equipment					
1. Land and buildings on third-party land	13,066,991.03	173,848.38	233,818.43	0.00	13,007,020.98
2. Other equipment, office furniture and equipment*	14,084,629.11	603,134.51	2,432,991.54	206,250.00	12,461,022.08
3. Advance payments and assets under construction	206,250.00	42,322.00	0.00	-206,250.00	42,322.00
	27,357,870.14	819,304.89	2,666,809.97	0.00	25,510,365.06
III. Financial assets					
1. Shares in affiliated companies	36,678,720.53	4,685,000.00	855,512.12	0.00	40,508,208.41
2. Investment securities	156,911.16	0.00	0.00	0.00	156,911.16
	36,835,631.69	4,685,000.00	855,512.12	0.00	40,665,119.57
	65,270,419.58	5,875,382.32	3,597,393.89	0.00	67,548,408.01

** thereof low-value assets according to Section 204 (1a) of the Austrian Commercial Code*		*29,047.83*	*29,047.83*		

Development of fixed assets in EUR	As at 01/04/2024	Additions	Disposals	Reversals of impairment	Impairment loss	As at 31/03/2025	As at 31/03/2025	As at 31/03/2024
						Cumulated depreciations		Residual carrying amounts
I. Intangible assets								
Concessions, industrial property rights and similar rights and benefits as well as licenses deriving from them	778,529.26	418,327.21	75,071.80	0.00	0.00	1,121,784.67	251,138.71	298,388.49
II. Property, plant and equipment								
1. Land and buildings on third-party land	5,490,420.48	1,108,014.62	233,818.43	0.00	0.00	6,364,616.67	6,642,404.31	7,576,570.55
2. Other equipment, office furniture and equipment*	10,907,588.09	1,041,290.53	2,425,791.54	0.00	0.00	9,523,087.08	2,937,935.00	3,177,041.02
3. Advance payments and assets under construction	0.00	0.00	0.00	0.00	0.00	0.00	42,322.00	206,250.00
	16,398,008.57	2,149,305.15	2,659,609.97	0.00	0.00	15,887,703.75	9,622,661.31	10,959,861.57
III. Financial assets								
1. Shares in affiliated companies	952,387.67	0.00	0.00	471,200.00	1,126,116.75	1,607,304.42	38,900,903.99	35,726,332.86
2. Investment securities	5,741.46	0.00	0.00	0.00	0.00	5,741.46	151,169.70	151,169.70
	958,129.13	0.00	0.00	471,200.00	1,126,116.75	1,613,045.88	39,052,073.69	35,877,502.56
	18,134,666.96	2,567,632.36	2,734,681.77	471,200.00	1,126,116.75	18,622,534.30	48,925,873.71	47,135,752.62

** thereof low-value assets according to Section 204 (1a) of the Austrian Commercial Code*	*29,047.83*	*29,047.83*

This report includes both the management report of Fabasoft AG and the Group management report. Where required to provide a true and fair view of the actual assets, financial and profit situation, the information has been specified separately.

Management Report of Fabasoft AG and the Fabasoft Group

1. Report on the business performance and economic situation of Fabasoft AG and the Fabasoft Group

1.1. Net assets, financial position and results of operations of Fabasoft AG and the Fabasoft Group

In the past fiscal year 2024/2025, the Fabasoft Group recorded sales revenue of kEUR 86,845 (kEUR 80,950 in the corresponding period of the previous year). The increase in revenue reflects the continued positive development of recurring revenue and further growth in the project business in the 2024/2025 fiscal year.

Despite ongoing investments in the development and expansion of the Fabasphere and higher personnel expenses, the Group achieved EBITDA[1)] of kEUR 23.145 in fiscal year 2024/2025 (kEUR 21,598 in the corresponding period of the previous year) and EBIT[1)] of kEUR 13,301 (kEUR 13,385 in the corresponding period of the previous year).

Other operating expenses increased by 5.5 % from kEUR 12,247 to kEUR 12,921 in the reporting period, developing at a lower rate than the sales revenues of Fabasoft Group.

With a research and development ratio of 30.7 % in relation to sales revenue, investments in research and development (kEUR 26,653) of the Fabasoft Group (Fabasoft AG has no research and development activities) were again on a very high level compared with the industry as a whole (kEUR 25,458 in the 2023/2024 fiscal year).

The equity ratio[1)] of the Fabasoft Group on the balance sheet date (31 March 2025) was 38.7 % (40.1 % on 31 March 2024).

The amount of cash and cash equivalents increased in the Fabasoft Group from kEUR 25,068 (as at 31 March 2024) to kEUR 34,283 respectively in the Fabasoft AG from kEUR 483 (as at 31 March 2024) to kEUR 563 as at the balance sheet date 31 March 2025.

[1)] *Definition of the key figures in the management report section 1.5*

1.2. Business performance of Fabasoft AG and the Fabasoft Group

In fiscal year 2024/2025, the Fabasoft Group further consolidated its market position through sales growth and strategic investments in innovation, research and development. Investments focused on research and development of cloud-native software product technology and on applications for AI.

The high level of research intensity and the solid financial position and earnings put Fabasoft in a strong position for sustainable growth in the future.

The Fabasoft Group employed 494 people as of 31 March 2025 (31 March 2024: 497). Fabasoft AG employed 6 people as of 31 March 2025 (31 March 2024: 6). The figures refer to the respective number of employees (headcount).

1.3. Report on the regional presence of the Fabasoft Group

Subsidiaries of Fabasoft AG on the balance sheet date (31/03/2025)

Company	Direct share	Country	Headquarters	Offices
Fabasoft International Services GmbH	100 %	Austria	Linz	Vienna
Fabasoft R&D GmbH	100 %	Austria	Linz	Vienna
Fabasoft Austria GmbH	100 %	Austria	Linz	Vienna, Graz
Fabasoft Approve GmbH	80 %	Austria	Linz	
Fabasoft Contracts GmbH	80 %	Austria	Linz	
Fabasoft Oblivation GmbH	51 %	Austria	Linz	Vienna
Fabasoft Talents GmbH	100 %	Austria	Linz	Vienna
Hon24 Immobilien GmbH	100 %	Austria	Linz	
Mindbreeze GmbH	85.5 %	Austria	Linz	Vienna
Fabasoft Deutschland GmbH	100 %	Germany	Frankfurt am Main	Berlin, Erfurt, Munich
Fabasoft Xpublisher GmbH	60 %	Germany	Munich	Deggendorf
Fabasoft 4teamwork AG	70 %	Switzerland	Bern	

Subsidiaries of Mindbreeze GmbH on the balance sheet date (31/03/2025)

Company	Direct share	Country	Headquarters	Offices
Mindbreeze Corporation	100 %	USA	Chicago	

Subsidiaries of Fabasoft Xpublisher GmbH on the balance sheet date (31/03/2025)

Unternehmen	Unmittelbarer Anteil	Land	Sitz	Betriebsstätten
Fabasoft Xpublisher Inc.	100 %	USA	Chicago	

Changes in the Group structure and company acquisitions

On 11 September 2024, Fabasoft AG founded a 100 % subsidiary, Hon24 Immobilien GmbH, based in the political community of Linz. The full consolidation of Hon24 Immobilien GmbH took place for the first time when the company was founded.

On 8 October 2024, Mindbreeze GmbH increased its stake in Mindbreeze InTend GmbH from 80 % (indirect stake of Fabasoft AG: 68.4 %) to 100 % by acquiring the remaining shares from the former management of Mindbreeze InTend GmbH. The merger of Mindbreeze InTend GmbH with Mindbreeze GmbH took effect upon entry in the commercial register on 31 December 2024.

