



# Annual Financial Report 2021/2022

## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2022

Assets in kEUR	Note	31/03/2022	31/03/2021
<b>Non-current assets</b>			
Property, plant and equipment	5.1.1.	15,211	12,323
Intangible assets	5.1.2.	4,957	3,715
Other financial assets	5.1.3.	158	169
Other non-financial assets	5.1.4.	452	401
Deferred income tax assets	5.1.5.	517	597
		<b>21,295</b>	<b>17,205</b>
<b>Current assets</b>			
Trade and other receivables	5.2.1.	10,434	9,172
Contract assets	5.2.2.	2,074	1,732
Income tax receivables		73	66
Cash and cash equivalents	5.2.3.	35,823	48,424
		<b>48,404</b>	<b>59,394</b>
<b>Total assets</b>		<b>69,699</b>	<b>76,599</b>
<b>Equity and liabilities in kEUR</b>			
<b>Equity</b>			
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	19,513
Other reserves		-950	-1,055
Adjustment item for currency conversion		394	359
Retained earnings		-4,605	7,181
		<b>25,394</b>	<b>36,998</b>
Non-controlling interest		1,860	2,254
		<b>27,254</b>	<b>39,252</b>
<b>Non-current liabilities</b>			
Provisions for severance payments	5.4.1.	3,885	3,911
Deferred income tax liabilities	5.1.5.	516	416
Other payables	5.4.3.	5,492	5,443
Investment grants	5.6.	187	104
		<b>10,080</b>	<b>9,874</b>
<b>Current liabilities</b>			
Trade and other payables	5.5.1.	10,605	8,074
Liabilities for income taxes	5.5.2.	5,864	5,571
Contract liabilities	5.5.3.	15,896	13,828
		<b>32,365</b>	<b>27,473</b>
<b>Total equity and liabilities</b>		<b>69,699</b>	<b>76,599</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 2021/2022 FISCAL YEAR

in kEUR	Note	2021/2022	2020/2021
<b>Sales revenue</b>	<b>6.1.</b>	<b>58,268</b>	<b>55,090</b>
Other operating income	6.2.	217	394
Expenses for purchased services		-2,855	-2,477
Employee benefits expenses	6.3.	-30,130	-27,510
Depreciation and amortisation expenses	6.4.	-6,117	-5,668
Other operating expenses	6.5.	-7,853	-5,943
<b>Operating result</b>		<b>11,530</b>	<b>13,886</b>
Finance income	6.6.	4	3
Finance expenses	6.6.	-284	-109
<b>Result before income taxes</b>		<b>11,250</b>	<b>13,780</b>
Income taxes	6.7.	-3,370	-4,050
<b>Result for the year</b>		<b>7,880</b>	<b>9,730</b>
<b>Other result (possible reclassification in result for the year):</b>			
Change in adjustment item for currency conversion		36	-50
<b>Other result (no reclassification in result for the year):</b>			
Revaluation effects – severance payments and pensions net deferred income taxes		101	-171
<b>Other result</b>		<b>137</b>	<b>-221</b>
<b>Total result</b>		<b>8,017</b>	<b>9,509</b>
<b>Result for the year attributable to:</b>			
Equity holders of the Parent Company		7,425	8,818
Non-controlling interest		455	912
<b>Total result attributable to:</b>			
Equity holders of the Parent Company		7,565	8,597
Non-controlling interest		452	912
<b>Earnings per share in terms of the results for the year for result attributable to the equity holders of the Parent Company in the fiscal year (expressed in EUR per share)</b>			
basic	9.1.1.	0.68	0.80
diluted	9.1.2.	0.68	0.80

## CONSOLIDATED CASH FLOW STATEMENT FOR THE 2021/2022 FISCAL YEAR

in kEUR	Note	2021/2022	2020/2021
<b>Cash flows from operating activities</b>			
<b>Operating result</b>		<b>11,530</b>	<b>13,886</b>
<b>Adjustments in non-cash items</b>			
Depreciation and amortisation expenses	6.4.	6,117	5,668
Effects from currency conversion		-150	7
Changes in non-current provisions		-26	447
Revaluation effects - severance payments and pensions	5.4.1.	131	-228
Changes in other non-financial assets recognised in profit and loss	5.1.4.	-51	114
Profit from disposal of property, plant and equipment		-26	-107
Income from the dissolution of investment grants*	6.2.	-36	-8
		<b>17,489</b>	<b>19,779</b>
<b>Adjustments in net current assets</b>			
Changes in trade and other receivables and contract assets (without income tax receivables)		-1,063	1,949
Changes in trade and other payables (without income tax and lease liabilities)		1,533	-296
Changes in contract liabilities		1,740	1,034
		<b>2,210</b>	<b>2,687</b>
<b>Cash generated from operations</b>		<b>19,699</b>	<b>22,466</b>
Interest received		3	3
Interest paid		-64	-68
Income taxes paid		-2,987	-1,502
<b>Net cash generated from operating activities</b>		<b>16,651</b>	<b>20,899</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment and intangible assets	5.1.1. 5.1.2.	-6,746	-4,527
Proceeds from sale of property, plant and equipment and intangible assets		27	229
Acquisition of subsidiaries less cash acquired	2.2.2.	-559	0
Investment grants received*		12	0
Changes in investment grants*		0	112
<b>Net cash used in investing activities</b>		<b>-7,266</b>	<b>-4,186</b>
<b>Cash flows from financing activities</b>			
Redemption of lease liability		-1,592	-1,594
Sale of treasury shares		0	6,336
Net change in cash from merger		-64	0
Dividend distribution		-9,350	-7,150
Payments to non-controlling interest	2.2.2.	-11,045	-912
<b>Net cash used in financing activities</b>		<b>-22,051</b>	<b>-3,320</b>
<b>Changes in cash and cash equivalents</b>		<b>-12,666</b>	<b>13,394</b>
<b>Changes in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of period		48,424	35,101
Effect of exchange rates changes		65	-71
Decrease/increase		-12,666	13,394
<b>Cash and cash equivalents at end of period</b>	<b>5.2.3.</b>	<b>35,823</b>	<b>48,424</b>

\*The presentation of the investment grants has been changed for the purpose of improving transparency. For reasons of immateriality no restatement of the previous year's values was undertaken in compliance with IAS 8.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 2021/2022 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
<b>Balance at 31 March 2020</b>		<b>11,000</b>	<b>15,190</b>	<b>-2,013</b>	<b>-884</b>	<b>409</b>	<b>5,513</b>	<b>29,215</b>	<b>2,254</b>	<b>31,469</b>
Other result		0	0	0	-171	-50	0	-221	0	-221
Result for the year		0	0	0	0	0	8,818	8,818	912	9,730
<b>Total result</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>-171</b>	<b>-50</b>	<b>8,818</b>	<b>8,597</b>	<b>912</b>	<b>9,509</b>
Dividend		0	0	0	0	0	-7,150	-7,150	-912	-8,062
Sale of treasury shares		0	4,323	2,013	0	0	0	6,336	0	6,336
<b>Balance at 31 March 2021</b>	<b>5.3.</b>	<b>11,000</b>	<b>19,513</b>	<b>0</b>	<b>-1,055</b>	<b>359</b>	<b>7,181</b>	<b>36,998</b>	<b>2,254</b>	<b>39,252</b>

		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
<b>Balance at 31 March 2021</b>		<b>11,000</b>	<b>19,513</b>	<b>0</b>	<b>-1,055</b>	<b>359</b>	<b>7,181</b>	<b>36,998</b>	<b>2,254</b>	<b>39,252</b>
Other result		0	0	0	105	35	0	140	-3	137
Result for the year		0	0	0	0	0	7,425	7,425	455	7,880
<b>Total result</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>105</b>	<b>35</b>	<b>7,425</b>	<b>7,565</b>	<b>452</b>	<b>8,017</b>
Dividend		0	0	0	0	0	-9,350	-9,350	-594	-9,944
First time consolidation of subsidiaries	2.2.2.	0	0	0	0	0	0	0	336	336
Transactions with non-controlling interest	2.2.2.	0	0	0	0	0	-9,860	-9,860	-590	-10,450
Increase in capital reserve from the merger		0	42	0	0	0	0	42	0	42
<b>Balance at 31 March 2022</b>	<b>5.3.</b>	<b>11,000</b>	<b>19,555</b>	<b>0</b>	<b>-950</b>	<b>394</b>	<b>-4,605</b>	<b>25,394</b>	<b>1,860</b>	<b>27,254</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2022

### 1) Company details

Fabasoft is a European software manufacturer and provider of cloud services. Fabasoft's software and cloud services help digitalise, accelerate, simplify and boost the quality of business processes. They include the receipt, structuring, team and process-oriented provision, processing and handling, secure storage and context-sensitive finding of all business documents as well as the preparation and provision of content for different publication channels. This is complemented by digital, sustainable knowledge transfer based on neuroscientific findings.

Fabasoft 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 2021 to 31 March 2022.

### 2) Accounting policies

#### 2.1. Basis of preparation

The consolidated financial statements were drawn up according to the International Financial Reporting Standards (IFRS) 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 2022:

Standard	Contents	To be applied to new fiscal years as of
IFRS 16	COVID-19-related rent concessions after 30 June 2021	April 2021

In as far as these are individually applicable, the regulations indicated have been implemented in these consolidated financial statements. This had no significant impact on the representation of the assets, liabilities, financial position and profit or loss.

## 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 2022, but their applications had, however, not become mandatory for the 2021/2022 fiscal year:

Standard	Content	Adopted and to be applied to new fiscal years as of
IAS 37	Interest Rate Benchmark Reform	January 2022
AIP 2018 – 2020	Annual improvements to IFRS standards 2018-2020	January 2022
IAS 16	Amendments to property, plant and equipment: Proceeds before intended use (amendments to IAS 16)	January 2022
IFRS 3	Amendments to IFRS 3: Reference to framework	January 2022
IAS 1	Classification of liabilities with regard to current or non-current (amendments to IAS 1)	January 2023
IFRS 17	IFRS 17 insurance contracts and amendments to IFRS 17 insurance contracts	January 2023

Standard	Content	Not adopted and to be applied to new fiscal years as of
IAS 1	Disclosure of accounting policies (amendments to IAS 1 and IFRS practice statement 2)	January 2023
IAS 8	Definition of accounting estimates (amendments to IAS 8)	January 2023
IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	January 2023

IAS 37 has been adapted to specify the scope of fulfilment costs in the case of onerous contracts. All directly attributable costs, i.e. the incremental cost of fulfilling the contract (e.g. directly attributable work and material costs) and any allocation of other costs relating directly to fulfilling the contract (e.g. proportional depreciation of property, plant and equipment used for fulfilment of several contracts), are to be treated as fulfilment costs.

Annual improvements to the IFRS relate to amendments to IFRS 1, IFRS 9, IFRS 16 und IAS 41.

The amendments to IAS 16 now explicitly forbid the deduction of any net income from the procurement cost of an item of property, plant and equipment.

IFRS 3 has been updated to reflect the fact that references now relate to the current 2018 conceptual framework for financial reporting and no longer to the 1989 conceptual framework.

IFRS 17 regulates the principles with regard to the identification, method, valuation, reporting and the notes for insurance contracts and it replaces IFRS 4 Insurance Contracts as of 1 January 2023.

The amendments to IAS 1 only relate to the presentation of liabilities as current and non-current in the balance sheet and not to the level at which or date on which assets, liabilities, income or expenditure are recognized or the information to be disclosed on such items.

Moreover, the changes to IAS 1 and IAS 8 (“Accounting policies, Changes in accounting estimates and errors”) serve to specify to what extent accounting policies have to be explained in the IFRS notes. An uniform and exact definition of the materiality of financial statement information is created, which is intended to bring about a harmonisation of the conceptual framework for financial reporting, IAS 1 and IAS 8 as well as the IFRS Practice Statement “Making Materiality Judgements”.

The amendments of IAS 12 “Deferred taxes” restrict the scope of the exemption of initial recognition of deferred taxes (“initial recognition exemption”). The exemption shall not be applied to transactions that simultaneously give rise to equal taxable and deductible temporary differences.

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 2022 and in accordance with IFRS, as adopted by the EU.

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 2022, 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	Operative Fabasoft business Austria	100	-
Mindbreeze GmbH	Linz/Austria	Information Insight products and marketing	85.5	14.5
KnowledgeFox GmbH	Vienna/Austria	Mobile learning, MicroLearning products and marketing	70	30
Fabasoft Deutschland GmbH	Frankfurt am Main/Germany	Operative Fabasoft business Germany	100	-
Xpublisher GmbH	Munich/Germany	Content Editing, Publishing products and marketing	60	40
Fabasoft Schweiz AG	Bern/Switzerland	Operative Fabasoft business Switzerland	100	-

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
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.

### 2.2.2. Changes to the scope of consolidation

On 20 April 2021 Fabasoft AG increased its holding in Mindbreeze GmbH from formerly 76 % of the company shares to 85.5 %. The shares were acquired from the Management of Mindbreeze GmbH, which had held 24 % before the transaction and now still holds 14.5 %.

Moreover, Fabasoft AG purchased in total 70 % of the shares in the company KnowledgeFox GmbH, which is located in Vienna and a provider of intelligent training apps, in particular in the field of MicroLearning. This constitutes a consistent step in the realisation of the Fabasoft growth strategy. 49.9 % of the participation was effected via already existing shares from shareholders not active in the company and 20.1 % via the subscription of new shares. The previous shareholder-CEO still retains 30 % of the shares in KnowledgeFox GmbH.

The purchase and transfer agreement became effective on 13 January 2022. The share capital increase amounting to kEUR 23 was paid in to KnowledgeFox GmbH by Fabasoft AG on 13 January 2022 and at the same time payment of the investment amount over and above the share capital plus the due purchase price for acquisition of the shares amounting the kEUR 1,449 was also effected.

Full consolidation of KnowledgeFox GmbH was therefore effected for the first time for reasons of simplification on the effective date 1 January 2022.

The effects on the Group's assets and liabilities are as follows:

in kEUR	Values pursuant to IFRS as at 01/01/2022	Fair value adjustment	Amounts recognised for acquisition
Internally developed software	0	508	508
Customer relationships	0	144	144
Order backlog	0	19	19
Property, plant and equipment	66	0	66
Trade and other receivables	100	0	100
Income tax receivables	10	0	10
Cash and cash equivalents	913	0	913
Investment grants	-26	0	-26
Deferred income tax liabilities	0	-73	-73
Other non-current liabilities	-19	0	-19
Financial liabilities	-71	0	-71
Current trade and other payables	-282	0	-282
Contract liabilities	-494	322	-172
<b>Net assets</b>	<b>197</b>	<b>920</b>	<b>1,117</b>
Goodwill			692
Less non-controlling interest in net assets			-336
<b>Purchase price in cash</b>			<b>1,472</b>
Less acquired cash and cash equivalents			-913
<b>Net cash outflow</b>			<b>559</b>

The customer relationships recognised within the framework of the acquisition will be amortised over the next seven years, the internally developed software over the next five years and the order backlog over the next three years.

The non-controlling interests will be recognised at the proportionate share of the identifiable net assets. The non-tax deductible goodwill results in particular from the know-how of the workforce and the potential of the company. The MicroLearning methods developed by KnowledgeFox GmbH and its future-oriented solutions will contribute to the existing ecosystem of the Fabasoft Group with outstanding branch-specific digital services and business process solutions. Acquired assets, which did not meet the recognition and identification criteria, were accounted for under goodwill.

In the period from 1 January 2022 to 31 March 2022 sales revenues of kEUR 77, an EBIT of kEUR -326 and an EBITDA of kEUR -276 were generated by KnowledgeFox GmbH. If the acquisition had taken place to 1 April 2021, the Group sales revenues would have amounted to kEUR 58,857, the Group EBIT kEUR 11,248 and the Group EBITDA kEUR 17,524. These amounts were calculated from the results of KnowledgeFox GmbH taking into account the additional IFRS adjustments, which would have been made if the adjustment of fair value had already been carried out to 1 April 2021.