1.4. Financial and non-financial performance indicators of Fabasoft AG and the Fabasoft Group

Financial performance indicators of Fabasoft AG (individual financial statements in accordance with the Austrian Commercial Code)

in kEUR	2024/2025	2023/2024
Sales revenue	7,453	5,700
Result before income taxes	9,241	7,168
EBIT[1)]	-960	-3,134
EBITDA[1)]	1,608	-557
Annual net profit	9,437	7,879
Equity at end of period	52,466	46,119
Equity ratio[1)]	80,8 %	71,1 %
Cash flows from operating activities	3,101	9,815
Cash and cash equivalents at end of period	563	483
Employees at end of period	6	6

Financial performance indicators of the Fabasoft Group (consolidated financial statements in accordance with IFRS)

in kEUR	2024/2025	2023/2024
Sales revenue	86,845	80,950
Result before income taxes	12,897	13,113
EBIT[1)]	13,301	13,385
EBITDA[1)]	23,145	21,598
Annual net profit	9,115	9,629
Equity at end of period	36,096	30,638
Equity ratio[1)]	38,7 %	40,1 %
Cash flows from operating activities	23,089	19,477
Cash and cash equivalents at end of period	34,283	25,068
Employees at end of period	494	497

[1)] *Definition of the key figures in the management report section 1.5*

Non-financial performance indicators of the Fabasoft AG and the Fabasoft Group

Employees as a success factor

Our employees are a key success factor for the Fabasoft Group. Their innovative strength, expertise and commitment form the basis for sustainable growth. Fabasoft attaches great importance to promoting the skills and career development of its employees and offers a wide range of further training opportunities.

The internal training programme at the Fabasoft Management Academy is specifically designed to provide managers with comprehensive management skills in line with Fabasoft's strategic goals and thus represents an essential element for promoting the long-term success of the Group.

In addition, the Group's own training center, the Fabasoft Academy, coordinates other internal and external training courses. Particular attention is paid to internationally recognized certifications from IPMA or Scrum Alliance. As at the balance sheet date, the Fabasoft Group employed 65 certified (senior) project managers in accordance with the IPMA standard as well as 98 Scrum Masters and 39 Product Owners.

Personal communication and knowledge transfer

Personal communication and direct exchange are essential components of Fabasoft's corporate culture. Regular face-to-face meetings enable internal experts to network and promote the development of innovative ideas and solutions and are therefore essential for the company's success. This is why Fabasoft regularly organizes events such as Fabasoft Success, the Group-wide employee conference, and Fabasoft Enlight, the internal think tank for innovation.

Sustainability at the Fabasoft Group

Fabasoft understands sustainability to mean making decisions based on ecological, social and economic aspects (ESG aspects). An important factor here is the efficient, sparing and economical use of resources. In autumn 2022, Fabasoft committed to reducing its CO2 emissions by at least 42 % by 2030 as part of the Science Based Targets Initiative (SBTi). With this near-term target, Fabasoft is committing to reducing its direct (Scope 1) and indirect CO2 emissions from purchased energy (Scope 2) by at least 42 % by 2030 compared to the base year 2021.

The group-wide switch to electric mobility, including the expansion of the charging infrastructure, is already measurably reducing traffic-related Scope 1 emissions. At the same time, environmentally friendly mobility is being supported by promoting public transport, providing an e-shuttle service at the Linz site and specifically choosing office locations with good transport connections. As a result of these and other measures taken, 70.4 % of total energy consumption in fiscal year 2024/2025 will already come from renewable energy sources (63.1 % in fiscal year 2023/2024).

In its IT infrastructure, Fabasoft consistently relies on energy-efficient data centres, most of which are already powered by electricity from renewable sources. In order to take responsibility for the greenhouse gases emitted in the course of its business activities, Fabasoft has again decided to offset all direct and indirect emissions from its business operations (Scope 1 and 2) for the fiscal year 2024/2025 by supporting certified climate projects. In addition, Fabasoft offsets selected indirect emissions from Scope 3 that have been generated in the value chain. This means that customers receive the Fabasoft Group's services on a CO_2-neutral basis, in line with the offset emissions from Scope 1, Scope 2, and selected Scope 3 categories.

This commitment is complemented by the sustainable transformation of the supply chain: Fabasoft aims to achieve CO_2 neutrality across the entire value chain by 2027, with the long-term goal of becoming CO_2 negative.

Fabasoft communicates its commitment in this area in its annual sustainability report, which is an integral part of the annual report.

1.5. 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. Fabasoft calculates the following APM:

- Nominal change in sales revenue
- EBIT or operating result
- EBITDA
- Equity ratio
- Research & development ratio (is published in each case with 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.

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 Amortization. In addition to interest and taxes this indicator of success also neutralizes 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 amortization 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 sets expenses for research and development in relation to the revenue.

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

2. Report on the expected development and risks of Fabasoft AG and the Fabasoft Group

2.1. Opportunities of Fabasoft AG and the Fabasoft Group

Opportunities for the Fabasoft Group and consequently also for the result of Fabasoft AG are seen in the following areas in particular:

2.1.1. The opportunities and growth potential of Fabasphere

Fabasoft is well positioned to actively leverage the growing demand for reliable and high-performance software products in Europe and beyond. The digital transformation of business and public administration, along with increasing demands for security and efficiency, offer a wide range of market opportunities.

Significant growth potential lies in the targeted expansion of existing customer business. Fabasoft has an established portfolio that is successfully used by many customers. In addition to focused marketing and sales measures by the Fabasoft Solutions, the comprehensive rebranding and subsequent campaign to increase visibility are intended to sustainably increase market penetration.

These measures are aimed at highlighting the significant added value of using multiple Fabasoft Solutions and increasing growth both with existing customers and in new customer acquisition. As the market leader in electronic files in German-speaking countries, Fabasoft also considers itself very well positioned for upcoming tenders – both technologically and in terms of excellent references and market knowledge.

Further growth opportunities arise from the targeted expansion of the existing portfolio with new functionalities, particularly in the area of AI. Mindbreeze AI in Fabasphere offers the Fabasoft Solutions upselling potential within its existing customer base. There is also growing interest in intelligent enhancements to existing specialist applications in public administration, which is increasingly focusing on the automation of routine processes due to demographic change. In addition, technological advances, particularly in the area of cloud-native architecture, enable seamless integration into different operating environments. This allows the requirements of modern multi-cloud strategies to be optimally supported and digital administration processes to be implemented efficiently, confidently and in a future-proof manner.

In addition to the organic development of the product portfolio, Fabasoft is also consistently pursuing an inorganic growth strategy. Fabasoft continuously evaluates the development of new solutions and strategically appropriate acquisition opportunities that either offer technological additions, open up new market segments or enable access to new customer groups. Fabasoft has a corporate organization that is geared towards bringing new solutions to market quickly and realizing customer benefits rapidly. This structured approach supports the expansion of the Fabasphere and strengthens its position as a trusted provider of business-critical digitalization solutions.

2.1.2. The opportunities and growth potential of Mindbreeze

Mindbreeze has been working on intelligent information processing (enterprise search, information insight, proactive knowledge management) and the use of AI for over two decades. The company's achievements are also reflected in the numerous positive reviews it has received from IT analyst firms. The resulting visibility on the international market provides a good starting point for further growth with and alongside major international clients and partners who are specifically looking for AI-based technologies for enterprise use.

Fabasoft and Mindbreeze see particular opportunities in the area of new customer acquisition through the user-oriented further development of Mindbreeze InSpire as the technological basis for specific application-centric solutions and the Insight Workplace. Mindbreeze InTend, an example of an application-centric solution, optimizes offer management by relieving sales teams of the burden of responding to tenders. Further opportunities arise with the provision of modern interaction options through the integration of AI language models for generative AI.

Introduced in December 2024, the Insight Workplace takes interaction with company data to a new level. By using different AI methods and providing information from all connected company data sources, the Insight Workplace offers forward-looking interaction options with company data (summarizing content, chatting with documents, answering questions, content-specific visual representations) as a central starting point.

Mindbreeze uses Retrieval Augmented Generation to provide answers and minimize hallucinations. Mindbreeze InSpire is already in long-term productive use by well-known international customers. Currently, around 25 Mindbreeze customers are listed in the Forbes 2000. Fabasoft and Mindbreeze see opportunities for further growth through the targeted establishment and expansion of key account management in order to identify upselling potential or discuss further applications for Mindbreeze, such as the use of Mindbreeze InTend.

In addition, the partner network will be established and expanded to support customers with focused local and/or specific use cases and to tap into customer groups that are not directly served by Mindbreeze. Mindbreeze's partner programs are designed to further expand its presence in Europe and North America and strengthen Mindbreeze's position in the market.

Furthermore, Fabasoft and Mindbreeze see opportunities in the use of Mindbreeze AI for solutions in the Fabasphere.

2.1.3. Audits and certifications

To ensure high standards in the areas of information security and data protection, Fabasoft pursues a comprehensive certification strategy through regularly renewed and expanded audits and certifications. Ensuring high quality, security, and service standards is made possible by an integrated and certified management system.

As part of a cross-company monitoring audit in November 2024, carried out by Quality Austria Certification GmbH, Fabasoft's quality management system was recertified according to ISO 9001. During this audit, the information security management system was also recertified according to ISO 27001 including ISO 27018 (protection of personal data in public cloud services) and the service management system was recertified according to ISO 20000 by CIS – Certification & Information Security Services GmbH.

The SaaS product portfolio of Fabasoft and Mindbreeze is also distinguished by demanding audits and certifications. The scope of the audits described below includes the Fabasoft Cloud and the Fabasoft Solutions (Fabasoft Approve, Fabasoft Boards, Fabasoft Contracts, Fabasoft Dora, Fabasoft Oblivation, Fabasoft OneGov, Fabasoft Talents, Fabasoft Xpublisher) as well as Mindbreeze InSpire SaaS.

Fabasoft and Mindbreeze successfully completed the audit again in early 2025 in accordance with the requirements of the BSI C5 criteria catalog, SOC-2 (Trust Service Criteria for Security), and ISAE 3402 for the

Fabasoft Cloud and the Fabasoft Solutions, as well as Mindbreeze Inspire SaaS. The observation period ranged from 1 January to 31 December 2024. The Type 2 audit method verifies the effective application and implementation of controls throughout the entire audit period using the ISAE 3000 reporting method. The audit reports were issued by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) Germany.

The Cloud Computing Compliance Criteria Catalogue of the German Federal Office for Information Security (BSI C5) specifies minimum requirements for secure cloud computing and was developed to specify and verify the security requirements for cloud service providers. The SOC 2 audit is a standard for service companies that process customer data, particularly in the IT and cloud sector. Developed by the American Institute of Certified Public Accountants (AICPA), it checks whether companies meet criteria for security, availability, confidentiality, integrity of processing, and data protection. The ISAE 3402 Type 2 audit is an international standard for evaluating the internal control systems (derived from the COBIT 2019 framework) of service providers that perform financial and business processes on behalf of their customers, particularly for external services that have an impact on financial reporting.

In May 2024, SCOPE Europe, the responsible monitoring body, once again confirmed the compliance of the Fabasoft Cloud and the Fabasoft Solutions developed on it with the requirements of the EU Cloud Code of Conduct at the highest compliance level 3. The EU Cloud CoC was developed by representatives of European and multinational companies and organizations that are significantly involved in cloud computing. The focus was on requirements that enable cloud service providers to demonstrate their ability to comply with the GDPR. Specifically, the code provides cloud-specific approaches and recommendations based on the GDPR and international standards such as ISO 27001 and ISO 27018. The EU Cloud CoC aims to make it easier for cloud customers to decide whether certain cloud services are suitable for their intended purpose. Through its transparency, the EU Cloud CoC will create greater trust and a high level of data protection in the European cloud computing market.

In December 2024, Fabasoft's Cyber Trust Austria Gold Label was renewed. The Austrian seal of approval for cybersecurity is based on the Cyber Risk Rating of the Competence Center Secure Austria (KSÖ).

The Fabasoft Cloud meets the requirements of WCAG 2.1 – AA for accessible web content to a high degree and was once again awarded the WACA certificate (Web Accessibility Certificate) in silver by TÜV Austria in June 2022, which is valid for three years. This web application does not exclude any users and enables everyone to use it optimally, even with the necessary input/output devices such as a keyboard, voice input, screen reader, etc. Mindbreeze InSpire also meets the requirements of WCAG 2.1 – AA for accessible web content to a high degree and was awarded the WACA certificate in silver by TÜV Austria for the first time in November 2022.

The WACA certificate is Austria's first and only quality seal for web accessibility (websites/applications) that makes compliance with international W3C guidelines visible to the public.

2.1.4. Climate-related opportunities

The Fabasoft Group is aware of its role and responsibility with regard to climate change and is clearly committed to actively anticipating and managing its climate-related opportunities. For the fiscal year 2024/2025, the Fabasoft Group has identified climate-related risks and opportunities, taking into account the recommendations of the TCFD (Task Force on Climate-Related Financial Disclosures).

Identification and evaluation of climate-related opportunities

The existing group-wide assessment of climate-related opportunities was reviewed for completeness and updated in the reporting year.

In order to identify climate-related opportunities, extensive literature research was carried out on publicly available information and topic-specific reporting in the IT sector. In addition, interviews were conducted with several key individuals at the company. The analysis was not limited to the company level, but also included upstream and downstream activities.

As part of the climate-related opportunity assessment, a qualitative scenario analysis was carried out, considering climate and economic forecasts for the relevant time horizons and scenarios. In addition to opportunities that can be realized in the short term, there are in particular transitory opportunities in connection with the transition to a low-carbon economy. These can take the form of a changing regulatory landscape and the associated penetration of environmentally friendly technologies on the market.

In line with the TCFD recommendations, the analyses were conducted over three different time horizons. The short-term perspective (up to 2026) is intended to identify the immediate potential opportunities, while the medium-term (up to 2030) and long-term (up to 2050) time horizons focus on the broader international political environment, which also includes the regulations of the Paris Agreement and the EU Green Deal.

Management of climate-related opportunities

Measures to utilize climate-related opportunities are documented in a separate, internal company register. This register is reviewed annually and updated as necessary. Existing and emerging regulatory requirements in connection with climate change are also considered.

The opportunities identified included the decarbonizing effect of digitalizing documentation processes as well as increasing the company's attractiveness as an employer by positioning itself well in the area of climate change. Existing evaluations were considered when assessing the impact and likelihood of all climate-related opportunities.

In all cases, the assessment of the opportunities was below the internally defined materiality threshold. The overall impact on Fabasoft's business model, income statement and balance sheet is categorized as immaterial.

2.2. Significant risks and uncertainties for Fabasoft AG and the Fabasoft Group

Significant risks and uncertainties for the Fabasoft Group and consequently also for the result of Fabasoft AG are seen in the following areas in particular:

2.2.1. 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 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.

2.2.2. 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 localization expenses for the products, and possible deficits in communication and control are exemplary note 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 conditions in individual countries, in particular trade restrictions and contradictions or overlaps in regulatory or tax provisions, may also represent risk factors for more internationalized business activities.

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 potential. These include higher marketing and 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 defense against these risks. Moreover, internal reporting and controlling measures are continually supplemented and further developed.

2.2.3. 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 – as well as operating errors, cyber-attacks, DDoS attacks, malware (for example viruses, phishing attacks, trojans or ransomware) 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 with which these are linked can jeopardize 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 AI technologies

The company's products use generative AI technologies to varying degrees. Large language models (LLMs) are trained with a large amount of publicly available data to continuously improve their performance. However, this carries a high risk of misinterpretation in the results (hallucinations). To minimize this risk, the Fabasoft Group relies on retrieval augmented generation (RAG). This combines the performance of Mindbreeze as a fact provider with the language understanding of the LLM – for generated, context-based answers including the sources of the information. Nevertheless, it cannot be ruled out that content generated by AI systems may be offensive, illegal, or otherwise harmful. In addition, ineffective or inappropriate procedures in the development or implementation of AI by customers, partners, or the Fabasoft Group itself could lead to incidents that impair the acceptance of AI solutions or harm individuals, customers, or society, or result in our products and services not functioning as intended.