Evaluation of the fair value of the customer relationships and order backlog were carried out in compliance with the MEEM method (multi-period excess earnings) and evaluation of the fair value of the internally developed software in compliance with the licence price analogy method. The licence price analogy method takes into account the discounted estimated payments of user fees, which are expected to be saved due to the fact that the software is owned by the company itself. The MEEM method takes into account the present value of the expected net cashflows generated by the customer relationships and the backlog of orders, with the exception of all cashflows associated with contributory assets. The measurement of the fair value of the contract liabilities is based on the expected-cost-plus-a-margin approach (reproduction cost method). The valuation model takes into account market prices for similar services, if available, and where appropriate amortized costs of production that are necessary to produce an at most identical duplicate of the asset to be valued.

### **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 capitalised. 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 noncontrolling 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 recognised directly in the consolidated statement of comprehensive 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 are also eliminated where they are not of minor importance.

The accounting and valuation principles of subsidiaries were amended where necessary to ensure standard, Group-wide 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 recognised 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. 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 under other result and then transferred from equity to profit and loss in the event of a sale.

Exchange rate differences when 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:

	Exchange rate as at 31 March	Average rate throughout the fiscal year
<b>Swiss Francs</b>		
2022	1.0280 CHF	1.06823 CHF
2021	1.1080 CHF	1.07692 CHF
<b>US Dollars</b>		
2022	1.1119 USD	1.16137 USD
2021	1.1736 USD	1.16548 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 amortisation and impairment where applicable. Depreciation is linear based on the expected useful life.

Scheduled depreciation and amortisation (without IFRS 16 leasing assets) 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

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

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 derecognised 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 recognised. Reversals for goodwill are prohibited.

## **2.5. Research and Development**

An intangible asset arising from development shall be recognised 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**

Fabasoft entered into leasing relationships as the lessee. Where such a leasing contract exists pursuant to IFRS 16, a right-of-use asset is recognised on the asset side and a corresponding lease liability on the liability side. In the case of short-term leases and leases where the underlying asset has a low value, the Group exercised its right not to recognise 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.

## **2.7. Non-financial assets**

Pursuant to IFRS 15, non-financial assets refer as an asset to capitalised 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 recognised at the time of the conclusion of the contract. They must be subjected to regular amortisation via employee benefits expenses in dependence on how the services, to which the contract acquisition costs refer, are transferred to the customer.

## **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. Fluctuations in the fair value are recognised in profit and loss at each reporting date.

## **2.9. Trade and other receivables**

Trade and other receivables are recognised at the transaction price pursuant to IFRS 15 and accounted for at amortised cost using the effective interest method less necessary allowances.

Where impairment is concerned IFRS 9 has a 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 2022 there was an impairment of only kEUR 4 (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 2022.

## **2.10. Service contracts**

The revenue for service contracts is realised over time in compliance with IFRS 15. In accordance with IFRS 15.35c revenues are to be recognised 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 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, disclosure is made as trade receivables, insofar an unconditional right to payment arises. The disclosure of “receivables from service contracts” is made under the item “contract assets” if the company performs its contractual obligations 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, disclosure is made under “liabilities from service contracts” in the balance sheet item contract liabilities as soon as payment is effected or due.

## **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 2022.

## **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 for the Managing Board of Fabasoft AG was calculated according to the Managing Board contracts.

### **2.12.2. Pension obligations**

The pension provision for the two members of the Managing Board of Fabasoft AG in 2021/2022 fiscal year was calculated based on the contractual pension approvals. The pension approvals for 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 amortised cost using the effective interest method.

Payables in foreign currencies are valued at the market price valid on the balance sheet date of 31 March 2022.

### **2.14. Sales revenue**

Pursuant to IFRS 15 revenue must be recognised 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 licences constitute a right of use of the intellectual property and are recognised in compliance with IFRS 15 after control is transferred at a point in time. Sales revenue from licensing to project partners are deemed realised when the product is sold to the project partner who has no right of return.

Revenue from software update, cloud service and appliance agreements as well as support services are recognised 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 consulting and training activities are also recognised during the provision of the service over time. Sales revenue from service contracts based in fixed-price projects are recognised according to performance progress in compliance with the degree of completion (see section 2.10).

## **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 recognised as other operating income. Accounting of investment grants is effected according to the gross method, there is therefore no reduction in the acquisition costs, but reporting as a separate liability item. Accounting is not carried out before the corresponding assets are capitalised. 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 are based on profits from the corresponding fiscal year.

As of the 2006 year of assessment Fabasoft AG operates as a top-tier leading group in accordance with Austrian tax law. The following subsidiaries are included as Group members in the 2022 year of assessment: (1) Fabasoft International Services GmbH, (2) Fabasoft R&D GmbH, (3) Fabasoft Austria GmbH and (4) Mindbreeze GmbH.

Deferred income tax is calculated 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 carryforwards and deductible temporary differences are included in the balance sheet if it is likely that the company will have sufficient results to be taxed.

Deferred income tax liabilities that occur through temporary differences in connection with interests in subsidiaries and associated companies 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 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.

The Group calculates the degree of completion based on the ratio of the services already provided up to the balance sheet date against the total scope of the services to be provided. If the degree of completion was set 10 percentage points higher or lower, this would result in an increase in sales revenue/receivables of kEUR 594 or a reduction in sales revenue/receivables of kEUR 600.

### **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.

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

If the calculations were based on an interest rate of 0.35 % (instead of 1.20 %) the expense for severance payments (incl. other result) in the 2021/2022 fiscal year would be kEUR 230 higher and the provision for severance payments would be kEUR 4,115 (instead of kEUR 3,885). With an interest rate of 2.05 % the expense for severance payments (incl. other result) in the 2021/2022 fiscal year would be kEUR 205 lower and the provision for severance payments would thus be kEUR 3,680 (instead of kEUR 3,885).

If the calculations were based on an increase in remuneration of 3.04 % (instead of 2.54 %) the expense for severance payments (incl. other result) in the 2021/2022 fiscal year would be kEUR 129 higher and the provision for severance payments amount to kEUR 4,014 (instead of kEUR 3,885). In the case of an increase in remuneration of 2.04 % the expense for severance payments (incl. other result) in the 2021/2022 fiscal year would be kEUR 122 lower and the provision for severance payments amount to kEUR 3,763 (instead of kEUR 3,885).

### **Goodwill**

As presented in section 2.4, an annual impairment test is conducted for the recognised goodwill. These must be based on assumptions such as future cashflows or discount rates. The relevant sensitivities are listed in section 5.1.2.

### **Deferred income tax assets**

Deferred income tax assets are recognised for all unused tax loss carryforwards 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 capitalisation. If, based on this forecast, an existing loss carryforward is not expected to be utilised within an appropriate period of five years, this loss carryforward is not capitalised.

Due to the "eco-social tax reform" as of 1 January 2023 there will be a gradual reduction of corporate income tax from 25 % to 24 % (as of 1 January 2023) and further to 23 % (as of 1 January 2024). This future change in the tax rate was taken into account accordingly in the calculation of the deferred taxes.

### **Accounting of leases**

IFRS 16 requires estimates that influence the valuation of leasing liabilities and usage rights. These include, among others, the determination of contracts that fall under IFRS 16, the lease terms of contracts 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.

### Allowances for receivables

As soon as a loss is deemed probable trade receivables are value adjusted. Indicators for a need of value adjustment include if a customer is in significant financial difficulties, a high probability of bankruptcy, financial reorganisation or a default in payments.

### 2.18. Segment reporting

Reporting about the business segments is conducted in a way that corresponds to that of the reporting to the main decision maker. The main decision maker is responsible for decisions concerning the allocation of resources to the business segments and for the evaluation of its earning power. The Managing Board of Fabasoft AG was deemed to be the main decision maker.

Invoicing prices between segments are based on standard market conditions.

### 3) Subsidiaries with material non-controlling interests

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.

Summarised balance sheet in kEUR	Mindbreeze	
	31/03/2022	31/03/2021
Current assets	11,513	12,968
Current liabilities	-8,647	-8,102
<b>Current net assets</b>	<b>2,866</b>	<b>4,866</b>
Non-current assets	3,688	1,558
Non-current liabilities	-602	-214
<b>Non-current net assets</b>	<b>3,086</b>	<b>1,344</b>
<b>Total net assets</b>	<b>5,952</b>	<b>6,210</b>
Thereof net assets allocated to non-controlling interests	863	1,490

Summarised income statement in kEUR	Mindbreeze	
	2021/2022	2020/2021
Sales revenue	14,271	13,180
Result before income taxes	5,077	5,829
Income taxes	-1,240	-1,606
Result for the year	3,837	4,223
Other result	3	0
<b>Total result</b>	<b>3,840</b>	<b>4,223</b>
Thereof total result allocated to non-controlling interests	557	1,014

Summarised cash flow statement in kEUR	Mindbreeze	
	2021/2022	2020/2021
Cash generated from operations	5,733	8,117
Interest paid	-2	0
Income tax payments	-1,270	-1,213
<b>Net cash generated from operating activities</b>	<b>4,461</b>	<b>6,904</b>
<b>Net cash used in investing activities</b>	<b>-2,630</b>	<b>-811</b>
<b>Net cash used in financing activities</b>	<b>-4,241</b>	<b>-3,841</b>
<b>Net increase in cash and cash equivalents</b>	<b>-2,410</b>	<b>2,252</b>
Effect of exchange rates changes	14	-13
<b>Changes in cash and cash equivalents</b>	<b>-2,396</b>	<b>2,239</b>

The remaining non-disclosed, non-controlling interests in relation to net assets amounting to kEUR 997 (previous year kEUR 764) for the most part concern Xpublisher GmbH with its subsidiary Xpublisher Inc. and in addition KnowledgeFox GmbH, which, however, do not constitute any significant share in the results of the Group results.

#### 4) Financial instruments

Financial instruments are agreements which lead the one company to financial assets and at the same time lead the other company to a financial liability or an equity instrument. According to IFRS 9, these include original financial instruments such as trade receivables and payables or financing receivables and liabilities. Derivative financial instruments, which are employed for example as hedging to secure against risks from changes in exchange rates and interest rates, are also included. No derivative financial instruments were used in the 2021/2022 fiscal year.

Financial instruments to be measured at fair value are categorised 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). The fair values are derived from the current market value.

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

Against the backdrop of the unforeseeable circumstances in connection with the COVID-19 pandemic, it was necessary to adjust the Xpublisher earn-out component in terms of trigger parameters and term. This adjustment was unanimously resolved by the Supervisory Board of Fabasoft AG on 26 July 2021. This leads to an increase in the weighted probabilities for achieving the key performance indicators required for the earn-out.

The defined performance indicators were achieved in the 2021/2022 fiscal year, for this reason a first part of the earn-out component will be paid to the amount of kEUR 600 in the 2022/2023 fiscal year. This amount will be reported as of now under other liabilities.

On attainment of the specific performance indicators, the undiscounted, potentially payable amount in the fiscal years ending on 31 March 2023, 31 March 2024 or 31 March 2025 is kEUR 1,300 (previous year kEUR 1,900). No earn-out payment is made should the specific performance indicators fall short of the targets.

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 2022 break down as follows:

Balance sheet item in kEUR	Category to IFRS 9	Book value	Fair Value – Level II (through profit and loss)	Fair Value – Level III (through profit and loss)	Amortised costs
Cash and cash equivalents	At amortised costs	35,823	0	0	35,823
Trade and other receivables*	At amortised costs	9,389	0	0	9,389
Other financial assets	At fair value through profit and loss	158	158	0	0
Other payables*	At fair value through profit and loss	1,281	0	1,281	0
Trade and other payables*	At amortised costs	2,338	0	0	2,338

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

The financial instruments on 31 March 2021 broke down as follows:

Balance sheet item in kEUR	Category to IFRS 9	Book value	Fair Value – Level II (through profit and loss)	Fair Value – Level III (through profit and loss)	Amortised costs
Cash and cash equivalents	At amortised costs	48,424	0	0	48,424
Trade and other receivables**	At amortised costs	8,213*	0	0	8,213
Other financial assets	At fair value through profit and loss	169	169	0	0
Other payables**	At fair value through profit and loss	1,669	0	1,669	0
Trade and other payables**	At amortised costs	1,765	0	0	1,765

\*As of the 2021/2022 fiscal year, the disclosures of receivables from service contracts have been adjusted (see item 5.2.2).

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

Allowances for trade and other receivables are declared set off with trade and other receivables. Cumulative allowances amount to kEUR 4 (previous year kEUR 7). In the 2021/2022 fiscal year an impairment loss for financial assets amounting to kEUR 0 (previous year kEUR 2) was recorded under other operating expenses.

The following shows the net results from financial instruments:

in kEUR	2021/2022	2020/2021
Interest from loans and receivables (cash and cash equivalents)	-47	-72
Interest from other financial assets	1	1
Foreign currency income/expenses from loans and receivables (cash and cash equivalents)	3	-17
Interest from loans and receivables (trade and other receivables)	2	2
Impairment loss from loans and receivables	0	-2
Impairment of other financial assets	-11	0
Interest from other liabilities	-8	-8
<b>Total</b>	<b>-60</b>	<b>-96</b>

#### 4.1. Primary financial instruments

The financial instruments reported in the balance sheet consist of securities, cash and cash equivalents, receivables and supplier credits. 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 here are made up of financial institutions with an excellent credit rating.

The risk with regard to the safety and retention of value of assets at financial and insurance institutions and the claims against these institutions that in principle cannot be ruled out, 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. The Group has no bank liabilities. All the financial liabilities reported have short-term maturities, with the exception of leasing liabilities and the earn-out liability in connection with the acquisition of Xpublisher GmbH.

Maturity structure of financial liabilities and leases liabilities on 31 March 2022:

in kEUR	Book value	Up to one year	1 to 5 years	More than 5 years
Earn-out liability*	1,281	0	1,281	0
Trade and other payables	2,338	2,338	0	0
Lease liability (IFRS 16)	5,902	1,651	4,386	0

\*In the event of the occurrence of the earn-out conditions (see Section 4) the amount due for payment is kEUR 1,300.

Maturity structure of financial liabilities and leases liabilities on 31 March 2021:

in kEUR	Book value	Up to one year	1 to 5 years	More than 5 years
Earn-out liability*	1,669	0	1,695	0
Trade and other payables	1,765	1,765	0	0
Lease liability (IFRS 16)	5,422	1,645	3,651	156

\*In the event of the occurrence of the earn-out conditions (see section 4) the amount due for payment is kEUR 1,900.

#### 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.

#### 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	31/03/2022	31/03/2021
Euro	34,588	47,254
US Dollars	911	838
Swiss Francs	324	332
<b>Total</b>	<b>35,823</b>	<b>48,424</b>

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 2021/2022	Effect on result before tax 2021/2022	Effect on result before tax 2020/2021
US Dollars	+10% (1.22309)	-83	-76
	-10% (1.00071)	101	93
Swiss Francs	+10% (1.13080)	-29	-30
	-10% (0.92520)	36	37

## Trade receivables in foreign currencies

in kEUR	31/03/2022	31/03/2021
Euro	7,618	7,087
US Dollars*	1,082	314
Canadian Dollars	11	4
Swiss Francs*	354	644
<b>Total</b>	<b>9,065</b>	<b>8,049</b>

\*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	Buildings (IFRS 16) and structural investments	Office furniture and equipment	Advance payments and assets under construction	Total
<b>As at 31 March 2020</b>				
Cost or valuation	10,498	17,450	0	27,948
Accumulated depreciation	-4,827	-11,127	0	-15,954
<b>Net book value</b>	<b>5,671</b>	<b>6,323</b>	<b>0</b>	<b>11,994</b>
<b>thereof IFRS 16</b>	<b>4,780</b>	<b>593</b>	<b>0</b>	<b>5,373</b>
<b>2020/2021 fiscal year</b>				
Opening net book value 31 March 2020	5,671	6,323	0	11,994
Additions	2,378	3,781	0	6,159
thereof IFRS 16	1,415	407	0	1,822
Disposals	-109	-227	0	-336
thereof IFRS 16	-109	-107	0	-216
Depreciation charges	-1,712	-3,710	0	-5,422
thereof IFRS 16	-1,340	-316	0	-1,656
Net exchange differences	-10	-62	0	-72
<b>Closing net book value</b>	<b>6,218</b>	<b>6,105</b>	<b>0</b>	<b>12,323</b>
<b>As at 31 March 2021</b>				
Cost or valuation	12,855	19,609	0	32,464
Accumulated depreciation	-6,637	-13,504	0	-20,141
<b>Net book value</b>	<b>6,218</b>	<b>6,105</b>	<b>0</b>	<b>12,323</b>
<b>thereof IFRS 16</b>	<b>4,740</b>	<b>575</b>	<b>0</b>	<b>5,315</b>
<b>2021/2022 fiscal year</b>				
Opening net book value 31 March 2021	6,218	6,105	0	12,323
Additions	2,852	4,660	1,169	8,681
thereof IFRS 16	1,978	132	0	2,110
Additions from first time consolidation	50	16	0	66
Disposals	-95	-52	0	-147
thereof IFRS 16	-93	-13	0	-106
Reclassification	577	314	-891	0
Depreciation charges	-2,033	-3,787	0	-5,820
thereof IFRS 16	-1,494	-267	0	-1,761
Net exchange differences	20	88	0	108
<b>Closing net book value</b>	<b>7,589</b>	<b>7,344</b>	<b>278</b>	<b>15,211</b>
<b>As at 31 March 2022</b>				
Cost or valuation	15,924	22,644	278	38,846
Accumulated depreciation	-8,335	-15,300	0	-23,635
<b>Net book value</b>	<b>7,589</b>	<b>7,344</b>	<b>278</b>	<b>15,211</b>
<b>thereof IFRS 16</b>	<b>5,201</b>	<b>427</b>	<b>0</b>	<b>5,628</b>

No foreign capital interest for property, plant and equipment has been capitalised.  
The leasing activities accounted for pursuant to IFRS 16 include leased buildings and leased vehicles.



### 5.1.2. Intangible assets

in kEUR	Goodwill	Internally developed software	Customer relationships and orderbacklog	Software licences and other rights	Total
<b>As at 31 March 2020</b>					
Cost or valuation	2,825	541	304	650	4,320
Accumulated depreciation	0	-81	-27	-435	-543
<b>Net book value</b>	<b>2,825</b>	<b>460</b>	<b>277</b>	<b>215</b>	<b>3,777</b>
<b>2020/2021 fiscal year</b>					
Opening net book value	2,825	460	277	215	3,777
Additions	0	0	0	184	184
Depreciation charges	0	-108	-30	-108	-246
<b>Closing net book value</b>	<b>2,825</b>	<b>352</b>	<b>247</b>	<b>291</b>	<b>3,715</b>
<b>As at 31 March 2021</b>					
Cost or valuation	2,825	541	304	834	4,504
Accumulated depreciation	0	-189	-57	-543	-789
<b>Net book value</b>	<b>2,825</b>	<b>352</b>	<b>247</b>	<b>291</b>	<b>3,715</b>
<b>2021/2022 fiscal year</b>					
Opening net book value	2,825	352	247	291	3,715
Additions	692	508	163	176	1,539
thereof from first time consolidation	692	508	163	0	1,363
Depreciation charges	0	-133	-37	-127	-297
<b>Closing net book value</b>	<b>3,517</b>	<b>727</b>	<b>373</b>	<b>340</b>	<b>4,957</b>
<b>As at 31 March 2022</b>					
Cost or valuation	3,517	1,049	467	1,010	6,043
Accumulated depreciation	0	-322	-94	-670	-1,086
<b>Net book value</b>	<b>3,517</b>	<b>727</b>	<b>373</b>	<b>340</b>	<b>4,957</b>

No internally generated intangible assets were capitalised in the 2021/2022 fiscal year except for first time consolidations (previous year kEUR 0).

The position "Customer relationships and orderbacklog" results from the initial consolidation of Xpublisher GmbH in the 2019/2020 fiscal year and KnowledgeFox GmbH in the 2021/2022 fiscal year.

Goodwill from the acquisition of Xpublisher GmbH amounting to kEUR 2,825 (previous year kEUR 2,825) and from the acquisition of KnowledgeFox GmbH in the 2021/2022 fiscal year amounting to kEUR 692 is included in the intangible assets.

These goodwills are allocated to the cash-generating unit (CGU) "Xpublisher GmbH" and to the cash-generating unit (CGU) "KnowledgeFox GmbH" and are tested annually in the fourth quarter for impairment, whereby the recoverable amount of the CGUs are determined by the calculation of the value in use. This is carried out using the discounted cashflow method with a five-year detailed planning phase and subsequent perpetuity. The discount rate used (WACC) for the "Xpublisher GmbH" is 6.83 % after taxes (previous year 7.16 %) or 8.64 % before taxes (previous year 9.15 %), the growth rate of the perpetuity was assumed to be 2 % (previous year 2 %). The discount rate used (WACC) for the CGU "KnowledgeFox GmbH" is 14.62 % after taxes or 16.47 % before taxes, the growth rate of the perpetuity was assumed to be 2 %.

The growth in sales revenue is based on the experience values of the management. 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 tests conducted do not result in a need for value adjustment.

The following sensitivity analyses indicate the impact of the value in use:

		Change in value in use Xpublisher GmbH	Change in value in use KnowledgeFox GmbH
<b>Change in the discount rate by</b>	1 %	-1,888	-152
	-1 %	2,883	180
<b>Change in growth in perpetuity by</b>	1 %	2,434	159
	-1 %	-1,599	-136
<b>Change in annual free cashflows by</b>	10 %	994	160
	-10 %	-994	-160

The sensitivities indicated would not result in the need for value adjustment.

### 5.1.3. Other financial assets

in kEUR	2021/2022	2020/2021
Start of fiscal year	169	169
Fair value changes	-11	0
<b>End of fiscal year</b>	<b>158</b>	<b>169</b>

Other financial assets 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 recognised under other non-financial assets in compliance with IFRS 15 break down as follows:

in kEUR	2021/2022	2020/2021
Start of fiscal year	401	515
Dissolution	-243	-278
Impairment	0	0
Allocation	294	164
<b>End of fiscal year</b>	<b>452</b>	<b>401</b>

### 5.1.5. Deferred income taxes

Deferred income taxes is calculated as follows:

in kEUR	01/04/2021	First time consolidation KnowledgeFox GmbH	Changes of statement of comprehensive income	31/03/2022
Provisions for non-current employee obligations	859	0	-88*	771
Fixed assets	-312	0	37	-275
Service contracts	-35	0	-27	-62
Contract acquisition costs	-117	0	14	-103
Current-value depreciation pursuant to Section 12 of the Corporate Tax Law	13	0	-7	6
Loss carryforwards	189	0	-10	179
Other provisions	1	0	0	1
<b>Deferred income tax assets</b>	<b>597</b>	<b>0</b>	<b>-81</b>	<b>517</b>
Service contracts	-312	0	-117	-429
Fixed assets	-137	-67	-236	-440
Loss carryforwards	12	75	316	403
Deferred income	23	0	-15	8
Contract acquisition costs	-5	0	1	-4
Other provisions	3	0	-1	2
Contract liabilities	0	-80	24	-56
<b>Deferred income tax liabilities</b>	<b>-416</b>	<b>-73</b>	<b>-27</b>	<b>-516</b>
<b>Deferred income taxes</b>	<b>182</b>	<b>-73</b>	<b>-108</b>	<b>1</b>

\*Thereof kEUR -30 were reported as part of other result and offset with the revaluation effects from severance payments.

Write-downs on subsidiaries and receivables from the current-value depreciation pursuant to Section 12 of the Corporate Tax Law that amount to kEUR 25 and have not yet been deducted have resulted in kEUR 6 deferred taxes in the balance sheet.

Deferred income tax receivables for loss carryforwards on 31 March 2022 are as follows:

in kEUR	Existing loss carryforwards	Tax rate	Assessed deferred income taxes	Non-assessed deferred income taxes
Mindbreeze Corporation	1,637	17 %	285	0
Xpublisher GmbH	598	30 %	179	0
Fabasoft Schweiz AG	889	22 %	0	196
Xpublisher Inc.	210	14 %	0	28
KnowledgeFox GmbH	512	23 %	118	0

The loss carryforwards in the Mindbreeze Corporation arose in particular due to the tax-related immediate amortisation of additions of property, plant and equipment. The reported loss carryforwards of the 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 6.34 %. The resulting combined tax rate is 17 %

The reported loss carryforwards of 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 4.74 %. The resulting combined tax rate is 14 %.

Deferred income tax receivables for loss carryforwards on 31 March 2021 were as follows:

in kEUR	Existing loss carryforwards	Tax rate	Assessed deferred income taxes	Non-assessed deferred income taxes
Mindbreeze Corporation	162	7.5 %	12	0
Xpublisher GmbH	628	30 %	189	0
Fabasoft Schweiz AG	433	21.5 %	0	93

The loss carryforwards of the Mindbreeze Corporation reported in the previous year were based exclusively on the level of a US state with an effective tax rate of 7.5%.

Further to current planning calculations management assumes that the deferred income tax receivables can be realised.

Realisation of deferred tax assets:

in kEUR	31/03/2022	31/03/2021
Deferred income tax assets that are expected to be realised after more than 12 months	639	690
Deferred income tax assets that are expected to be realised within 12 months	-122	-93
	<b>517</b>	<b>597</b>

Realisation of deferred income tax liabilities:

in kEUR	31/03/2022	31/03/2021
Deferred income tax liabilities that are expected to be realised after more than 12 months	107	-4
Deferred income tax liabilities that are expected to be realised within 12 months	-623	-412
	<b>-516</b>	<b>-416</b>

In compliance with IAS 12.39 no deferred tax liabilities were recognised for temporary differences in connection with investment in affiliated companies, 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	31/03/2022	31/03/2021
Trade receivables	9,065	8,049
Other receivables	350	208
thereof input tax reimbursement	0	3
thereof deposits	53	30
thereof social security	26	41
thereof other receivables	271	134
Accrued costs	1,019	915
<b>Total</b>	<b>10,434</b>	<b>9,172</b>

Trade receivables are generally recognised with a term of payment of 30 days, there are special agreed due dates with individual customers, which also fall within the short-term segment. There is no variable offset.

Maturity structure of trade receivables:

in kEUR	31/03/2022	31/03/2021
Not yet mature	6,964	5,224
Overdue and depreciated	5	7
Overdue but not depreciated	2,096	2,818
Between 1 and 60 days	1,590	1,759
Between 61 and 90 days	183	505
Between 91 and 180 days	228	498
More than 180 days	95	56

The book values of trade receivables correspond closely to the fair value. Allowances amounting to kEUR 4 (previous year kEUR 7) – see section 2.9 – were formed. There is no further need for value adjustment, in particular due to the branch sector of overdue receivables and payments received after the balance sheet date.

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

### 5.2.2. Contract assets

As of the 2021/2022 fiscal year a detailed presentation is chosen for a better understanding. The receivables from service contracts included to date under trade and other receivables are shown in a separate balance sheet item “Contract assets” in an amount of kEUR 2,074 (previous year kEUR 1,732).

### 5.2.3. Cash and cash equivalents

in kEUR	31/03/2022	31/03/2021
Cash in hand	7	8
Safe-keeping in bank safes	0	12,000
Credit at financial institutions	35,816	35,416
<b>Total</b>	<b>35,823</b>	<b>48,424</b>

### 5.3. Equity

As at 31 March 2022, the company’s share capital was kEUR 11,000 (previous year kEUR 11,000). It is comprised of 11,000,000 individual shares (previous year 11,000,000) at a nominal value of EUR 1.00 per share.

The Group considers equity as those components to be declared 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 utilisable 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. This ratio is calculated as equity divided by total capital. The equity ratio of the Fabasoft Group on the balance sheet date is 39 % (51 % on 31 March 2021).

The following resolutions, among others, were made at the Fabasoft AG Annual General Meeting on 5 July 2021:

A dividend of EUR 0.85 per dividend-bearing share shall be paid out for the 2020/2021 fiscal year.

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

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

### 5.3.1. Reserves

Due to the merger of FB Beteiligungen GmbH with Fabasoft AG the capital reserve rose by kEUR 42 to kEUR 19,555 (31/03/2021: kEUR 19,513). The remainder results in an amount of kEUR 17,173 (31/03/2021: kEUR 17,173) from premiums, in an amount of kEUR 2,027 (31/03/2021: kEUR 2,027) from reorganisations and in an amount of kEUR 313 (31/03/2021: kEUR 313) from former options programmes.

### 5.3.2. Treasury shares

No treasury shares were held as at the reporting date 31 March 2022.

## 5.4. Non-current liabilities

### 5.4.1. Provisions for severance payments

The following significant actuarial assumptions were made:

	2021/2022	2020/2021
Discount rate	1.20 %	0.37 %
Future salary increases	2.54 %	2.57 %
Fluctuation	1.39 %	1.77 %

The calculation of the provisions for severance payments for employees was effected 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 6.68 years.

Severance payment expenses are derived from the following components:

in kEUR	2021/2022	2020/2021
Service cost	137	516
Interest cost	15	17
Payments into employee severance payment and pension funds	209	183
<b>Total severance payment expenses</b>	<b>361</b>	<b>716</b>
<b>Revaluation effects</b>		
-/+ Profit/loss from change to economic assumptions	-241	48
-/+ Experience gain/loss	64	180
<b>Total revaluation effects (loss)</b>	<b>-177</b>	<b>228</b>

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	2021/2022	2020/2021
<b>Value as at 31/3 previous year</b>	<b>3,911</b>	<b>3,464</b>
Service cost	136	516
Interest cost	15	17
Severance payments made	0	-314
<b>Revaluation effects</b>		
-/+ Profit/loss from change to economic assumptions	-241	48
-/+ Experience gain/loss	64	180
<b>Value as at 31/3</b>	<b>3,885</b>	<b>3,911</b>

#### 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 5,056 on the reporting date 31 March 2022 (previous year kEUR 4,532).

in kEUR	2021/2022	2020/2021
Service cost	421	421
Interest cost	57	46
Interest income	-57	-46
<b>Total expenses for pension schemes</b>	<b>421</b>	<b>421</b>
<b>Revaluation effects (loss)</b>	<b>46</b>	<b>50</b>

Changes in net liability in kEUR	Defined benefit obligation	Fair value of plan assets	Net liability
<b>Value as at 31/03/2021</b>	<b>4,532</b>	<b>-4,532</b>	<b>0</b>
Service cost	421	0	421
Interest cost/interest income	57	-57	0
Actuarial effects/income from plan assets without interest income	46	-46	0
Contributions paid by the employer	0	-421	-421
<b>Value as at 31/03/2022</b>	<b>5,056</b>	<b>-5,056</b>	<b>0</b>

#### 5.4.3. Other payables

in kEUR	31/03/2022	31/03/2021
Non-current leasing liabilities	4,211	3,774
Earn-out liability	1,281	1,669
<b>Total</b>	<b>5,492</b>	<b>5,443</b>

#### 5.5. Current liabilities

##### 5.5.1. Trade and other payables

in kEUR	31/03/2022	31/03/2021
Trade payables	2,338	1,483
Prepayments received	996	725
Current leasing liabilities IFRS 16	1,691	1,648
Payables from other taxes	898	682
Payables for social security payments	499	429
Other current payables	4,183	3,107
thereof short-term employee benefits	3,509	3,047
thereof other payables	674	60
<b>Total</b>	<b>10,605</b>	<b>8,074</b>

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

Maturity structure of trade payables:

in kEUR	31/03/2022	31/03/2021
Not yet mature	2,218	1,461
Overdue	120	22
Between 1 and 60 days	120	22
Between 61 and 90 days	0	0
Between 91 and 180 days	0	0
More than 180 days	0	0



No other payables had matured on 31 March 2022.

The book values correspond closely to the fair value.

### 5.5.2. Income tax liabilities

in kEUR	31/03/2022	31/03/2021
Austria	2,536	3,014
Other countries	3,328	2,558
<b>Total</b>	<b>5,864</b>	<b>5,571</b>

### 5.5.3. Contract liabilities

Contract liabilities include revenue received from software update, cloud service and appliance agreements as well as support agreements, which will not have an effect on profit until the 2022/2023 fiscal year.

Transfer of contract liabilities:

in kEUR	01/04/2021	Dissolution 2021/2022	Allocation 2021/2022	31/03/2022
Contract liabilities in compliance with IFRS 15	13,828	-13,561	15,629	15,896

This includes contract liabilities resulting from service contracts pursuant to IFRS 15 amounting to kEUR 798 (previous year kEUR 288).