Risks with regard to information security and data protection

Fabasoft attaches great importance to the protection of confidential information and personal data. Nevertheless, the risk of unauthorized third parties gaining access to this sensitive material cannot be entirely ruled out. In view of the increase in global cyber attacks on companies in all sectors, Fabasoft is making intensive efforts to continuously expand its cyber resilience.

Various organizational, technical, and physical measures and barriers have been implemented to prevent unauthorized access and to ensure the confidentiality, integrity, availability, and authenticity of information and systems.

A catalog of criteria implemented in the procurement workflow supports the selection of security-relevant suppliers. All security-relevant contractors, such as data centers, hardware and software suppliers or special service providers, must meet defined Fabasoft requirements, such as relevant certifications, contractually defined service levels, demonstrable compliance with security precautions, order processing agreements and signed confidentiality declarations. The information security management system installed in the company is regularly reviewed by internal and external audits to ensure that it is up to date and effective.

In addition to the purely technical aspects of information security, there is also the risk of cyber-attacks in combination with manipulation and fraud on a social level. In order to raise employees' awareness of the resulting risks, professional awareness training sessions are held regularly and possible threat scenarios are simulated. In addition, Fabasoft products and cloud services are regularly audited by external bodies and the corresponding audit reports are prepared.

2.2.4. Organizational risks

Risks concerning dependence on suppliers

Customer benefits are not only determined by the performance features of the software developed by 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 transportation and warehouse logistics, both in the procurement process and in delivery to the customer. There is also a risk of complete supplier failure, for example as a result of production interruptions, capacity bottlenecks or other delivery disruptions along the supply chain.

In order to reduce dependence on individual suppliers, Fabasoft's procurement process is based on a broad range of carefully selected sources of supply and appropriated quality management measures. In addition, the Fabasoft Group endeavors to counter the risk described above through defined, documented and certified business processes as well as continuous training and further education of the team members involved.

Personnel risks

It is essential for Fabasoft's growth path to find a sufficient number of additional highly qualified specialists and to retain them in the company in the long term. The demand for specialists in the IT sector in particular clearly outweighs the supply on the labor market. Sufficiently qualified staff may not be available to meet the personnel requirements.

There is also a risk that a large number of employees could leave the company at short notice and that no adequate replacement could be found in the short term. This would have a negative impact on business development and the company's ability to meet existing obligations and would likely lead to a negative development in customer satisfaction and revenue, including possible contractual penalties, liability claims or other adverse consequences for the company.

Understaffing can also mean that potential business opportunities cannot be realized or can only be partially realized. If such personnel risks materialize at suppliers, sales or implementation partners, this can also have a negative impact on 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 our own expectations and those of our partners and other stakeholders, in addition to legal requirements, in order to minimize compliance and awareness risks as far as possible.

2.2.5. External risks

Risks from the effects of the macroeconomic and geopolitical environment

Fabasoft does not operate any subsidiaries or branches in Ukraine, the Russian Federation, Belarus, or Israel, nor does it procure any relevant development services from any of these countries. Likewise, there are no relevant end customer or partner businesses in any of the countries mentioned. From today's perspective, no significant effects on customers and partners are expected as a result of the armed conflict and the associated sanctions against Russia and other affected countries, for example through disruptions to supply chains, the overall economic climate, public finances, etc. However, the increased risk of cyber-attacks or other attacks on critical infrastructure remains unquantifiable.

The formation of new governments in countries that are also relevant to the Fabasoft Group represents a significant source of uncertainty. Governments determine the future direction of their countries and thus also define key factors in global economic competition. The introduction of new trade barriers could therefore also have a negative impact on the Fabasoft Group's net assets, financial position, and results of operations.

Risks from pandemics and environmental disasters

The spread of a pandemic or any environmental or natural disasters could repeatedly lead to significant disruptions to operational business processes and public life. Fabasoft took comprehensive measures at an early stage to maintain business operations as best as possible, which will be maintained and continuously evaluated as necessary. Tried-and-tested emergency and crisis plans and defined measures will be adapted or expanded as necessary to reflect new findings.

As the owner of its headquarters in Linz, Fabasoft bears the risk of damage caused by environmental disasters, which can result in both financial burdens and business interruptions. To counter these risks, insurance policies have been taken out for the headquarters to mitigate the consequences of such risk factors to the extent available on the market. For the leased locations, the risk of damage lies primarily with the landlords, but operational disruptions could also occur here.

2.2.6. Climate-related risks

Climate change is an extremely challenging issue for our society that requires all sectors to participate in the transition to a decarbonized economy. The IT industry, together with the ongoing digitalization, will make a significant contribution to the decarbonization of the economy, but is also itself exposed due to energy consumption and the use of rare earths.

The Fabasoft Group is aware of its role and responsibility with regard to climate change and is clearly committed to actively anticipating and managing its climate-related risks. For the 2024/2025 fiscal year, the Fabasoft Group has assessed its climate-related risks considering the recommendations of the TCFD (Task Force on Climate-Related Financial Disclosures).

Identification and assessment of climate-related risks

The existing Group-wide assessment of climate-related risks was reviewed for completeness and updated in the reporting year. Risks were originally identified on the basis of an extensive literature review of publicly available information and reporting on climate risks in the IT sector. In addition, interviews were conducted with several key persons within the company, e.g. in the areas of risk, energy and strategy. The analysis was not only carried out at company level, but also included upstream and downstream activities.

As part of the climate-related risk assessment, twelve risks were identified for Fabasoft. A qualitative scenario analysis was carried out for all risks, considering publicly available sources as well as climate and economic forecasts for the relevant time horizons and scenarios. This information was used to assess the probability and consequences of the risk, whereby the risks were categorized according to the existing dimensions and assessments along the risk management framework already established in the company.

Existing controls to minimize the identified risks were reviewed and, where relevant, included in the risk assessment. Two scenarios were used in the analysis to understand the potential extent of the impact on Fabasoft:

- Paris-aligned: The scenario is aligned with the general goals of the Paris Agreement to limit global warming to below two degrees Celsius, using the Shared Socio-economic Pathway (SSP) 1 - 2.6 of the Intergovernmental Panel on Climate change (IPCC) and the Sustainable Development Scenario of the International Energy Agency (IEA) as a benchmark. In this scenario, the transition risks were primarily assessed.
- Hot House World: This scenario is based on the assumption of global warming of around four degrees Celsius, based on the IPCC's SSP 5 - 8.5 scenario. This scenario was mainly used to assess physical risks.

In line with the TCFD recommendations, the analyses were conducted over three different time horizons. The short-term perspective (up to 2026) is intended to identify the immediate risk exposure, while the medium-term (up to 2030) and long-term (up to 2050) time horizons focus on the broader international political environment, which also includes the regulations of the Paris Agreement and the EU Green Deal.

When assessing climate-related risks, a distinction was made between acute and chronic physical impacts on business activities and transitory risks to the business model. Physical risks are natural events such as floods, forest fires or extreme heat, which primarily have an impact on the supply chain, the locations of offices and data centers or lead to price fluctuations due to a shortage of resources. 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 and the associated costs on the market.

Management of climate-related risks

Risk minimization measures are documented in a separate, internal climate risk register. This register is reviewed annually by the sustainability officers and key management personnel and updated as necessary. Existing and emerging regulatory requirements in connection with climate change are also considered. In line with general Fabasoft risk management, risks categorized as "catastrophic" are escalated by the risk owners and assessed directly by the management. In addition, existing controls are evaluated and appropriate mitigation strategies are developed.