The terms of the contract liabilities break down as follows:

in kEUR	31/03/2022	31/03/2021
Up to one year	14,832	13,561
Longer than one year	1,064	267
<b>Total</b>	<b>15,896</b>	<b>13,828</b>

### 5.6. Investment grants

in kEUR	31/03/2022	31/03/2021
Investment premiums	187	104
<b>Total</b>	<b>187</b>	<b>104</b>

Investment premiums are recognised in the balance sheet item "Investment grants". These are grants from the Austrian Federal Government of up to 14 % of the investments made.

Please refer to section 6.2 with regard to the effects of the dissolution of investment grants recognised in income.

## 6) Notes to the consolidated statement of comprehensive income

### 6.1. Sales revenue

In 2021/2022 fiscal year revenue for service contracts realized over time amounts to kEUR 4,959 (previous year kEUR 4,128). For further information on sales revenue see the details on segment reporting section 8.

### 6.2. Other operating income

in kEUR	2021/2022	2020/2021
Income from disposal of property, plant and equipment	64	126
Other income	153	268
thereof from the dissolution of investment grants	36	8
<b>Total</b>	<b>217</b>	<b>394</b>

### 6.3. Employee benefits expenses

in kEUR	2021/2022	2020/2021
Salaries	23,429	21,197
Expenses for severance payments	361	716
Expenses for pension schemes	376	467
Expenses for statutory social contributions	5,325	4,741
Other social welfare expenditure	639	435
<b>Total</b>	<b>30,130</b>	<b>27,556</b>

### 6.4. Depreciation and amortisation expenses

in kEUR	2021/2022	2020/2021
Depreciation charges on property, plant and equipment	5,820	5,422
Depreciation charges on intangible assets	297	246
<b>Total</b>	<b>6,117</b>	<b>5,668</b>

## 6.5. Other operating expenses

in kEUR	2021/2022	2020/2021
<b>Taxes unless included under income taxes</b>	<b>76</b>	<b>77</b>
Maintenance	475	364
Rental* and operating costs	883	1,042
Vehicle and leasing expenses*	365	306
<b>Operating expenses</b>	<b>1,723</b>	<b>1,712</b>
Legal and consulting fees	987	876
Auditing, bookkeeping and tax advice fees	372	253
Investor relations	157	157
Insurance premiums	216	194
Personnel recruitment	779	360
Information expenses	282	271
Further education	94	117
Other	521	424
<b>Administrative expenses</b>	<b>3,408</b>	<b>2,652</b>
Trademark registrations	163	125
Travel expenses	257	144
Advertising	2,180	1,162
Other	46	71
<b>Sales expenses</b>	<b>2,646</b>	<b>1,502</b>
<b>Other operating expenses</b>	<b>7,853</b>	<b>5,943</b>

\*excl. IFRS 16 contracts

The leasing expenses for short-term leases, which are accounted for pursuant to IFRS 16.6, amount to kEUR 113 in the 2021/2022 fiscal year (previous year kEUR 256). The leasing expenses for leases of low value, which are accounted for pursuant to IFRS 16.6, amount to kEUR 1 in the 2021/2022 fiscal year (previous year kEUR 1).

## 6.6. Financial result

in kEUR	2021/2022	2020/2021
Interest	-284	-89
thereof interest expenses for leasing liabilities	-17	-10
Foreign currency income/expense	4	-17
<b>Total</b>	<b>-280</b>	<b>-106</b>

In addition to the interest expenses indicated for leasing liabilities, the recognised interest expenses result in particular from credit at financial institutions and earn-out accounting.

## 6.7. Income taxes

in kEUR	2021/2022	2020/2021
Austria	-1,677	-2,287
Other countries	-1,619	-1,749
<b>Current income taxes</b>	<b>-3,296</b>	<b>-4,036</b>
Austria	-17	46
Other countries	-57	-60
<b>Deferred income taxes</b>	<b>-74</b>	<b>-14</b>
<b>Total</b>	<b>-3,370</b>	<b>-4,050</b>

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 25 % applicable in Austria to the result before tax as follows:

in kEUR	2021/2022	2020/2021
<b>Result before income taxes</b>	<b>11,250</b>	<b>13,780</b>
Tax expenses calculated according to Austrian tax rate 2021/2022: 25 % (previous year: 25 %)	-2,812	-3,445
Tax effects from:		
Foreign tax rates	-368	-356
Effects of future tax rate changes	-48	0
Tax-free income and other tax-free items	16	8
Currency differences	-7	7
Expenses not deductible for tax purposes	-97	-110
Adjustment to deferred income taxes	-2	-131
Incidental acquisition costs company acquisition	-6	0
Expenses incurred from the sale of treasury shares	0	45
Change in deferred income taxes from current-value depreciation pursuant to Section 12 Corporate Tax Law	-6	-6
Changes in unapplied deferred income tax assets and liabilities	-97	-93
Non-periodic income tax	57	31
<b>Declared income tax expenses</b>	<b>-3,370</b>	<b>-4,050</b>

## 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.

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

## 8) Segment reporting

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

2021/2022 fiscal year in kEUR	Austria	Germany	Switzerland	Other countries	Group
Gross sales	40,194	29,965	2,383	6,758	79,300
Less intersegmental sales	-20,415	-412	-87	-118	-21,032
<b>Sales with external customers</b>	<b>19,779</b>	<b>29,553</b>	<b>2,296</b>	<b>6,640</b>	<b>58,268</b>
Operating result	7,115	5,087	-481	-191	11,530
Depreciation and amortisation expenses	4,007	1,189	105	816	6,117

### Reconciliation in kEUR

Operating result segments	11,530
Financial result Group	-280
Result before income taxes	11,250

2020/2021 fiscal year in kEUR	Austria	Germany	Switzerland	Other countries	Group
Gross sales	38,277	27,052	3,559	5,945	74,833
Less intersegmental sales	-19,266	-165	-83	-229	-19,743
<b>Sales with external customers</b>	<b>19,011</b>	<b>26,887</b>	<b>3,476</b>	<b>5,716</b>	<b>55,090</b>
Operating result	9,239	4,998	-506	155	13,886
Depreciation and amortisation expenses	3,711	1,184	127	646	5,668

### Reconciliation in kEUR

Operating result segments	13,886
Financial result Group	-106
Result before income taxes	13,780

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 9,416 derive from transactions with a single customer in the 2021/2022 fiscal year. These sales are attributable to the segment Germany. Sales amounting to kEUR 10,501 derived from transactions with a single customer in the previous year and these concerned the segment Germany.

The internal reporting is carried out in line with the external reporting according to the International Financial Reporting Standards (IFRS), as applicable in the European Union (EU).

The internal reporting is based primarily on information about profitability. This information is communicated to the main decision makers on a monthly basis in reports which they use as a basis for their decisions.

The “Other countries” segment summarises the activities of the sales companies of the geographical region USA.

Apart from scheduled depreciation and amortisation there were no other significant non-cash items in the individual segments.

Breakdown of sales by products:

in kEUR	2021/2022	2020/2021
Software	27,450	26,853
Service	30,818	28,237
<b>Total</b>	<b>58,268</b>	<b>55,090</b>

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 usage against a one-off fee and in the direction of an ongoing monthly usage fee – a breakdown is undertaken 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).

Breakdown of sales by type of contract:

in kEUR	2021/2022	2020/2021
Recurring revenue	31,010	28,659
Non-recurring revenue	27,258	26,431
thereof software	2,469	3,737
thereof professional services	24,789	22,694
<b>Total</b>	<b>58,268</b>	<b>55,090</b>

Recurring revenue include in particular software updates, right of use fees for Mindbreeze InSpire, Fabasoft Cloud and Xpublisher products as well as recurring professional services (e.g. for support and operation management).

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

Sales revenue are recognised over time, with the exception of one-off licenses, whose revenue is recognised at a point in time (see section 2.14).

## 9) Other statements

### 9.1. Earnings per share

#### 9.1.1. Basic earnings per share

The basic 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).

	2021/2022	2020/2021
Result for the year attributable to the equity holders of the Parent Company (in kEUR)	7,425	8,818
Average number of shares in circulation (units)	11,000,000	10,984,597
Basic earnings per share (in EUR/unit)	0.68	0.80

#### 9.1.2. Diluted earnings per share

The diluted earnings per share are calculated by increasing the average number of shares in circulation by share options.

	2021/2022	2020/2021
Result for the year attributable to the equity holders of the Parent Company (in kEUR)	7,425	8,818
Average number of shares in circulation incl. share options (units)	11,000,000	10,984,597
Diluted earnings per share (in EUR/unit)	0.68	0.80

### 9.2. Expenses for research and development

In the 2021/2022 fiscal year, research and development costs totalled kEUR 16,482 (previous year kEUR 13,961). These were primarily allocated to employee benefits expenses and depreciation for investments.

No expenditure on research and development was capitalised in the 2021/2022 fiscal year as it was not possible to provide in full the documentation of the requirements for the capitalisation 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	31/03/2022	31/03/2021
Up to one year	1,906	1,847
Between one and five years	4,799	5,360
<b>Total</b>	<b>6,705</b>	<b>7,207</b>

With the purchase contract dated 13 March 2019 Fabasoft AG acquired a plot of approx. 11,000 m<sup>2</sup> (object of purchase 1) and a plot of approx. 4,500 m<sup>2</sup> (object of purchase 2). Both objects of purchase are located in the area of the city of Linz. The purchase is agreed subject to a condition precedent. The purchase contract shall not become unconditionally effective unless Fabasoft AG receives the zoning certificate required for a construction management as well as the official permits required for such construction management for the object of purchase 1 by 31 March 2022. As per the agreement dated 3 August 2021 this purchase contract was cancelled before fulfilment of the condition precedent.

Fabasoft AG concluded a new purchase contract for the plots indicated above on 3 August 2021, which remains subject to the condition precedent of the authorisation of the real estate transactions authority.

#### 9.4. Details of affiliated persons and employees

##### 9.4.1. Average number of employees

	2021/2022	2020/2021
Fixed employees	352	317

##### 9.4.2. Breakdown of expenses for severance payments

in kEUR	2021/2022	2020/2021
Members of the Managing Board and senior executives	124	327
Other employees	237	389
<b>Total</b>	<b>361</b>	<b>716</b>

##### 9.4.3. Breakdown of expenses for pensions schemes

in kEUR	2021/2022	2020/2021
Members of the Managing Board	421	421

##### 9.4.4. Managing Board of Fabasoft AG

Prof. Dipl.-Ing. Helmut Fallmann, Linz  
 Leopold Bauernfeind, St. Peter in der Au  
 Ing. Oliver Albl, Haag am Hausruck (starting with 1 May 2022)

The expenses for continuous emoluments, severance payments and pensions schemes for members of the Managing Board amounted to kEUR 1,494 in the 2021/2022 fiscal year (previous year kEUR 1,569) and are broken down as follows:

in kEUR	2021/2022	2020/2021
Continuous emoluments	1,001	966
Expenses for severance payments recorded in the result for the year	72	182
Expenses for pensions schemes recorded in the result for the year	421	421
<b>Total</b>	<b>1,494</b>	<b>1,569</b>



Fabasoft AG sold a decorative painting, which due to renovations undertaken no longer fitted the decor, to Prof. Dipl.-Ing. Helmut Fallmann at the market price of EUR 19,000.00 (excl. value added tax) in total. The purchase price was paid in full on 28 December 2021.

#### **9.4.5. Supervisory Board of Fabasoft AG**

em. o. Univ.-Prof. Mag. Dr. Friedrich Roithmayr, Linz (Chairman of the Supervisory Board)  
Dr. Peter Posch, Wels (Member)  
FH-Prof.<sup>in</sup> Univ.Do<sup>z</sup>.<sup>in</sup> DI<sup>in</sup> Dr.<sup>in</sup> Ingrid Schaumüller-Bichl, Linz (Member)  
Prof. Dr. Andreas Altmann, Innsbruck (Member)

For the 2021/2022 fiscal year, emoluments amounting to kEUR 80 (previous year kEUR 80) 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:**

em. o. Univ.-Prof. Mag. Dr. Friedrich Roithmayr, Linz (Chairman of the Audit Committee)  
Dr. Peter Posch, Wels (Substitute Member)  
FH-Prof.<sup>in</sup> Univ.Do<sup>z</sup>.<sup>in</sup> DI<sup>in</sup> Dr.<sup>in</sup> Ingrid Schaumüller-Bichl, Linz (Member)  
Prof. Dr. Andreas Altmann, Innsbruck (Financial Expert)

#### **9.4.6. Other affiliated companies and employees**

Fallmann & Bauernfeind Privatstiftung, Linz, main shareholder of Fabasoft AG  
Mag.<sup>a</sup> Birgit Fallmann, wife of Prof. Dipl.-Ing. Helmut Fallmann, employee of Fabasoft AG  
(continuous emoluments kEUR 56, previous year kEUR 56)

The merger of FB Beteiligungen GmbH (former shareholder of Fabasoft AG and 100% subsidiary of Fallmann & Bauernfeind Privatstiftung) with Fabasoft AG resulted in an effect of kEUR 42, which was recognized in equity (see section 5.3.1) in the 2021/2022 fiscal year.

There are no further business relationships with other affiliated companies and employees in the 2021/2022 fiscal year.

## 9.5. Expenses for auditors

Expenses for the auditors amount to kEUR 192 (previous year kEUR 160) and are divided into the following areas of activity:

in kEUR	2021/2022	2020/2021
Audit of consolidated financial statements	34	26
Audit/Review of annual financial statements of companies included in the consolidated statements	119	107
thereof Fabasoft AG	14	14
thereof Mindbreeze GmbH	15	13
thereof Fabasoft R&D GmbH	13	13
thereof Fabasoft International Services GmbH	7	7
thereof Fabasoft Austria GmbH	13	13
thereof other auditing services	57	47
Review of quarterly statements	24	23
Other services	15	4
<b>Total</b>	<b>192</b>	<b>160</b>

## 9.6. COVID-19

The COVID-19 situation primarily affected the type and location of service delivery in the service business in the period under review, as well as sales-related aspects and the presence of employees on site in the company's offices.

Some ongoing implementation projects continued to be postponed or reorganised, in particular in the case of services provided to date by an on-site presence. In certain segments personal contact and customer visits are also important for the sale of products and services. These were still restricted due to the pandemic, which proved a great obstacle for new business. First customer events attended in person were held in June 2021 – albeit to a very reduced extent and in compliance with the valid regulations – with extremely good feedback from customers.

Due to the pandemic a greater number of staff worked from home in the period under review. Overall the company does not regard consistent, company-wide working from home as an equivalent and permanent alternative to presence in the offices, with all its advantages of direct social interaction and direct creative teamwork.

The Fabasoft Group that successfully implements the core issues of the digital transformation with its extensive and fieldproven range of products and services and based on a solid capital resources should remain promisingly positioned even in a difficult market environment marked by the impacts of COVID-19 and other upheavals in the global political and global economic environments. It is nevertheless impossible to assess what impacts and repercussions the pandemic, the war in Ukraine and soaring inflation will have on the overall economy and the relevant Fabasoft customer sectors in the next months and years, and what consequences this will have for the Fabasoft Group.

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

Climate change is an extremely important topic for our society, and all sectors will need to partake in the transition to a low-carbon economy. The IT-sector, together with progressing digitalization, will significantly contribute to the decarbonization of the economy, while also being exposed itself through energy consumption and use of rare earth materials.

The Fabasoft Group recognizes its role and responsibility in relation to climate change, and is committed to actively anticipating and managing its climate-related risks and opportunities. Fabasoft Group has taken the recommendations of the TCFD (Task Force on Climate Related Financial Disclosures) into consideration for the following disclosures.

### **Identification and assessment of climate-related risks and opportunities**

In the 2021/2022 fiscal year, Fabasoft Group conducted its first climate-related risk and opportunity assessment across its business. This involved identifying risks and opportunities through a detailed literature review of publicly available information and leading practice disclosures for the IT sector. Furthermore, interviews with several key internal stakeholders across the business, e.g. around Risk, Energy and Strategy, were conducted.