A total of twelve risks were identified as relevant to the Fabasoft Group. These include, for example, disruptions in the supply chain for raw materials that could affect the timely delivery of hardware or regional power outages that could lead to operational disruptions. Existing controls were considered when assessing the impact and probability of all climate-related risks.

In all cases, the assessment of the residual risk was below the internally defined materiality threshold, above which further risk management measures would be required to mitigate the risk in accordance with the requirements of Fabasoft's general risk management. The overall impact on Fabasoft's business model, income statement, and balance sheet is therefore considered immaterial.

The Fabasoft Group's current control environment, combined with its business model and the scope of climate-related opportunities, creates a relatively low risk environment with regard to climate change.

2.2.7. Financial risks

There is a risk that customer expectations of individual products of the Fabasoft Group will not be met in the medium term in such a way as to compensate for the significant initial investments and the resulting increase in monthly expenses. For example, if use cases prove not to be useful from the customer's perspective or if AI is used in areas for which it is not suitable. This can lead to a reduction in revenues and a simultaneous increase in expenses, which can have a negative impact on earnings.

The risk of defaults on receivables is still considered relatively low due to the customer structure in the public sector and the resulting composition of customer receivables. In particular, usage fees are collected at the beginning of the term and linked to the provision of services. There is an interest rate risk for both other financial assets and long-term financial liabilities. While financial assets pose only a low risk due to their short-term liquidity, an increase in interest rates could lead to higher financing costs for long-term bank liabilities with variable interest rates. This risk is monitored on an ongoing basis as part of liquidity and financial planning. Currency risks exist in particular where receivables or liabilities or balances with financial and insurance institutions are denominated 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 company's existing continuing obligation contracts with customers and partners for recurring revenue generally include options for inflation adjustments. These are usually measured against a general, published index. The adjustment option generally exists on specific dates or after specific periods and once certain thresholds have been exceeded. This usually results in a time lag between the rise in inflation and the impact of price adjustments on revenue. Furthermore, it should be noted that price increases, particularly among suppliers, as well as the rise in personnel costs and personnel acquisition costs, may in some cases still be significantly higher than the published index figures used for contract adjustments. Although both the ECB key interest rate and inflation in the core European markets declined in the reporting period, there is still a risk that the difference between the current interest rate level and a potential loss of purchasing power will widen again, particularly in the event of persistent or renewed increases in procurement and energy costs and inflation-related salary adjustments.

2.3. Forecast report

Like the entire software industry, the Fabasoft Group's software product business continues to undergo a transformation process characterized by technological developments, regulatory requirements, and changing customer needs.

Artificial intelligence

After a phase of high expectations and public attention, the focus in the field of AI is increasingly shifting to concrete, economically viable applications. At Fabasoft, the sustainable benefits for customers, i.e., improving efficiency, quality and access to information are at the forefront. The close technological cooperation with Mindbreeze forms a powerful basis for this. The AI functionalities are designed to meet the high requirements for security, transparency, and data sovereignty. Data does not leave the customer-specific environment, and existing rights and access concepts are maintained. In addition, sources are traceably identified – a key aspect for explainability, especially when using generative methods for text creation or content summarization. The areas of application are diverse and range from process automation and intelligent information processing to specific document use cases.

The greatest challenge in an algorithm-driven society and economy will be to underpin AI ethically – with the focus on people – and to make its decision-making processes explainable.

Cloud-native architecture

A central element of technological transformation is a consistent focus on cloud-native architecture. This is based on modular, container-based components and enables software solutions to be delivered in a flexible, scalable, and future-proof manner. Cloud-native also forms the basis for efficient further development, shorter innovation cycles, and better adaptability to different operating environments. While the private sector is increasingly relying on Fabasoft for its entire operations, the public sector continues to run many applications in its own data centers. Here, Fabasoft provides targeted support for the transformation to modern cloud-native operating models within the framework of customer-specific infrastructure.

Flexible operating models

The public sector and regulated industries in particular have high requirements for data protection, security, and digital sovereignty. Fabasoft meets these requirements by providing flexible operating models: Customers can choose between public cloud, government cloud, private cloud, or operation via a hyperscaler of their choice. These options increase acceptance and allow individual security and compliance requirements to be met while supporting national cloud strategies and multi-cloud approaches. Such strategies are becoming increasingly important in the public sector in particular in order to reduce dependencies and strengthen sovereignty.

Software as a Service (SaaS)

The market is increasingly moving toward flexible, scalable, and service-oriented use. Customers expect modern software solutions that are available without high implementation costs and can be adapted dynamically. Fabasoft is responding to this change with a clear focus on cloud-native products that are based on a SaaS model and meet the long-term requirements of businesses and public authorities. At the same time, the company remains in a position to offer traditional purchase and license models in response to tenders – particularly in public administration, where the acquisition of perpetual usage rights is still required in some cases.

Investments in growth measures

In order to consistently continue on its growth course, the Fabasoft Group is setting clear investment priorities for the fiscal year 2025/2026: the focus will be on product innovations, the targeted expansion of expertise in the field of AI – including the development of corresponding capacities in the data centers – the strengthening of sales and marketing, and the acquisition of new talent to actively shape future opportunities. In addition, the company's organization will be specifically geared towards growth and the Fabasoft brand will be positioned for the future as part of a comprehensive rebranding.

Fabasoft will continue to invest in the development, distribution and marketing of content-focused solution offerings. In addition to business-oriented organic growth opportunities, inorganic options will also continue to be evaluated and pursued.

Just as it does for our customers, SAP forms the financial backbone of the Fabasoft Group. In order to optimally support further growth and to standardize and professionalize group-wide financial processes in the long term, Fabasoft has initiated the transition to SAP S/4HANA Public Cloud and SAP SuccessFactors for all group companies. This is an important step toward a future-oriented, scalable system landscape.

The company also aims to establish and expand successful international partner infrastructures. This would involve significant upfront investments, particularly in international marketing, cross-regional presence, partner support, and personnel expansion.

These investments and the planned expansion and growth initiatives will continue to impact the Fabasoft Group's profitability in fiscal year 2025/2026. At the same time, strategic issues of high relevance for sustainable and future-oriented development will continue to be given priority over short-term earnings targets.

The Fabasoft Group, which successfully implements the core topics of digital transformation with its comprehensive and proven range of products and services, will continue to be well positioned to seize opportunities even in a difficult market environment characterized by global political and economic upheaval.

3. Report on research and development within the Fabasoft Group (Fabasoft AG does not undertake any research or development)

Fabasoft invested around 30.7 % of its revenue in research and development in the reporting period. The investment focus was particularly on user-oriented applications of AI in the Fabasoft Group's high-performance solutions.

Within the Fabasoft Group, dedicated product teams are responsible for product-related research and software development. The development activities of these teams follow the agile method framework "Scrum" with the aim of creating innovation and added value in accordance with the principles of "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. Furthermore, research topics in the context of digitalization are dealt with in international collaborations.

3.1. The Fabasphere

The Fabasphere AI Core

During the reporting period, research and development in Fabasphere AI Core focused on further improving the use of Mindbreeze AI in Fabasoft Solutions. During the reporting period, enhancements and improvements were implemented in Fabasphere AI Core in the areas of email communication and process and form design. In the area of digital signatures, SwissSign was integrated as an additional trust service provider for qualified electronic signatures.

The development tools were improved in various areas to support and optimize the development of Fabasoft Solutions. For example, advanced debugging options are now available.

The Fabasoft Solutions

Fabasoft Approve

At Fabasoft Approve, AI-supported use cases were the focus of further development, in particular chat with documents and complex document structures. Of particular note is the implementation of chat with instruction documents for review steps as part of review planning. In addition, further functions for FMEA in quality management were implemented.

Fabasoft Boards

During the reporting period, Fabasoft Boards focused on seamless technical integration with Fabasoft eGov-Suite and Fabasoft OneGov. In addition, the range of functions offered by Fabasoft Boards was significantly expanded. An important step was the implementation of the first AI-supported use cases, such as the summarization and translation of applications. A particular highlight in application management is the newly created option of customizing the entire application process using BPMN 2.0. In addition, protocols can now also be created directly in Microsoft Word.