As part of the climate-related risk and opportunity assessment, 12 risks and 3 opportunities were identified for Fabasoft Group. Qualitative scenario analysis for all risks and opportunities was undertaken, using publicly available sources and credible climate and economic projections for the relevant time horizons and scenarios. This information was used to assess the likelihood and consequence associated with the risk and assign risk ratings/scoring in line with existing dimensions and scorings of the risk management framework. Existing controls for the risks were identified and included in the internal risk assessment where relevant. For the analysis, two scenarios were applied to understand the potential range of impacts Fabasoft Group faces:

- **Paris-aligned:** Aligned to the overall goals of the Paris Agreement to limit global warming to below 2 degrees Celsius. Uses the Intergovernmental Panel on Climate Change (IPCC)'s Shared Socio-economic Pathway (SSP) 1 – 2.6 and the International Energy Agency (IEA)'s Sustainable Development Scenario. Transition risks were predominantly assessed under this scenario.
- **Hot House World:** Associated with approximately 4 degrees of global warming, based on IPCC's SSP 5 – 8.5 scenario. Mainly physical risks were assessed under this scenario.

In line with the TCFD Recommendations, the analyses were conducted across three different time horizons. The short-term perspective (2023) is supposed to identify immediate risk exposure, while the medium (2030) and long-term (2050) time horizons are oriented towards the broader international policy environment, including the Paris Agreement and the EU Green Deal.

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

### **Managing risks and opportunities**

Mitigation actions are documented in a standalone climate risk register. This register is reviewed and adapted yearly by the Sustainability team. In line with the standard Fabasoft risk management framework, any risks with an inherent “catastrophic” rating are escalated by the risk owners to be directly assessed by the Managing Board, together with the existing controls and corresponding mitigation strategies.

Overall, 12 risks and 3 opportunities were identified as relevant to Fabasoft Group. Existing controls were considered when assessing the impact and likelihood for all climate-related risks and opportunities.

In all cases, the residual risk and opportunity rating was below the internally defined materiality thresholds, that would require further risk management actions to mitigate risk down to company appetite as per the standard Fabasoft Group risk management process. As such, the overall impact to the business model, income statement and balance sheet of Fabasoft Group are expected to be immaterial.

The current control environment of Fabasoft Group, coupled with the business model and large scope of climate-related opportunities combine to create a relatively low risk environment in relation to climate change, and a moderate opportunity landscape.

## **9.8. Events after the balance sheet date**

### **Restructuring organisational unit “Approve”**

A restructuring of the organisational unit “Approve” was undertaken in order to improve internal structures and the allocation of responsibilities in the Fabasoft Group, in particular to enable a clear demarcation of the different specialist applications, which build on the Fabasoft Business Process Cloud technology.

To this end the realisation of the measures described in the following was agreed following the implementation resolution adopted by the Supervisory Board on 21 April 2022:

A 100 % subsidiary was established in a first step by Fabasoft AG, namely the Fabasoft Approve GmbH with its headquarters in the political municipality of Linz. Fabasoft Approve GmbH was registered in the company register of the regional court Linz as commercial court under the company number FN 580091a on 27 April 2022.

In a next step the unit “Approve” was then merged with its sister company Fabasoft Approve GmbH by Fabasoft Austria GmbH with the contribution agreement dated 9 May 2022, drawing on the benefits under Article III of the Austrian Reorganisation Tax Act (UmgrStG) as at the effective merger date of 31 March 2022. In order to avoid a refund of contributions, Fabasoft AG paid an allowance to Fabasoft Austria GmbH amounting to the value of the unit, as determined in the valuation of Ernst & Young dated 18 March 2022.

The transfer of the unit Approve by Fabasoft Austria GmbH to Fabasoft Approve GmbH was filed for registration in the company register on 25 May 2022. The company register procedure is currently still pending.

In addition, Mr Andreas Dangl was appointed independent managing director with power of representation of Fabasoft Approve GmbH as part of the resolution on the contribution transaction.

### **Personnel changes in the Management Board of Fabasoft AG**

Founder and Managing Board member Leopold Bauernfeind will resign from his position at the end of June 2022, but will remain on the Board in an advisory capacity until the first quarter of in the calendar year 2023. The Supervisory Board therefore made two new appointments to the Fabasoft AG Management Board: Ing. Oliver Albl, who has been with the company since 1991, has joined as Chief Technical Officer (CTO) on 1 May 2022 and will be responsible for the implementation of an optimised technical organisational culture, which will bring the divisions Software Development and IT Operations even closer together. Matthias Wodniok, who has been with Fabasoft since 2000, will be responsible for the business division “eGov” from 1 July 2022, driving it forward with new strategic and structural impulses. Founding member of the Managing Board and Co-CEO Prof. Dipl.-Ing. Helmut Fallmann was appointed Chairman of the Managing Board (CEO) by the Supervisory Board with effect from 1 May 2022.

No other significant events for this consolidated financial statements occurred after 31 March 2022.

### **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 7 June 2022. 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, 7 June 2022

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

Leopold Bauernfeind  
Member of the Managing Board

Ing. Oliver Albl  
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. Business performance of Fabasoft AG and the Fabasoft Group

In the 2021/2022 fiscal year, the Fabasoft Group recorded sales revenue of EUR 58.3 million (EUR 55.1 million in the corresponding period of the previous year).

With EBITDA<sup>1)</sup> at kEUR 17,647 (kEUR 19,554 in the corresponding period of the previous year) EBIT<sup>1)</sup> was kEUR 11,530 (kEUR 13,886 in the corresponding period of the previous year).

The rise in sales revenue (5.8% compared to the 2020/2021 fiscal year) reflects in particular the growth at Mindbreeze, at Xpublisher and the positive development of revenue from the Fabasoft Business Process Cloud offers, an increase in recurring services and a rise in project business. By contrast the business of Fabasoft Schweiz Software AG saw a significant decline in sales amounting to kEUR 1,176, resulting from the loss of a re-tender in the federal sector in 2015. The other business with existing customers remained gratifyingly stable in the period under review and in the lockdown phases imposed due to the pandemic, despite the practical challenges these posed, for example in the execution of projects with customers.

The decline in EBIT to kEUR 11,530 (kEUR 13,886 in the corresponding period of the previous year) reflects in particular higher expenditure for research and development, for the most part in the form of higher personnel expenses. Furthermore, the considerable limitation of sales and travel activities in the previous year due to the pandemic have picked up again.

With a research and development ratio<sup>1)</sup> of 28.3% of sales revenue, investments in research & development (kEUR 16,482) 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 13,961 in the 2020/2021 fiscal year).

These investments were undertaken for research and development in connection with the company's own software production technology and the cloud and appliance offers based on this as well as with underlying issues in the field of digital transformation.

<sup>1)</sup>Definition of the key figures in the management report section 1.4

The equity ratio<sup>1)</sup> of the Fabasoft Group on the balance sheet date (31 March 2022) was 39 % (51 % on 31 March 2021). Fabasoft AG's increased holding in Mindbreeze GmbH from formerly 76 % of the company shares to 85.5 % resulted in a reducing effect on the consolidated equity.

The amount of cash and cash equivalents decreased in the Fabasoft Group from kEUR 48,424 (as at 31 March 2021) to kEUR 35,823 respectively in the Fabasoft AG from kEUR 12,296 (as at 31 March 2021) to kEUR 1,851 as at the balance sheet date 31 March 2022. The period under review also includes payments for participations arising from the increase of Fabasoft AG's participation in Mindbreeze GmbH from 76 % to 85.5 % and the purchase of company shares of KnowledgeFox GmbH from existing shareholders.

The Fabasoft Group employed a workforce of 386 on 31 March 2022 (326 on 31 March 2021).

In the 2021/2022 fiscal year the sales revenue of Mindbreeze GmbH and its subsidiary the Mindbreeze Corporation amounted to kEUR 14,271 (kEUR 13,180 in the corresponding period of the previous year). With EBITDA<sup>1)</sup> at kEUR 6,536 (kEUR 7,159 in the corresponding period of the previous year) EBIT<sup>1)</sup> was kEUR 5,079 (kEUR 5,833 in the corresponding period of the previous year).

## 1.2. Report on the regional presence of the Fabasoft Group

### Subsidiaries of Fabasoft AG on the balance sheet date (31/03/2022)

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
Mindbreeze GmbH	85.5 %	Austria	Linz	Vienna
Fabasoft Deutschland GmbH	100 %	Germany	Frankfurt am Main	Berlin, Erfurt, Munich
Xpublisher GmbH	60 %	Germany	Munich	Deggendorf
Fabasoft Schweiz AG	100 %	Switzerland	Bern	
KnowledgeFox GmbH	70 %	Austria	Vienna	

### Subsidiaries of Mindbreeze GmbH on the balance sheet date (31/03/2022)

Company	Direct share	Country	Headquarters
Mindbreeze Corporation	100 %	USA	Chicago

### Subsidiaries of Xpublisher GmbH on the balance sheet date (31/03/2022)

Company	Direct share	Country	Headquarters
Xpublisher Inc.	100 %	USA	Chicago

### Changes in the Group structure and company acquisitions

Due to the successful development and strategic importance of the Mindbreeze business within the Fabasoft Group, Fabasoft AG increased its holding in Mindbreeze GmbH from formerly 76 % of the company shares to 85.5 % on 20 April 2021. The shares were purchased from the management of Mindbreeze GmbH, which formerly held 24 %.

<sup>1)</sup>Definition of the key figures in the management report section 1.4

The Mindbreeze management, which is still fully “on board”, now holds 14.5% of the shares after the transaction. The purchase price was determined based on a company valuation carried out by E&Y Wirtschaftsprüfungsgesellschaft m.b.H.

On 13 January 2022 Fabasoft AG purchased 70% of the shares in KnowledgeFox GmbH, which has its headquarters in Vienna. The company is a specialist for mobile learning and MicroLearning and is active worldwide with its training apps for onboarding and sales. Acquisition of the shareholding was effected on the one hand by the purchase of already existing shares in the company by shareholders not active in the company in the amount of 49.9% and on the other hand by means of a subscription for new shares amounting to 20.1%. The existing and newly subscribed shares were purchased together in cash at a price of kEUR 1,472. The CEO and previous shareholder retains a 30% stake and as CEO promotes further expansion. Initial consolidation of KnowledgeFox GmbH was therefore effected for reasons of simplification on the effective date 1 January 2022.

### 1.3. 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	2021/2022	2020/2021
Sales revenue	4,106	3,775
Result before income taxes	7,408	8,166
EBIT <sup>1)</sup>	-3,314	-2,868
EBITDA <sup>1)</sup>	-1,321	-1,127
Annual net profit	8,207	8,832
Equity	43,979	45,081
Equity ratio <sup>1)</sup>	85 %	86 %
Cash flows from operating activities	14,221	8,708
Cash and cash equivalents at end of period	1,851	12,296
Employees as at 31/3	5	5

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

in kEUR	2021/2022	2020/2021
Sales revenue	58,268	55,090
Result before income taxes	11,250	13,780
EBIT (Operating result) <sup>1)</sup>	11,530	13,886
EBITDA <sup>1)</sup>	17,647	19,554
Result for the year	7,880	9,730
Equity	27,254	39,252
Equity ratio <sup>1)</sup>	39 %	51 %
Cash flows from operating activities	16,651	20,899
Cash and cash equivalents at end of period	35,823	48,424
Employees as at 31/3	386	326

<sup>1)</sup>Definition of the key figures in the management report section 1.4



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

### **Employees as a success factor**

The competence, enthusiasm, commitment and talent of employees and their flair for innovation are all basic requirements for sustainable growth. In other words, the promotion and career development of employees is of utmost importance in the Fabasoft Group. Training and further education plans are created individually and developed, continuously and demand-oriented. The Fabasoft Academy – the Group's own training unit – coordinates the implementation of the measures and offers a broad spectrum of internal training opportunities. The extensive further education programme is prepared together with internal and external trainers, implemented and expanded all the time, with particular importance being attached to the interplay of knowledge transfer and practical application.

Where education and training are concerned Fabasoft also attaches great importance to externally comprehensible and internationally recognised standards for the acquisition of skills. On the balance sheet date the Fabasoft Group employed 64 certified IPMA standard (senior) project managers, 95 Scrum Master and 25 Product Owner in compliance with Scrum Alliance.

### **Internal Communication**

Fabasoft lives an open communication. The management regularly makes announcements in the scope of "Friday Morning Speeches" relating to enterprise strategy focuses and current organisational, technology and business topics. Innovations and further developments in all product and implementation areas are presented by members of the development teams at the internal "Scrum Demo Days" which are held once a fortnight. All employees have the chance to visit these events in person, follow them using video streaming. The internal monthly Fabasoft Newsletter provides employees with a compact overview of all relevant issues taking place within the Fabasoft Group, such as changes in internal processes, planned events, presentation of new colleagues as well as information concerning ongoing customer projects or newly acquired customers.

### **Sustainability at the Fabasoft Group**

Fabasoft regards sustainability as taking responsible decisions based on ecological, social and economic aspects (ESG aspects). Another key factor in this respect is the efficient, careful and economical use of resources. Meetings with customers as well as training sessions are held primarily online using a multi-functional system (Fabasoft Unified Communications Installation), over which video conferencing, telephony, chats and screen sharing are possible. As far as possible business trips are undertaken using public transport or with the electric or hybrid cars provided for this purpose. To this end Fabasoft has expanded the charging infrastructure at its headquarters in Linz and another expansion step is also planned for the location in Vienna.

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

### **Standards and open platforms**

The use of open-source products, the commitment to and realisation of market-relevant standards and the requirements of accessibility is important for both private enterprises and the public sector. The chances and risks resulting from this are described in detail in section 2 of the management report.

## **1.4. 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 (will be published in the full annual report)

### Nominal change in sales revenue

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

### 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
Result before income taxes
- Finance income
+ Finance expenses
<b>= EBIT (operating result)</b>

### EBITDA

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

Reconciliation
EBIT
+ / - depreciation / amortisation / reversals of impairment losses on intangible property and assets, plant and equipment
<b>= EBITDA</b>

### 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. Major opportunities of Fabasoft AG and the Fabasoft Group

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

#### **New products and product versions**

New versions of existing products were made available and new product offers developed as part of the intensive research and development activities in the 2021/2022 fiscal year. This opens up opportunities for additional business with both new and existing customers. Especially with regard to fresh business, the intention is to create opportunities in new vertical markets and geographies based on innovative marketing and deployment models. Further development of the Fabasoft Business Process Cloud as a platform is an example in this context as is the expansion of the Mindbreeze partner network.

#### **Mindbreeze InSpire**

Mindbreeze carries out research and development in the areas of information insight, knowledge management and artificial intelligence and is successively opening up new fields of application for these technologies. Mindbreeze offers an appliance (Mindbreeze InSpire) as a ready-to-use product in order to make entry for its customers as simple as possible. The appliance is integrated in the company's IT and is connected to existing data sources with the aid of connectors. The contents of the sources are analysed, linked accordingly and made available for queries and extensive search applications in a knowledge database (index). An increasing number of hybrid operating models are also being offered. Data from different storage locations (on-premises, cloud) are analysed and linked here. However, the data always remains reliably in the storage location. This provides end users with a consistent complete overview (360-degree view).

Mindbreeze InSpire is already being used productively by many international customers. As a result of its growing visibility on the international market and positive evaluations by analyst firms, Mindbreeze is also attracting the attention of large international customers and potential partners. Moreover, analyst firms have positioned Mindbreeze InSpire as a sound and powerful basis with flexible operating models when it comes to the introduction of knowledge management applications and information insight. The product offers extensive AI-based functions that go far beyond classic search machines and that analysts already regard as the next generation (Insight Engine, Cognitive Search).

Fast application for business processes in the respective departments that enable use of the product without the need of programming thanks to its Insight App Designer plus the provision of comprehensive connectors for the linking of data sources and functionalities in the standard product are all regarded as fields of particularly high potential that offer the chance of a unique positioning. The analysing and processing of natural language is an important prerequisite for understanding information, one that Mindbreeze addresses with the use of machine learning and in particular natural language processing.

In particular the Mindbreeze InSpire SaaS offer and the hybrid operating model are being used more frequently in addition to appliance product offer. Customers and partners from many different branches were acquired and in the case of existing customers the installations in part expanded in the period under review. Further intensification of the marketing and sales activities are planned in order to increase visibility on the market and boost the market position as well as the development and expansion of strategic partnerships.

#### **Fabasoft Business Process Cloud**

Cloud computing has become established globally as a usage model wherever effective and needs-oriented utilisation of information technology or the management of processes is required. However, such use is often thwarted especially in Europe due to concerns with regard to data protection and the confidentiality of corporate data. Fabasoft addresses this desire for transparency and security with the following aspects: The software products are developed in Europe and operated in European data centres – based on a European values system for data security, access security, legal compliance and certified quality standards.