Fabasoft Contracts

For Fabasoft Contracts, the focus was on implementing new AI features. Among other things, the team researched the automated review of contracts based on a wide range of aspects such as knockout criteria or specific clauses. Customers can create their own individual checklists or use ready-made checklists for specific use cases, such as checking non-disclosure agreements. In addition, the new AI chat function enables quick answers to questions about document content.

Fabasoft Dora

At Fabasoft Dora, research and development focused on the further development of the automatically generated information register, which financial companies must report annually on all outsourced ICT services in accordance with the EU DORA regulation. In addition, AI checklists were designed to support the monitoring of contracts for compliance with DORA regulations.

Fabasoft Oblivation

At Fabasoft Oblivation, research and development during the reporting period focused on developing an AI-supported solution for automating the CDP sustainability reporting process. The research combines AI-powered information gathering with Mindbreeze AI and workflow automation in the Fabasoft Cloud to provide customers with this use case for annual reports and save them hundreds of hours of manual administrative work. Fabasoft Oblivation thus helps sustainability teams focus expert resources on strategic improvements to environmental impact rather than repetitive manual tasks.

Fabasoft OneGov

The further development of Fabasoft OneGov focused on AI-supported use cases such as chatting with dossiers and automatic document summarization. A special feature is the voice-controlled translation of the summary into the language of the user interface. The filing system now optimally supports the "group-by-three" principle and can be expanded with additional components. Fabasoft OneGov now also meets the requirements for BAR delivery. With the new generation of Fabasoft OneGov in mind, additional functions have been implemented for the migration path.

Fabasoft Talents

At Fabasoft Talents, the focus was on further developing the personnel file, particularly the design of the user interface. Technical and content development was driven forward based on a revised design concept.

Fabasoft Xpublisher

Fabasoft Xpublisher has placed a special focus on AI applications. Alongside automatic text summarization, journal articles and entire book manuscripts can now be pre-translated into various languages. In addition, intensive work has been carried out on the further development of the integrated editor for structured XML documents. This particularly concerns the simple transfer of Microsoft Word content, the restructuring of this content according to the principle of guided authoring, and improved collaboration functions that will enable simultaneous editing of a document by several people.

Fabasoft eGov-Suite

In the past fiscal year, the Fabasoft eGov-Suite development team focused increasingly on implementing AI-based use cases. Among other things, a use case was developed for interacting with business objects, such as files, using Mindbreeze AI Chat. This solution enables users to interact with a business object in natural language to retrieve information about people or documents involved, for example.

In addition, the processing of the information supplied was upgraded to a low-code/no-code model in order to accelerate business management processes or, where necessary, automate them completely.

Development activities relating to the operation of Fabasoft eGov-Suite in a cloud-native infrastructure were intensified. In addition to the essential foundations, specific containers for a Fabasoft eGov-Suite web service for use in a cloud-native infrastructure were also created.

Finally, the Fabasoft eGov-Suite feature set was expanded based on customer requirements and legal requirements. Of particular note is the implementation of the Freedom of Information Act in Fabasoft eGov-Suite, already included in version 2025, to give our customers the time they need to familiarize themselves with the solution and implement it in their organizations.

3.2. Mindbreeze

At Mindbreeze, research and development in fiscal year 2024/2025 focused on generative AI with large language models. Numerous enhancements were made to Mindbreeze InSpire's Insight Services to enable users to communicate intuitively with company data in the Insight Workplace.

The Insight Workplace offers users a new way of providing and preparing data. Mindbreeze InSpire understands questions posed in natural language and, depending on the content, automatically selects the appropriate visual representation (Insight App). These can be lists, graphics, diagrams, with or without a chat window, which the Insight App Designer generates automatically. The entire generation and "thinking process" is presented transparently and comprehensibly in a "chain of thought." Links to the data sources from which the content originates serve to verify the results. Users interact with the information, select information, chat with it, or have summaries created. Only the content from the selected information is considered for generation. Depending on requirements, further questions or tasks are asked, or the answers are narrowed down and focused using inputs and filters.

Mindbreeze InTend focused on the integration and further development of retrieval-augmented generation and generative AI in quotation processes and on providing the solution to Mindbreeze InSpire customers. Since December 2024, customers and partners have been able to enjoy the benefits of Mindbreeze InTend directly in their existing installations.

For administrators, the retrieval and generation process (RAG pipeline) was continuously optimized. In addition to the relevant response text excerpts from the index, semantic text structures are now also provided to the RAG and the LLM to generate even more precise responses. Insight into search queries and prompts used enables precise tracking of the retrieval and generation processes.

During the reporting period, the developers also laid the technological foundation for future multimodal interactions with Mindbreeze InSpire. This means that, in addition to entering questions in text form, other formats and combinations such as images, video, and speech are also possible. Results are also generated in different modalities such as text, images, or graphics.

4. Report on the stock, purchase and sale of the company's own shares

Share buyback program Fabasoft AG

On 13 August 2024, the Managing Board of Fabasoft AG, with the approval of the Supervisory Board, resolved to make use of the authorization granted by the Annual General Meeting on 2 July 2024 to acquire own shares in accordance with Section 65 (1) (4) and Section 65 (1) (8) of the Austrian Stock Corporation Act (AktG) and to launch a share buyback program for the period from 15 August 2024, to 30 September 2025 at the latest.

Under this share buyback program, shares in the company were to be acquired up to a total volume of EUR 2 million excluding incidental acquisition costs.

On 10 December 2024, the maximum repurchase volume of EUR 2 million (excluding incidental acquisition costs) was reached and the share buyback program was thus completed.

The repurchase volume under the share buyback program amounted to 125,409 shares. This corresponds to an amount of EUR 125,409 of the share capital, or 1.14 % of the company's share capital of EUR 11,000,000.00. The total number of treasury shares held by Fabasoft AG as of 31 March 2025 was 223,627. This corresponds to EUR 223,627 of the share capital, or 2.03 % of the company's share capital of EUR 11,000,000.00.

The share buyback was carried out under the management of a bank that made its decisions on the timing of the acquisition of the shares independently and without influence from the company. The acquisition was made via the stock exchange in compliance with the safe harbor provision in Article 5 of Regulation (EU) No. 596/2014, with the exception of the repurchase purpose. This is broader than provided for in Article 5 (2) of Regulation (EU) No. 596/2014. This means that the shares can be used for all purposes specified in the authorization granted by the Annual General Meeting on 2 July 2024.

The purchase price paid on the stock exchange for the share buyback program, which ran from 15 August 2024, to 10 December 2024, averaged EUR 15.9477 per share. A total of shares were repurchased for a total purchase price of EUR 1,999,985.80 (excluding incidental acquisition costs). No treasury shares were sold in fiscal year 2024/2025. The company has no rights attached to treasury shares. The purposes for which treasury shares may be used and sold are explained in section 6.

5. Reporting of significant features of the internal control and the risk management system with regard to the financial reporting process at Fabasoft AG and the Fabasoft Group

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

Those responsible for controls and processes ensure that their controls and processes are appropriate, effective, and efficient. They ensure that internal and external sources of information relevant to the functioning of the controls and processes are considered and that controls are carried out at the defined time or at the defined intervals. They communicate the necessary information on the control objectives and implementation (control execution) to those responsible for carrying out the controls.

Fabasoft's group-wide risk management system aims to identify significant developments that could jeopardize the continued existence of the company at an early stage through a risk early warning system. Climate-related opportunities and risks are also integrated into the risk management system.

Information pursuant to Section 243a (2) of the Austrian Commercial Code

A comprehensive reporting system based on key performance indicators has been implemented within the Fabasoft Group to enable risks to be identified at an early stage. The Finance organizational unit is responsible for reporting. The data consists of strategic and operational key performance indicators, which are reported on a monthly basis. During regular reviews between the managing board and the organizational units, the detailed plans are coordinated with the overall plan, the target/actual figures are compared, and an outlook for the following quarters is provided. In addition, an internal control system (ICS) has been set up, which is described as follows: Fabasoft has installed an internal control system in the areas of human resources, purchasing, revenue cycle, and tax, which uses control points and is based on a dual control principle and corresponding process definitions and guidelines to ensure compliance with laws and standards and to prevent dishonest and illegal actions.

The ICS guidelines for human resources, purchasing, revenue cycle, and tax have been comprehensively documented in writing and linked to a coordinated control matrix. These matrices contain all automated and manual internal controls that must be performed. The documents (ICS guidelines and control matrix) are revised or updated once a year or ad hoc in the event of fundamental changes. Compliance with the control points is checked at regular intervals by means of random samples. The responsibilities and accountabilities contained in the risk management and internal control system (ICS) apply to all subsidiaries and are centrally managed by the head office in Linz.

ICS Purchasing

The ICS guideline for purchasing regulates the procurement of goods and services for the entire Fabasoft Group. The aim of ICS purchasing is to procure the required goods and services in the required quality, in the right quantity, at the best possible prices, and on time.

ICS Human Resources

The ICS Human Resources covers all processes related to personnel matters within the Fabasoft Group, from job advertisements to the termination of employment. The aim is to ensure that all personnel matters are handled in a legally compliant manner, to promote the qualifications and further development of employees, and to ensure the correct calculation of salaries and fringe benefits, thereby also ensuring the cost-effectiveness of personnel deployment.

ICS Revenue Cycle

The ICS Revenue Cycle describes all activities and controls relating to revenue generation within the Fabasoft Group, from market analysis to receipt of payment from the customer. The aim is to standardize and verify business activities in the Group's companies (service progress, service provision, invoicing, receipt of payments, other financial information) through clearly defined and documented processes and responsibilities, supported by technology.

ICS Tax

The tax control system (ICS Tax) covers all activities, processes, and risks related to taxes within the Fabasoft Group. Its objectives are to ensure legal and planning certainty, reduce tax risks by providing binding clarity on the tax treatment of issues as early as possible, reduce compliance costs, and ensure timely and legally correct tax collection.

Annual financial statements and consolidation

The annual financial statements of Fabasoft AG are prepared by the Managing Board in accordance with the Austrian Commercial Code (UGB) as amended and audited by the Supervisory Board.

The consolidated financial statements of Fabasoft AG are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the provisions of company law pursuant to Section 245a of the Austrian Commercial Code (UGB). The consolidated financial statements are prepared by the Managing Board and reviewed by the Supervisory Board prior to publication.

Interim consolidated financial statements are prepared in accordance with International Accounting Standard 34 (IAS 34) and published after approval by the Managing Board.

The Accounting Manual documents standards and guidelines to ensure smooth accounting and financial reporting processes. The guidelines contained therein apply to the accounting and financial reporting of Fabasoft AG and also apply to all subsidiaries. In addition, the consolidation process is documented in writing in the Accounting Manual.

The use of IT systems ensures transparent, traceable processing and audit-proof archiving of company data. The systems have interfaces that enable data to be exchanged.

Budgeting is carried out once a year by the heads of the organizational units and is approved by the Managing Board and the Supervisory Board.

6. Information on capital, share, voting and control rights and associated obligations

Information pursuant to Section 243a (1) of the Austrian Commercial Code

1. The capital stock of Fabasoft AG is divided into 11,000,000 individual shares.
2. The Managing Board is not aware of any restrictions beyond the scope of legislation that concern voting rights or the transfer of shares.
3. The company has received the following notifications of shareholdings amounting to at least 10 percent of the capital:
   • Fallmann & Bauernfeind Privatstiftung: 42,90 %.
4. There are no shares with special control rights.
5. There is no control over voting rights of employees who are also shareholders.
6. There are no provisions deviating from the law regarding the appointment and dismissal of members of the Managing Board. Resolutions on amendments to the Articles of Association pursuant to Section 146 (1) of the Austrian Stock Corporation Act (AktG) require a simple majority of the share capital represented at the time of the resolution, unless the object of the company is affected. The Supervisory Board is subject to the rotation principle, according to which one member of the Supervisory Board is newly elected each year.
7. Authority of the members of the managing board that go beyond the law, especially with regard to the possibility of issuing or buying back shares:

Authorized capital:
In accordance with the resolution of the Annual General Meeting on 3 July 2023, the Managing Board is authorized pursuant to Section 169 (1) 1 of the Austrian Stock Corporation Act (AktG), to increase the share capital by up to EUR 5,500,000.00 to up to EUR 16,500,000.00 until 9 September 2028 (entry 69, commercial register FN 98699x of the Linz Regional Court).

Acquisition of own shares in accordance with Section 65 (1) (4) of the Austrian Stock Corporation Act:
Resolution of the Annual General Meeting of 2 July 2024 on the authorization to acquire treasury shares pursuant to Section 65 (1) (4) of the Austrian Stock Corporation Act (AktG) for the purpose of issuing shares to employees, executives and members of the Managing Board of the company or an affiliated company for a period of 30 months up to a maximum share of ten percent of the company's share capital.

The consideration permitted upon repurchase may not exceed 10 % above and must not be less than 20 % below the average closing price on the Xetra trading platform of Deutsche Börse AG on the last five trading days prior to the determination of the purchase price.
The treasury shares acquired on the basis of this authorization, together with other treasury shares already acquired and still held by the company, may not exceed 10 % of the company's share capital. The respective buyback program and its duration must be published.

Acquisition of own shares in accordance with Section 65 (1) (8) of the Austrian Stock Corporation Act:
Resolution of the Annual General Meeting of 2 July 2024 authorizing the acquisition of treasury shares pursuant to Section 65 (1) (8) of the Austrian Stock Corporation Act (AktG) for a period of 30 months up to a maximum of 10 percent of the Company's share capital. The consideration permitted for the repurchase may not exceed 10 % above and must not be less than 20 % below the average closing price on the Xetra trading system of Deutsche Börse AG on the last five trading days prior to the determination of the purchase price. The treasury shares acquired on the basis of this authorization, together with other treasury shares already acquired and still held by the company, may not exceed 10 % of the company's share capital. The respective buyback program and its duration must be published.
This authorization also includes the acquisition of shares by subsidiaries of Fabasoft AG (Section 66 AktG). The acquisition may be made through the stock exchange, by way of a public offer or in any other manner permitted by law and for any purpose permitted by law.
The Managing Board is also authorized to redeem treasury shares after repurchase and treasury shares held by Fabasoft AG without further resolution by the shareholders' meeting. The supervisory board is authorized to resolve amendments to the articles of association resulting from the redemption of shares. This authorization may be exercised in whole or in part and also in several parts.

Utilization and sale of own shares:
Resolution of the Annual General Meeting on 2 July 2024, authorizing within five years, i.e. up to and including 2 July 2029, with the approval of the Supervisory Board and without further resolution by the Annual General Meeting, to sell or use treasury shares after repurchase and treasury shares of Fabasoft AG held by Fabasoft AG in a manner other than through the stock exchange or by means of a public offer, in particular treasury shares

(i) for issue to employees, company executives and/or members of the Managing Board/Management of the company or an affiliated company, including for the purpose of servicing share transfer programmes, in particular share options, long-term incentive plans or other participation programmes;
(ii) for servicing convertible bonds that may be issued;
(iii) as consideration for the acquisition of companies, shareholdings or other assets, and
(iv) for any other legally permissible purpose; and to hereby exclude shareholders' subscription rights (exclusion of subscription rights), whereby the authorization may be exercised in full or in part as well as in several parts and for the pursuit of several purposes. Within this framework, the Managing Board shall also have the possibility of offering the shares by means of indirect subscription rights, i.e. via an intermediary credit institution. In this case the intermediary credit institution assumes the new shares with the obligation of offering these to shareholders for subscription.