Regular certifications and audits carried out by independent institutions endorse the high standards of quality, security and service. Data are stored synchronously in two separate data centres in the locations selected by the customers. Data transmission and storage can be encrypted. Furthermore, with its appliances (combination of hardware and software) Fabasoft offers customers the possibility of storing data on their own premises.

The Fabasoft Business Process Cloud can be used as a digitisation ecosystem for the time-saving and cost-efficient digital realisation of corporate and project-specific processes on the one hand. On the other it is available as a flexible, ready-to-use cloud solution for the cross-organisational management of documents and business processes with a focus on business-relevant documents that require a high level of security and compliance. As an ecosystem the Fabasoft Business Process Cloud constitutes the basis for Fabasoft Business Process Solutions as well as for customer-specific use cases.

Fast implementation of customer-specific use cases in the fields of contract management or technical data management are regarded as fields of particularly high potential and a unique selling point. Fabasoft offers out-of-the-box products in this respect: Fabasoft Approve for the management of technical data and documents in industry and Fabasoft Contracts for contract analytics and the audit-compliant life-cycle management of contracts. Intelligent data collection, intelligent capturing or individual dashboards are available, for example, thanks to the integration of parts of the Mindbreeze technology in Fabasoft Contracts.

The Fabasoft Business Process Cloud, Fabasoft Approve and Fabasoft Contracts are characterised by their simple integration in existing IT landscapes and are highly scalable. The graphical process editor (BPMN 2.0) enables individual modelling of complex approval, test and release processes without the need of any programming knowledge. A high level of user acceptance is achieved thanks to the elegant and intuitive user interface available in different languages.

The digital signature based on Fabasoft Secomo technology enables the seamless handling of signing processes without media discontinuity or the involvement of external services. This facilitates the provision of information and enables automated processes. Users benefit from a platform that can cover several use cases without having to change the work environment.

The Fabasoft Business Process Cloud was designed consistently and further developed as an application ecosystem. This functions as the basis for product offers such as Fabasoft Approve, Fabasoft Contracts, Xpublisher and KnowledgeFox and opens up chances for intensified cloud partner business.

### **Fabasoft Secomo**

The encryption appliance Fabasoft Secomo offers the chance of true end-to-end encryption. Data are always transferred in encrypted form with this solution and stored in teamrooms. Both the teamroom and the documents it contains are encrypted. Fabasoft Secomo is also available “as a service” for customers of the Fabasoft Business Process Cloud Enterprise Edition, Fabasoft Approve and Fabasoft Contracts.

Opportunities could arise for the Fabasoft Group in connection with the growing strategic importance of the topics digitisation and data protection in many companies and organisations, which in turn will give rise to a series of concrete implementation needs. Fabasoft sees itself well positioned in this field and with its Cloud products already offers a high-performance portfolio: Where digital document control or digitisation of business processes are concerned on the one hand and as a sound basis for better observance of data protection and compliance directives on the other.

### **Xpublisher and Xeditor**

The Xpublisher editing system standardises and structures contents for high-performance, fast and consistent multi-channel publishing. It facilitates the coordination and compilation of content for different digital publication channels and with the integration of page and book planning enables simple production of magazines, books and documentation.

Xeditor enables the creation and editing of semantic and structured content in XML format without any need of technical knowledge. Document structures are pre-designed in Xeditor and need only be filled in by the authors. This helps with the updating and publication of lengthy documents such as legal texts or technical documentation.

Opportunities could result for the Fabasoft Group from the expansion and development of customer groups from the media branch or publishing in Germany, Austria, Switzerland and North America. Attractive usage and combination options are also envisioned in several Fabasoft business segments – in particular the Fabasoft Business Process Cloud. The integration of Xeditor as an add-on in the Fabasoft Business Process Cloud enables the efficient creation, editing and reviewing of standardised contents. Among other things, this supports companies from industrial environments with the compilation of technical documentation or public authorities with the publication of legal texts.

### **KnowledgeFox**

In January 2022 Fabasoft AG purchased 70% of the shares in the MicroLearning pioneer KnowledgeFox GmbH, which has its headquarters in Vienna. The participation in the KnowledgeFox GmbH is regarded as a consistent step in the realisation of the Fabasoft growth strategy. The company's mobile Learning Management System (LMS) will benefit from the Fabasoft Business Process Cloud Ecosystem and on this basis sustainably address international markets.

### **Open platform and commitment to standards**

A significant and unique selling proposition of the Fabasoft Group's on-premises product portfolio is provided by the possibility of using these products on both Microsoft Windows Platform and open source platforms. As a result of the existing cost awareness in both the public and private sectors this cost-efficient option contributes to a positive evaluation of the Fabasoft portfolio.

This open platform strategy is based on a commitment to and the implementation of market-relevant standards and norms in software product development. The aim is to contribute to freedom of choice, accessibility, cost-efficiency and future safety for customers as well as sales and development partners during IT investments.

The cost benefits of the open-source platform continue to have a positive effect on the efficiency of the cloud operating model and of the appliance offers, which are similarly based on these platforms.

### **Accessibility**

In addition to platform openness and its commitment to standards Fabasoft also pays great attention to the issue of accessibility. From the standpoint of equal treatment Fabasoft products meet the high standards of barrier-free accessibility thus enabling seamless integration of employees with special needs into the working process.

### **Sales channels and partnerships**

Fabasoft is striving to further expand its sales, development and project partner network internationally. In addition to the partner model with a focus on Value Added Resellers (VARs), increased efforts are also being made with regard to Independent Software Vendors (ISVs).

Mindbreeze enables such partners to provide their customers with the benefits of AI-based functions as part of their software without the need for a long development project via the use of the Mindbreeze Insight services. Analysing and understanding unstructured and structured information within their own solutions, for example, can now be achieved easily. The aim of expanding the partner program is to build up greater presence in Europe and North America and to develop new customer groups.

The Fabasoft Business Process Cloud as an application ecosystem is an important basis for giving selected cloud partners the possibility of integrating and operating their solutions in the Fabasoft Business Process Cloud. Fabasoft is striving to further develop and extend partnerships with internationally active suppliers and considers their expertise and sales strengths the ideal supplement to the products.

A partner model for the international sale and distribution of Xpublisher and Xeditor is being developed with the aim of boosting the visibility of Xpublisher on the market. Whereby Xpublisher places a high value on exclusivity and quality, i.e. only a small number of partners in each country whose expertise and sales strength make them an ideal supplement to Xpublisher products.

Chances could also arise for the Fabasoft Group from the development of new customer groups, in certain vertical markets, for example.

#### **Digital transformation in public administration**

Business with public sector clients depends to a great extent on the budgets of the respective organisations. Business potential for Fabasoft could result from the need expressed by customers to achieve savings and boost efficiency by digitalising administrative work – whether and to what extent this can be realised is at this juncture impossible to estimate. Opportunities could arise for the Fabasoft Group from new projects in connection with the expansion of administrative modernisation and e-Government planned in many European countries and beyond, provided the respective political will is translated into concrete projects and investments. In this context, concrete customer enquiries often result from the highly successful and existing references of the Fabasoft Group.

As a proven provider of many years standing with a high-performance range of products and excellent references, Fabasoft sees itself as very well positioned for upcoming tender procedures in which it will continue to participate intensively.

The growing use of artificial intelligence technologies also in the public administration is steadily changing the interaction with citizens and companies as well as internal work practices. Methods of artificial intelligence, such as machine learning, support e.g. work processes through the automatic classification of documents. Natural language processing and natural language understanding enable the proactive provision and processing of information. Fabasoft sees itself well positioned in this area, as Fabasoft products already use Mindbreeze technology for these use cases thus allowing it to participate in the innovations in this field.

#### **Expansion of existing customer relationships in the public sector**

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

The award to Fabasoft Deutschland GmbH of the contract in the tendering procedure “Procurement of a Document Management System for implementation in Hesse’s State Administration and Product-Related Services” in March 2022 means that the migration and rollout of the records management system, based on the Fabasoft eGov-Suite, is now pending at another prominent key account customer.

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

New pioneering and efficient forms of collaboration and the fulfilment of tasks are developed and tested in close cooperation with the users, organisations experts, sales and Fabasoft as the manufacturer of the product. Focal points here include modern concepts of mobile use and the supportive use of artificial intelligence technologies.

## Certifications

Protection of customer and company data is given extremely high priority at Fabasoft. Targeted and consistent certification and testing in compliance with internationally recognised standards underpins this commitment. Assurance of maximum quality, security and service standards is guaranteed by an integrated management system that is certified in compliance with ISO 9001, ISO 27001 including ISO 27018 and ISO 20000-1, among others. Following Fabasoft's successful performance in an intragroup, cross-company re-certification audit in October 2021, the certificates according to the ISO standards 9001, 27001 including 27018 and 20000-1 were declared valid by accredited certification bodies. As the newest company in the Fabasoft Group at this time, Xpublisher GmbH was also certified in compliance with ISO 9001 for the first time in the year 2020 and successfully completed its first re-certification audit in October 2021.

On a product level this certification strategy was extended to include exacting audits, attestations and certifications for the Fabasoft Business Process Cloud services and for Mindbreeze InSpire SaaS services:

The C5 certificate pursuant to the requirements of the catalogue of requirements C5:2020, issued by the BSI (Federal Office for Information Security) is a recognised and reliable substantiation of the high level of information security of the Fabasoft Business Process Cloud services and of Mindbreeze InSpire SaaS services.

The catalogue of requirements of the BSI defines the minimum requirements that cloud service providers must meet. The defined specifications of the framework conditions ensure transparency with regard to jurisdiction and locations, availability and incident handling during regular operation, recovery parameters in emergency operation, availability of the data centres, handling of investigation enquiries from government authorities, as well as certifications or attestations. Fabasoft and Mindbreeze again successfully underwent the audit in compliance with the latest BSI C5:2020 catalogue of requirements at the beginning of 2022. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), Germany, was commissioned as the auditor. The respective attestations were issued for Fabasoft Business Process Cloud services and for Mindbreeze InSpire SaaS services by PwC.

The SOC 2 audit was again commissioned and carried out for Fabasoft Business Process Cloud services and for Mindbreeze InSpire SaaS services in the 2021/2022 fiscal year. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), Germany, checked compliance with the Trust Service Criteria (TSC) for Security – published by the American Institute of Certified Public Accountants (AICPA). The audit took the form of an ISAE 3000 audit (test of the existence of controls over a period of time); the final results of the audit were reported to Fabasoft and Mindbreeze in an ISAE 3000 SOC 2 Report.

The design and effectiveness of selected controls with regard to services defined by Fabasoft were tested within the scope of the ISAE 3402 Type 2 audit that was carried out. The independent auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Germany, undertook the audit in the period under review and again confirmed the effectiveness of the controls.

In addition Fabasoft Business Process Cloud services hold the "Certified Cloud Services" certificate of TÜV Rheinland.

After completion of the audit in February 2022, it was documented in an ISAE 3000 audit report whether the Fabasoft Business Process Cloud meets selected requirements of the EU Cloud Code of Conduct (EU Cloud CoC). Whereby the PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), Germany, verified whether the respective controls needed to fulfil the EU Cloud CoC were in place on the day of the audit.

The EU Cloud CoC was developed by representatives of European and multi-national enterprises and organisations significantly involved in cloud computing. The focus here was on requirements that enable cloud service providers to prove their ability to comply with the GDPR. More precisely the code offers cloud-specific approaches and recommendations oriented towards the GDPR as well as international standards such as the ISO 27001 and ISO 27018.

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

## 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:

### **Pronounced dependency on government business in the German-speaking region**

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

The overall countermeasures adopted in response to these risks include the offer of intensive and 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.

### **Risks in business with public sector clients**

Projects in the public sector are characterised by lengthy lead times and decision-making processes, complex, highly formal and extensive tendering requirements, allocation procedures that present a challenge on a legal, technical and human level as well as elaborate, expensive and long-drawn-out tests, tight budgets on the part of the clients and strong competitor pressure that is intensified by the public and mostly international nature of the tendering process. In project agreements, such clients frequently specify increasingly stringent contractual requirements (liability, compensation, long-standing fixed price contracts without any adoption of inflation or personnel development costs etc.) that are often non-negotiable.

Dealings in the public sector are also affected by strong seasonal and budgetary fluctuations. Such business uncertainties can jeopardise both the awarding of new projects and the extension of existing contractual conditions and thus have a markedly negative impact on future revenue development. Political events such as elections and shifts of responsibility may also result in a "return to the drawing board" with projects that have already been awarded and reached their final stages. Already ongoing projects may also be interrupted or postponed, due to reasons rooted in the sphere of the customers. Due to the size of many projects in the public sector and the close collaboration between the individual offices of the public sector there is also an increased danger of cluster risks.

Cuts in government budgets represent a considerable risk in the important public sector business.

### **Risks in direct project business**

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.



### **Risk concerning subcontractors in project business**

Wherever necessary individual companies from the Fabasoft Group work with partners in project business, who act as subcontractors or suppliers for the respective projects. There is a risk in such cases that claims could be made against Fabasoft (e.g. in the form of reduced and/or delayed payment, substitute performance, liabilities, contractual penalties, claims for damages etc.) as the general contractor should these partners not fulfil their contractual commitments or only do so partially or defectively or if, for whatever reason, their services are not accepted by the customer. This could entail both a negative impact on the revenue development of the Fabasoft Group as well as compromise its reputation.

It must also be taken into account that services or partial services purchased externally – e.g. from subcontractors – normally result in the achievement of significantly lower margins than is the case with services provided by own personnel.

### **General 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 could arise if Fabasoft cannot find sufficient or the right partners to develop and market high-quality software solutions based on the products and technologies of the Fabasoft Group. In the markets in question, this could either render impossible the achievement of the desired breakthrough for the product technology, or the attainment of the penetration level required for sustainable market success.

### **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.

### **Internationalisation**

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

### **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 (investment banks, auditors, legal advisors, etc.) 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.

### **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, as explained under "Certifications".

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. This applies equally to errors, functional deviations or limitations in the course of new product versions or troubleshooting.

Another risk involves third-party products and technologies from the open source area. There is a growing tendency among various providers to commercialise on these licence-free offers by no longer offering specific features or support offers of the free versions but instead incorporating these into fee-based offers. This can result in additional costs for both customers using these platforms or technologies and for Fabasoft – e.g. in the case of operating models – if free alternatives cannot be found in such cases. Even if free alternatives can be found, conversion costs could still be incurred or there could be delays – due, for example, to making the necessary adaptations to the software.

Moreover, the integration of third-party products presents a risk of the function of Fabasoft products being impaired or the danger of these malfunctioning. Fabasoft itself cannot rectify programming errors, security gaps etc. in third-party products as it does not have access to the source code.

In general, it must be said that it is normal for downturns in new business or business with existing customers with regard to the products of the Fabasoft Group to have a negative effect on the development of sales revenue from services, support services and software updates.

### **Diversification risks**

The efforts aimed at reducing the risks of excessive specialisation 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 organisational structures, positioning risks and risks arising from a diversified and dislocated organisational and business structure. Special importance is attached to recruitment and internal basic and further training as a defence against these risks. Moreover, internal reporting and controlling measures are continually supplemented and further developed.

### **Risks concerning dependence on suppliers**

In particular in the business field of appliances it is not solely the performance characteristics of the software developed by the Fabasoft Group that determine the quality, performance, security and as a result the overall success of a product a customer uses, but indeed to a large extent the third-party products used. These third-party products include both components of hardware (servers, storage, network components, security components, etc.) and of software (operating systems, database, security technology, etc.). These components – individually or as they interact together – are particularly susceptible to the risks portrayed under IT risks. Additional risks that exist are in particular those of delays, damages or losses that occur during transportation and warehousing between suppliers and the respective Fabasoft company, as well as during the delivery to the customer. There is also the risk of losing a supplier, for instance because a product line is discontinued or the supplier withdraws from the respective market or because of interruptions in production, capacity bottlenecks or other delivery disturbances along the supply chain. Added to this are the risks of disruptions, failures or interruptions in the logistic chain. Due to the delivery times of individual suppliers and in order to ensure we are in a position to deliver to customers at short notice it could be necessary to maintain a stock of third-party products in line with the projected course of business.

It is, however, not possible to make an exact forecast of the course business will take, especially in a dynamically developing business area, and this gives rise to the risks of holding both too low a stock with the entailing restricted delivery capability and holding too high a stock leading to high warehousing costs and problems linked with a model change on the part of the manufacturer and time-limited service agreements of the third-party manufacturers. In addition there is also the risk of delays in delivery due to the applicable export regulations of the respective target country, which all too often require extensive verifications and certificates before the goods can be delivered to the customer.

If a customer experiences a malfunction, then it not only becomes necessary to substantiate if and in what form the malfunction may stem from a Fabasoft product, but also to coordinate the troubleshooting together with the support organisations of the suppliers of the third-party products that may be involved. If, for example, it becomes necessary to replace hardware components, then the process is particularly susceptible to the logistical risks described above and the risk that delays or mistakes may occur on the side of the respective suppliers and their customer service. Altogether, the whole process for handling problems is particularly susceptible to the risks of communication problems, delays and mistakes as well as the risk of different service levels inside and outside the company. These risks would have a negative effect on Fabasoft, regardless of who actually may be responsible for the problem.

The Fabasoft Group seeks to counter the described risks with the help of clearly defined, documented and certified business processes, as well as through the continuing education and further qualification of staff. Concerning interactions with suppliers, the main focus is placed on the careful selection of professional suppliers as well as on appropriate quality management measures.

### **IT risks**

Disruptions for example in the hardware, data storage or network infrastructure, in the software, data transmission lines or on the part of the Internet operator, operating errors, attacks from hackers, for example, DDoS attacks, viruses, phishing attacks, Trojans, ransomware and the like or events based on force majeure, can all have a negative impact on the operation of the systems of the company as well as important systems with which these are linked can jeopardise seamless data security and recovery. They can also jeopardise the ability to guarantee perfect data storage 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, unauthorised 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 organisations, 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 organisational and technical precautions to provide defined service levels for its internal systems. Nevertheless, the complete exclusion of such risks, especially with regard to the targeted use of criminal energy, espionage resources or weaknesses and backdoors contained in third party components, is not possible.

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

Artificial intelligence technologies and processes, in particular machine learning, are used in the company's products to a varying extent and in varying forms. This involves the creation of requirement-specific models and the use of a large number of (historical) inventory data to "train" these to recognise relevant patterns in future, to carry out allocations and categorisations and to supply better results and forecasts in the case of comparable tasks. In accordance with the nature of these processes, no fixed programmatic procedure is prescribed for finding solutions, instead the system "learns" incrementally within a specific framework with the aid of the available database. It is therefore that models, output data (both with regard to quality as well as scope) and training cycles determine the quality of the supplied results to a significant extent. Whereby under certain circumstances and depending on the model and data this could – sometimes even after a longer period of use – result in distortions, false identifications, non-detection and overfitting of the models, for example. This would subsequently lead to incorrect, incomplete or undesired results.

### **Risks with regard to information security and data protection**

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

Various organisational, training-specific, systematic and physical barriers and measures have been put into place to prevent unauthorised access and a catalogue of criteria compiled that is to be applied when selecting security-relevant suppliers and service providers has been implemented in the purchasing workflow of Fabasoft. Security-relevant contractors are contractors which potentially have access to internal, confidential or personal data. This access can be a potential risk vis-à-vis Fabasoft customers with regard to service level or contract violations or can have a negative impact on Fabasoft processes.

All security-relevant contractors such as data centres, suppliers of hard and software or special service providers must fulfil requirements defined by Fabasoft – such as the relevant certifications, for example, or contractually defined service levels, security statements, verifiably fulfilled security measures, agreements concerning controller data processing and duly signed confidentiality declarations. The installed information security management system is regularly tested for topicality and effectiveness by means of internal and external audits.

Over and above the purely technical aspects of information security there is also the danger of cyberattacks in combination with manipulation and fraud on the social level (e.g. “fake president” emails). In order to raise the awareness of employees for the resulting risks, Fabasoft regularly carries out professional awareness training courses and simulations of potentially threatening scenarios. In addition Fabasoft products and its cloud services, including the data centres involved, are tested continuously by external auditors and the corresponding test reports and audit certificates compiled – as listed under “Certifications”.

In view of the fact that, in addition to damaging the reputation of the company, the occurrence of such risks can have extensive negative financial consequences great attention is paid to this risk field.

### **Personnel risks**

Risks are evident with regard to the finding of a sufficient number of highly-qualified, entrepreneurially-minded managerial specialists in the IT sector for independently responsible leadership and the expansion of existing or restructured business areas and ensuring their long-term loyalty to the company. Currently, the demand for IT professionals largely outweighs the labour market supply. There is therefore a risk that personnel requirements cannot be met on time or subject to economically acceptable conditions.

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

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

### **Risks due to the global spread of the coronavirus**

The World Health Organisation (WHO) declared the global spread of COVID-19 a health emergency with considerable impacts on the population and the economy.

Fabasoft took immediate measures to counteract these risks as effectively as possible and evaluates these continuously. On the one hand in order to protect employees – in the Fabasoft Group and at the customers – and the public and on the other hand to maintain the operative business.

Quite apart from the general risks of restrictions or even failures of corporate functions in the event of cases breaking out in companies or even the shutdown of locations, there is a risk of the performance of certain on-site services on customers' premises being limited or not possible in the case of massive travel and entry restrictions. Although substitution of such services by an online presence was widely implemented in the period under review, this is not practicable in all scenarios. Personal contact and customer visits have always been important, especially where the sale of products and services in specific segments is concerned.

Especially the development and expansion of business in new regions or business areas is being noticeably afflicted by the massive restrictions on travel possibilities and personal contact.

In particular the appliances business is currently regarded as being potentially susceptible if confronted with logistics or supply chain problems. Closures of production sites and delays or significant price increases in delivery due to disruptions in the supply chain may have a negative impact on both the partner business (delays in the supply of the ordered appliances) and the direct business of Fabasoft.

The massive impacts of the pandemic on the economy as a whole and as a consequence also on the finances of the public budgets mean there is a far heightened sales risk in both the short and the medium term. This could impact the acquisition of new customers and business with existing customers as well as ongoing projects in the form of shifts in revenue or loss of revenues and profits. It is not possible to forecast the extent of these impacts at this juncture.

Despite the use of modern technology, the change over to working from home involves risks: social interaction is restricted, the creative exchange and flow of ideas as well as discussions and the chance of solving differences and misunderstandings in the near term could suffer. Although the company is providing efficient terminal devices, the connection depends on the bandwidths and service level limitations of the respective Internet connections of the remote working. The extensive use of remote working also opens up the additional threat of cyber attacks, which have to be addressed.

#### **Direct and indirect impacts of the war in Ukraine**

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

#### **Financial instruments**

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

Depending on the extent and duration of a macro-economic shock, – for instance in connection with COVID-19 – higher risks could occur, for example, with regard to the security and impairment of assets at financial and insurance institutions and receivables as well as the difficulty entailed in maintaining the purchasing power of assets and revenues from ongoing obligations in a conceivable highly inflationary overall scenario.

The existing continuing obligation contracts of the company with customers and partners for recurring revenues normally include possibilities for inflation adjustment. This is usually measured based on a general, published index. The adjustment is often possible to specific effective dates or according to specific deadlines and after a specific threshold value has been exceeded. This normally gives rise to a time lag between the rise in inflation and the effectiveness of the respective price adjustments on sales. It can furthermore be observed that the price increases, in particular with regard to relevant suppliers (hardware, data center resources, energy, cooling) and the upward trend of prices for personnel costs and personnel acquisition costs, are sometimes significantly higher than the published indices upon which contract adjustments are based.

In view of the cash balances of the company, there is a continued risk of the gap between the currently lower to negative interest rate and the loss of purchasing power widening as a result of rising inflation.

## 2.3. Forecast report

### **Shaping the digital transformation**

As a manufacturer of software products Fabasoft has specialised in the digitisation and automation of business processes in large organisations. The products of the group serve the creation, traceability and secure processing, consistent publication, semantic search, automatic categorisation and the archiving of electronic business documents, contents and processes.

As essential modules and catalysts of the “digital transformation” these technologies and the implementable solutions they enable are increasingly gaining in relevance for corporate strategy and are widely recognised as future-critical fields of action on the management level in both private enterprises and the public sector.

This awareness in the public sector has taken on a specific form, namely a series of extensive plans and projects on a federal, state and communal level for the introduction of the electronic records management (E-Akte) solution.

The key topics in the private sector included cross-company collaboration, cyber security and data protection plus more efficient and more cost-effective processes linked with enhanced service performance based on a comprehensive overview, customer meetings, talks, product presentations and trials.

### **Transformation of the business: Fabasoft Business Process Cloud, SaaS, Appliances and hybrid models**

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

The course of this transformation varies currently depending on the target markets: in the case of public tenders it is still primarily the purchase models for the software in the core area of Fabasoft (electronic records management system) that are demanded. The customer then operates the software with the support of Fabasoft in its own data centres. In the case of private customers the interest is becoming increasingly flexible as to whether the desired solution is to be realised as a cloud application, via an appliance or in the form of a classic on-premises project.

Often this decision is only made in the course of the bidder dialogue, taking functional, safety-related, economic and most especially time aspects into consideration. Fabasoft believes it is well positioned in this respect because the available product portfolio provides just such flexibility and also supports hybrid models.

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

Fabasoft continues in its endeavours to further extend the direct sales model in those countries where the Fabasoft Group operates via its own companies and which also entails intensive commitment from the project side in the implementation phase, to encompass an indirect, partner-orientated, international sales and marketing model in particular for products based on the Fabasoft Business Process Cloud and to further extend appliances.

### **The Fabasoft Business Process Cloud as an ecosystem for digital business processes**

In line with the growing trend towards digital transformation, the focus in the period under review was on further developing and expanding the Fabasoft Business Process Cloud as a digitisation platform for internal as well as cross-company business processes. Key tasks in this context included strengthening the market presence of existing and future business process solutions and visibility in the individual target markets.



Fabasoft Approve, the business process solution for technical data management, concentrated its efforts on complex processes with suppliers and partners in industry and can be adapted to customer-specific use cases in individual projects. The business process solution for contract management, Fabasoft Contracts, is characterised by the possibility of immediate use in different sectors. Integration of components of the Mindbreeze technology ensures a high level of automation, thus generating crucial added value. The unique character of the successful business with these solutions is to be further emphasised in future and supported with intensified entrepreneurial initiative.

Continuous integration of the Xpublisher GmbH products in the Fabasoft Business Process Cloud reflects the consistent development of this strategy. Whereby also establishing these as business process solutions contributes to realising mutual synergy effects: while the functions of the Fabasoft Business Process Cloud upgrade the Xpublisher products on the one hand, existing business process solutions benefit from an expanded application spectrum on the other.

Fabasoft continues to concentrate here on standardisation and speed of utilisation, in order to fulfil customer requirements for solutions that can be used immediately.

Further development of these products based on the Fabasoft Business Process Cloud technology goes hand in hand with the strategy of establishing the Fabasoft Business Process Cloud as an ecosystem for digital business processes and to which solutions from partner companies can also be added in the midterm. This therefore meets the needs of the current and growing demand on the market for highly scalable and flexible business applications.

### **Mindbreeze InSpire**

The business focus of Mindbreeze in the period under review concentrated primarily on international key account customers and their visions and remits with regard to knowledge management and semantic searches in connection with artificial intelligence technologies.

A special factor of success for Mindbreeze InSpire is seen in the speedy and cost-effective implementation of concrete tasks in the form of department-specific search applications for 360-degree views of company data, regardless of whether these are available in structured or unstructured form or are stored in different data sources.

Experience shows that such customer projects are subject to longer lead times in the decision making and procurement phases and require in their processing a sophisticated skills portfolio both in the Mindbreeze organisation and the partner base.

Mindbreeze has been named a Leader in the “2021 Gartner Magic Quadrant for Insight Engines” published in March 2021 and achieved the highest positioning on the “Ability to Execute” axis. The independent research institute Forrester names Mindbreeze as “Force Majeure of Enterprise Search” in the wave published in July 2021: The Forrester Wave™: Cognitive Search, Q3 2021.

Interest in Mindbreeze InSpire on the market remains strong – due also to the above rating – and there is a promising pipeline for evaluations and proofs of concept ongoing at potential customers. Future growth rates of Mindbreeze will depend to a great extent on both the timeline and success rate in converting this potential in the form of multi-annual contracts as well as further expansion of the partner structure, e.g. through the expansion of the partner programme to include OEM partners and independent software vendors (ISVs) and the development of new marketing channels, especially in North America. For this reason top priority continues to be placed on these challenging topics.

### **Business with public sector clients**

In the area of public sector clients, Fabasoft works with dedicated service organisations for a number of federal, state/canton and municipality key accounts in Austria, Germany and Switzerland and in other countries where it cooperates with selected sales and implementation partners. Business with these established customers generates a stable core revenue, although in times of strict austerity measures in the public sector and heightened competitive pressure this existing business must be continuously maintained by means of innovation, customer-orientation and a leading priceperformance ratio. It is planned to strengthen and, where possible, to expand the Fabasoft customer base in this market through new products and performance features, additional services and by extending the user community.



Acquisition of new customers in the public sector is almost exclusively done by way of highly competitive public tenders with the effort and lead times this entails. Especially in Germany, Fabasoft is now in the implementation phases of several major projects. This also necessitates a potential increase in the personnel requirements of the Fabasoft service organisation. In addition Fabasoft will purchase subcontractor services for some projects to a considerable extent, especially during the large-scale roll-out phase – regardless of the customer's own roll-out plans in this context.

With regard to sales revenue from projects with external subcontractors, it must be taken into account that normally a significantly lower proportional contribution to margin can be generated where those services purchased from external subcontractors in the course of the project implementation (expenses for purchased services) are concerned than is the case with internal performance from the Fabasoft Group. Depending on the project, project phase and volume of services called off in a specific phase by customers, these subcontractor services can constitute a substantial part of the total volume of services in a project.

The public sector business beyond the German-speaking regions was developed primarily in collaboration with partners. Existing customers are also kindly willing to show their systems to interested parties from other administrations and to report on their experiences in introducing electronic records management and e-government in general and with Fabasoft in particular. These partners normally carry out project acquisition, project implementation as well as product and service localisation with regard to language and content within the scope of customer care and support.

#### **Development of certain expense items**

In order to leverage future opportunities and promote the development of the Fabasoft Group, priorities for the use of funds in the coming quarters will be focused on the fields of product innovation, boosting of sales, service and marketing, and – inextricably linked with these topics – in recruiting new talents for Fabasoft and developing the strengths of the existing team. Due to the overall strained situation with regard to the availability of highly qualified specialists in the IT sector in combination with the general inflation-related upward trend in salaries, another substantial increase in personnel costs and personnel acquisition costs must be expected in this context.

Further development of the Mindbreeze and Fabasoft Business Process Cloud business is a key factor with regard to the necessary investments: in the course of the planned expansion of an international partner infrastructure, considerable up-front investments, in particular in international marketing, a transregional presence, partner support and the expansion of personnel in this segment, are expected. Furthermore, investments are also planned for the further development, distribution and marketing of content-oriented solution offers based on the Fabasoft Business Process Cloud Ecosystem. Whereby both entrepreneurial organic growth potential as well as inorganic (M&A) options are to be assessed and exploited. In phases of such expansion efforts a resultant drop in profitability is expected.

Due to the pandemic, travel expenses remained relatively low in the period under review. Depending on how the easing of national and international restrictions progresses, the travel activities and therefore also the respective expenses this involves in the Fabasoft Group are expected to rise significantly in the forthcoming quarters. A rise is expected in the areas of contact with existing customers and project work especially in sales and marketing activities and training (e.g. participation in international conferences).

#### **Impact of the coronavirus outbreak**

In the period under review the COVID-19 situation impacted in particular the type and place of performance in the service business, sales-related aspects and the presence of employees on site in the offices of the company.

Some ongoing implementation projects continued to be postponed or reorganised, in particular in the case of services provided to date by an on-site presence. In certain segments personal contact and customer visits are also important for the sale of products and services. These were still restricted due to the pandemic, which proved a great obstacle for new business. First customer events attended in person were held in June 2021 – albeit to a very reduced extent and in compliance with the valid regulations – with extremely good feedback from customers.