8. With the exception of the information specified under section 9, significant agreements of the company which, as a result of a change of control in the company due to a takeover bid, become effective, change or terminate, and the effects of such agreements, are not disclosed, as this would be extremely damaging to the company, and other legal stipulations state that the company is not expressly obliged to disclose such information.
9. No compensation agreements exist between the company and the members of its Managing Board, Supervisory Board or workforce in the event of a public takeover bid.

Linz, 28 May 2025

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

Ing. Oliver Albl e.h.
Member of the Managing Board

Matthias Wodniok
Member of the Managing Board

Annual Financial Statements

Auditor’s report

Report on the Financial Statements

Audit Opinion

We have audited the financial statements of Fabasoft AG, Linz These financial statements comprise the balance sheet as of 31 March 2025, the income statement for the fiscal year then ended and the notes.

Based on our audit the accompanying financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Company as of 31 March 2025, and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles.

Basis for Opinion

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

Key Audit Matters

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

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

Valuation of shares in affiliated companies

Description

Fabasoft AG reports carrying amounts for investments in affiliated companies (EUR 38.9 million as of 31 March 2025) in its individual financial statements according to UGB and income from reversal of impairments on financial assets (EUR 0.5 million) and expenses from impairment on financial assets (EUR 1.1 million) in the income statement for 2024/2025.

For the investments in affiliated companies, Fabasoft AG assesses whether there are indications of a decreased or increased fair value.

If such indications exist, a company valuation is performed for the affected affiliated company, and the carrying amount of the investments is adjusted to the result of the company valuation if necessary.

The relevant disclosures of Fabasoft AG regarding investments in affiliated companies and the associated impairments are included in the notes “2.1. Fixed Assets,” “3.1.1. Fixed Assets,” “4.5. Income from Financial Assets,” and “4.6. Expenses from Financial Assets.”

We considered the valuation of investments in affiliated companies to be a key audit matter because the amounts are significant, the valuation is complex, and it requires judgment. The valuation is also based on assumptions influenced by future market and economic parameters.

How we addressed the matter during the audit:

Our audit procedures included, among others, the following:

We assessed the design of the process for valuing investments in affiliated companies.

We reviewed the analysis conducted by the company for indications of a possible significant decrease in the fair value of the investments in affiliated companies. Additionally, we discussed with the legal representatives whether there were any further indications of a significant decrease in the fair value of the investments in affiliated companies.

We reviewed the valuation model. Furthermore, we reconciled the forecasted revenues and EBIT margins, as well as the investments and changes in working capital for all valuation units for which the company conducted a valuation, with the plans presented to the supervisory board and analyzed the planning assumptions. We also reviewed the assumptions regarding discount rates and growth rates. EY valuation specialists supported us in performing the audit procedures.

We assessed the appropriateness of the disclosures in the notes regarding the valuation of investments in affiliated companies.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the management report and the auditor's report thereon.

We received the Corporate Governance Report until the date of this audit opinion; the rest of the annual report is estimated to be provided to us after the date of the auditor's report.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

Comments on the Management Report

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

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

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

Opinion

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

Statement

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

Additional information in accordance with Article 10 EU regulation

We were elected as auditor by the ordinary general meeting on 2 July 2024. We were appointed by the Supervisory Board on 12 August 2024. We are auditors without cease since 2023/24.

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

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

Responsible Austrian Certified Public Accountant

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

Linz, 28 May 2025

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H

Mag. Erich Lehner mp
Wirtschaftsprüfer / Certified Public Accountant

*) *This report is a translation of the original report in German, which is solely valid. Publication or sharing with third parties of the financial statements together with our auditor's opinion is only allowed if the financial statements and the management report are identical with the German audited version. This audit opinion is only applicable to the German and complete financial statements with the management report. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions.*

Statement of all Legal Representatives

We, Prof. Dipl.-Ing. Helmut Fallmann, Ing. Oliver Albl and Matthias Wodniok, as Members of the Management Board and legal representatives of Fabasoft AG, hereby confirm that to the best of our knowledge, the annual financial statements of the parent company drawn up in accordance with the applicable accounting principles present the truest and fairest view possible of the asset, financial and profit position of the company and that the course of business, operating profit and the situation of the company are presented in thee Management Report in such a way that they present the truest and fairest view possible of the asset, financial and profit situation and that the Management Report also defines all significant opportunities, risks and uncertainties with which the company is confronted.

Linz, 28 May 2025

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

Ing. Oliver Albl
Member of the Managing Board

Matthias Wodniok e.h.
Member of the Managing Board

Report of the Supervisory Board of Fabasoft AG

The Supervisory Board has fulfilled its responsibilities according to the provisions of law and the articles of incorporation in the 2024/2025 fiscal year.

The Supervisory Board of Fabasoft AG held regular quarterly meetings on 28 May 2024, 11 September 2024, 6 December 2024 and 10 March 2025. Meetings of the Audit Committee were also held on 28 May 2024 and 6 December 2024. All meetings of the Supervisory Board and the Audit Committee were held in person. All members of the Supervisory Board and Audit Committee attended the meetings. No conflicts of interest arose on the Supervisory Board in the 2024/2025 financial year. All resolutions were passed unanimously by all members of the Supervisory Board.

The meetings were convened in good time with an informative agenda. The respective meetings were supplemented by handouts and presentations, which were dealt with in chronological order. Each member of the committee had the opportunity to ask additional questions and/or make suggestions.

Key topics in the committee's work were reporting, discussion of the course of business in the individual quarters, including a comprehensive budget comparison, sales activities, investments, operating locations, personnel development, as well as sustainability and capital market topics.

In addition to the formal meetings, as described above, there were opportunities to meet with the Managing Board and exchange information as required. Through its communicative activities, the Managing Board supports the fulfillment of the tasks of the Supervisory Board and the Audit Committee.

Fabasoft AG supports the members of the Supervisory Board with their induction to office as well as with training and further education measures. Individual members of the Supervisory Board took part in various training measures in the reporting year.

At the Supervisory Board meeting on 10 March 2025, the Managing Board and Supervisory Board of Fabasoft AG renewed the annual declaration of conformity with the German Corporate Governance Code in the (current) version dated 28 April 2022 (published in the Federal Gazette on 27 June 2022) to the extent described therein and made it available to the company's shareholders on the company's website in the Corporate Governance section.

In addition, the Managing Board has prepared the sustainability report as part of the 2024/2025 annual report, which has been reviewed by the Supervisory Board.

The auditors appointed for Fabasoft AG, Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., Linz, and the audit committee of the company's Supervisory Board have audited the annual financial statements in accordance with the Austrian Commercial Code as at 31 March 2025 (balance sheet, income statement including notes and management report).

The consolidated financial statements as at 31 March 2025 in accordance with IFRS (balance sheet, statement of comprehensive income, cash flow statement, statement of changes in equity including notes and management report) was likewise audited by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. Linz, and by the company's audit committee.

The audit of the annual financial statements and the consolidated financial statements did not give rise to any objections and both have been awarded an audit certificate. The audit committee of the company's Supervisory Board likewise raised no objections. The Audit Committee also took note of the Corporate Governance report and the auditor's reports pursuant to Article 11 of Regulation (EU) No. 537/2014 on the audit of the annual financial statements of Fabasoft AG in accordance with the Austrian Commercial Code (UGB) and the consolidated financial statements in accordance with IFRS as of 31 March 2025. The separate remuneration report has also been prepared and was the subject of the Audit Committee's monitoring activities.

The Supervisory Board has approved the annual financial statements and the appropriation of the result proposed by the Managing Board in its meeting on 3 June 2025. The annual financial statements are hereby approved.

Linz, June 2025

em. o. Univ.-Prof. Mag. Dr. Friedrich Roithmayr
Chairman of the Supervisory Board