Due to the pandemic a greater number of our staff worked from home in the period under review. Overall the company does not regard consistent, company-wide working from home as an equivalent and permanent alternative to presence in the offices, with all its advantages of direct social interaction and direct creative teamwork.

In particular the Fabasoft business with regard to appliances and hardware resources for online offers was relatively less affected by supply bottlenecks caused by corona in the period under review, thanks to the available inventory levels. Should the supply disruptions continue in this area or even worsen, this could have a negative impact on the relevant delivery capacity.

### **Conclusion**

The Fabasoft Group that successfully implements the core issues of the digital transformation with its extensive and field-proven range of products and services and based on a solid capital resources should remain promisingly positioned even in a difficult market environment marked by the impacts of COVID-19 and other upheavals in the global political and global economic environments. It is nevertheless impossible to assess what impacts and repercussions the pandemic, the war in Ukraine and soaring inflation will have on the overall economy and the relevant Fabasoft customer sectors in the next months and years, and what consequences this will have for the Fabasoft Group.

Key existing customers also confirm that the joint, consistent, time and location-independent digital access to business documents and corporate processes was a decisive factor for them in successfully mastering the current restrictions and challenges (e.g. cross-company remote working). Furthermore, Fabasoft has also registered enquiries from potential new customers who, due to the COVID-19-related working reality, have had to admit the limits of their past digitisation achievements. In particular speedy and efficient finding of information across system boundaries were expressed as requirements and goals.

On the other hand, the danger that the impacts and repercussions on the overall economy and the relevant Fabasoft customer sectors will, at least temporarily, have a pronounced negative effect on the ability and willingness on the part of the companies concerned to invest even in strategic fields such as digitisation. A marked reticence and wariness was registered in particular in new business with potential customers, especially where high-volume contracts are concerned. The decision-making processes are also more complex and more time-consuming, in particular where new customers are concerned.

The all-important business with public sector clients was stable in the period under review. However, at this juncture it is not possible to estimate how the combination of special pandemic-related and other expenses linked with lower tax revenues will affect the investment willingness and ability of public budgets. Even if – especially at the moment – digitisation is underscored politically as a strategic topic, at present no forecast can be made as to the actual form of public budgets in this area nor the timeframe within which such investments will be made.

The positive response from both customers and branch analysts reflect the innovative strength and solution expertise within the Fabasoft Group. Further development will depend greatly on the extent and the speed with which this positive market response can also be realised in the form of correspondingly large (new) customer orders and in achieving further scaling of the business model.

Even in such a difficult environment, the company intends to take advantage of any opportunities that arise, for example in the recruiting of top-class talents or the pursuit of inorganic expansion and growth options.

Furthermore – and not least considering the solid cash position of the group – the pursuit of what we consider forward-looking and sustainable issues will be given priority over short-term profitability considerations.

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

In the period under review Fabasoft invested approx. 28.3 % of its sales revenue in research and development. There are dedicated product teams within the Fabasoft Group responsible for product-related research and for software development. The development activities of these teams are based on the agile method framework "Scrum", with the aim of creating innovation and added value in compliance with the principles "quality, usability & style". Regular feedback from existing customers, analyst meetings and continuous monitoring of the market are used for the early recognition of market trends and their integration into product development. Moreover, research topics were handled in international partnerships within the framework of digitisation.

#### **Mindbreeze InSpire**

The main focus at Mindbreeze in the 2021/2022 fiscal year was on so-called insight services. Insight services allow specialists to model applications that use artificial intelligence to extract facts and knowledge from unstructured contents, such as natural language, in such a way that these can be used for further processing by machines. More specifically, the specialist can use simple to configure pipelines to map his resp. her information landscape and then receive such information as would have required manual editing. Equipping the Insight Engine with automatic, natural language queries was another focus in product development. Entities extracted from text or other unstructured contents are stored directly in the search index here, thus enabling the execution of model queries. This further development is an important prerequisite for answering questions with the Insight Engine.

A significant part of the development also concerned the ongoing improvement and simplification of 360-degree views for digital twins of a company or an organisation as well as their visualisation. A key aspect was also the integration of workplaces in existing applications, e.g. Microsoft SharePoint Online, Microsoft Teams or Salesforce. The integration of insight apps in the Fabasoft Business Process Cloud product was also expanded significantly.

Where AI is concerned Mindbreeze worked on expanding the platform for natural language processing (NLP) and extending natural language understanding (NLU) applications. Insight services are also used in the Fabasoft Group, e.g. in Fabasoft Contracts, not only to classify relevant contract contents, but also to extract facts of contracts directly from unstructured contents. so these can be further processed automatically.

Extensions were provided for administrators in the Management Center, in particular to achieve more convenience for the performance of daily tasks.

Another important point in the area of research and development was the expansion and scaling of data source connections (connectors). In addition to improving existing processes, the team also worked intensively here on new integration patterns for data sources such as Salesforce, Microsoft Stream or for Microsoft Teams.

The development team also worked continuously and intensively on the issue of further simplifying handling of the overall system during commissioning, configuration and maintenance.

#### **Fabasoft Mindbreeze Enterprise**

Thanks to the expansion of search application components for charts and visualisations, user-friendly dashboards for information visualisation in the Fabasoft eGov-Suite and in Fabasoft Folio can be realised in the application context of these products.

### **Fabasoft Business Process Cloud**

In the first half of the 2021/2022 fiscal year research and development focussed on the design and development of new functionalities for faster and simpler solutions for the digitisation of document-centric business processes based on low-code/no-code approaches. This allows in particular users in the departments to create or adapt digital workflows without the support of the IT department and for the most part without any programming knowledge. The decisive factor here is that users can move graphic blocks from existing code into a workflow per drag-and-drop in order to create or modify applications quickly, instead of programming the entire solutions themselves.

Another priority in research and development was enhancing efficiency when dealing with similar activities in the workflow. A new dashboard was developed in this context for related processes, which provides an overview of the status of the individual processes as well as making it possible to deal with many similar activities simultaneously. For example, superiors can deal with all bonus agreements of all employees at the same time. This function is also available especially in the mobile apps.

In addition the functionality for digital signatures was expanded in the period under review. Signature areas are available, which enable the signatory to pre-define the position and size of the visual signatures before signing. The signatory can therefore insert his/her signature directly at the position provided for it. Furthermore, several documents of a file can be grouped together and signed visually with the aid of a signature folder.

The integration in Microsoft Office is now also available for "Microsoft Word for the Web" and "Microsoft Word for Mac". This means that functions such as "Insert text blocks" or "Insert fields" can now also be used on these platforms.

The support of 3D CAD files was improved in the period under review and a new preview and 3D viewer function inserted. The 3D viewer is integrated directly in the browser interface and enables the zooming, rotating and positioning of the 3D model via keyboard or mouse. The 3D viewer also has a scene graph of the depicted 3D model. A scene graph is an object-oriented data structure that describes the logical or spatial arrangement of the three-dimensional object to be depicted. The individual elements/element groups of the 3D model can be shown or hidden with the scene graph.

Documents or objects can now be researched more efficiently with the new search portal using Mindbreeze. In addition Mindbreeze search queries can be saved, so regularly executed search queries can be carried out more quickly. The integration of Mindbreeze Insight apps enables an aggregated, user-oriented access to the information of a cloud organisation. Mindbreeze Insight apps are used to display or highlight important information without the user having to search explicitly for it. Mindbreeze Insight apps are created with the Mindbreeze InSpire Apps Designer from Mindbreeze InSpire directly in the user interface of the Fabasoft Business Process Cloud.

The new search portal, the stored search queries and execution of Mindbreeze Insight apps can also be used in the mobile apps of the Fabasoft Business Process Cloud for Apple iOS and Android.

The functionality of the mobile apps of Fabasoft Business Process Cloud for Apple iOS and Android was considerably expanded.

The already outstanding accessibility of the browser client for persons with special needs was again improved over the last year. The diagrams integrated in the browser interface (such as pie or bar charts) are now also accessible for this user group with the aid of assistive technologies.

Support for the Open Data Protocol (OData) was incorporated as a new interface for working with structured data in the period under review. A user-friendly wizard guides users with the definition of the data to be determined, which can be edited in applications such as Microsoft Power BI, for example. The scalable architecture of the services in the backend ensure the required performance.

Another focus point concentrated on the creation, editing and publication of extensive documents based on structured data formats (XLM format). Basic functions were created in this context that can be used again in future solutions.

The functionalities of the Fabasoft Business Process Cloud are also available in the releases of the Fabasoft Private Cloud (Appliance).

### **Fabasoft Secomo**

Research concentrated here in the period under review on supporting advanced digital signatures. The integration for the web browser client was also improved in such a way that it enables working with protected documents without the installation of native software.

### **Fabasoft Folio**

Research and development activities here in the fiscal year 2021/2022 once again concentrated on the optimisation of user-friendliness through the use of the new interface design and the entire re-design of use cases in the product. In addition many new features of the Fabasoft Business Process Cloud are also available in Fabasoft Folio.

### **Xpublisher**

The Xpublisher development team focussed on the further development of the product to a “Full-Managed Service Solution”, in order to offer customers faster installation and simpler maintenance of the Xpublisher editorial system. A change to “infrastructure as code” was undertaken where architecture is concerned as well as further improvement of the documentation. This radically reduces the “time-to-value” for new customers, in particular in the setup phase of proofs of concept.

Furthermore, the local development environments were migrated into the Fabasoft IT infrastructure, so these can be used as a highly secure development environment.

### **Xeditor**

In the 2021/2022 fiscal year the Xeditor development team concentrated on numerous new product features, such as an outline for XML elements, a character picker for various special characters, an enhanced tag view and other adjustments to improve the user experience.

Within the framework of an integration in the Fabasoft Business Process Cloud, Xeditor is available for the editing of XML documents based on the DITA standard for the creation of technical documentation.

### **Fabasoft eGov-Suite**

In the 2021/2022 fiscal year the Fabasoft eGov-Suite development team concentrated in particular on the extension of interoperability between the Fabasoft eGov-Suite and other applications in the public sector environment. XML exchange formats, for example, as well as direct connections to third-party products were either extended or re-implemented.

Based on the developer pattern, which is developed in the Fabasoft eGov-Suite for the new Central Register of Residents integration, it was also possible to successfully integrate the Company Register and the Address, Building and Dwelling Register in Austria. This has made work far more convenient for users who have to interact with the respective registers on a regular basis, in that they now no longer have to exit the Fabasoft eGov-Suite, but instead can execute queries directly in the business object. In addition it also enabled a reduction in the complexity of the overall system of an authority for users.

Furthermore, more new standards for the exchange of business objects were implemented in addition to the eCH0147 in Switzerland, the XDOMEA 3.0 and the ELAKTrans interface in Austria.

Another focus of the development activities was an improvement in the support of administrative procedures, which can now be mapped directly in the Fabasoft eGov-Suite. In addition to the specific settings per procedure, e.g. the available menus, signatures and activities, own metadata can now also be defined. Fields can now be configured per administrative procedure, for example, which can be filled in structured manner and saved in the Fabasoft eGov-Suite. So each administrative procedure now also retains its characteristic in the Fabasoft eGov-Suite.

The further development of the dashboard for the visualisation of key performance indicators and other relevant information as an aid to day-to-day work was also undertaken in the period under review. The visualisation and reporting functions, for example, were further improved.

In addition to these activities the development team accompanied current innovation and roll-out projects at customers' premises in order to collect product feedback from as close as possible to the customers.

#### **Fabasoft app.telemetry**

The Fabasoft app.telemetry development team concentrated their efforts in the 2021/2022 fiscal year on extending the integration of basic components of the software infrastructure, the implementation and provision of a logging infrastructure for instrumented software products, support for measured values based on data provided via the software telemetry of instrumented software products and the further development of scaling options in a container environment.

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

##### **Share buyback programme Fabasoft AG**

No new share buyback programme has been started since the conclusion of the share buyback programme in accordance with the authorisation of the Annual General Meeting on 6 July 2015.

No treasury shares were purchased in the 2021/2022 fiscal year.

As at 31 March 2022 Fabasoft AG held no treasury shares.

#### 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

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

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

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

### **ICS Purchasing**

The ICS Purchasing guideline regulates the procurement of goods and services for the entire Fabasoft Group. The aim of ICS Purchasing is to procure the required economic goods and services with the desired quality, in the right amount, with optimum prices and to schedule.

### **ICS Human Resources**

The ICS Human Resources covers all processes in connection with personnel matters within the Fabasoft Group, from recruiting to the employee's last day at work. The aim is to ensure a legally compliant approach in all areas and aspects of human resources, promote employee qualifications and further development and ensure that the accounting procedures for salaries and non-wage labour costs are proper so that human resources are used effectively and economically.

### **ICS Revenue Cycle**

The ICS Revenue Cycle describes all activities and controls within the Fabasoft Group concerning the generation of sales from market reviews and analyses to the receipt of payment from the customer. The aim is to use technology-supported and clearly defined and documented processes and responsibilities to standardise and verify the business activities in the Group's companies (performance status, execution, invoicing, payment, additional financial information).

### **ICS Tax**

The tax control system (ICS Tax) covers all activities, processes and risks in connection with taxes within the Fabasoft Group. The targets it pursues are legal and planning security, reduction of tax risk through the earliest possible binding clarity in tax management for professional matters, reduction of compliance costs and ensuring the prompt and legally compliant levying of taxes.

### **Annual financial statements and consolidation**

The annual financial statements of Fabasoft AG are drawn up in accordance with the Austrian Commercial Code stipulations in force by the Managing Board and approved by the Supervisory Board.

The consolidated financial statements of the Fabasoft Group are drawn up in accordance with the International Financial Reporting Standards (IFRS), as applicable in the European Union (EU), and the commercial stipulations pursuant to Section 245a of the Austrian Commercial Code. The consolidated financial statements are drawn up by the Managing Board and presented to the Supervisory Board for approval and release prior to disclosure.

Interim consolidated financial statements are drawn up in accordance with the International Accounting Standard 34 (IAS 34) and disclosure follows approval by the Managing Board.

The Accounting Manual documents standards and guidelines to ensure smooth processes in accounting and balance sheet preparation. The guidelines specified therein are valid for accounting and balance sheet preparation at Fabasoft AG and its subsidiaries. Furthermore, the Accounting Manual also documents the consolidation process in writing.

The use of IT systems ensures the transparent and clear handling and audit-proof archiving of company data. The systems have interfaces that enable data exchange.

Budget and sales planning is carried out once a year by the managers of the organisational units and is approved by both the Managing and Supervisory Boards.

## 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 at its disposal the following records of capital interests amounting to at least 10 of one hundred:  
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. None of the terms relating to the appointment and discharge of the members of the Managing Board deviate from legislation. Resolutions on article amendments in accordance with Section 146 (1) of the Austrian Stock Corporation Act – insofar the nature and purpose of the business is not affected - require a simple majority of the share capital represented at the resolution. The Supervisory Board is required to adhere to a rotation plan in which one member of the Supervisory Board is elected yearly.
7. Authority of the members of the Managing Board that does not arise from legislation and concerns in particular the possibility of issuing or buying back shares:

#### Authorised capital:

Further to the annual general meeting resolution of 5 July 2021 the Managing Board is authorised, pursuant to Section 169 (1) of the Austrian Stock Corporation Act, to increase capital stock by up to EUR 5,500,000.00 to reach a total of up to EUR 16,500,000.00 by 20 October 2026 (entry 56, commercial register FN 98699x at Linz provincial court).

#### Acquisition of own shares in accordance with Section 65 (1) (4) of the Austrian Stock Corporation Act:

Annual general meeting resolution of 5 July 2021 on the authorisation for the acquisition of 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 for the period of 30 months and up to a maximum holding of 10 per cent of the total share capital of the company. The equivalent value permissible at repurchase must not exceed 10% and must not be under 20% of the average price at the close of Xetra trading on the Deutsche Börse AG of the last 5 stock exchange trading days prior to the fixing of the purchase price. Own shares purchased under the terms of this authorisation may not, when added to other own shares already purchased by the company and still in the company's possession, exceed 10% of the capital stock of the company. The respective repurchase programme and its duration are to be made public.

#### Acquisition of own shares in accordance with Section 65 (1) (8) of the Austrian Stock Corporation Act:

Annual general meeting resolution of 5 July 2021 on authorisation for the acquisition of own shares pursuant to Section 65 (1) (8) of the Austrian Stock Corporation Act for the period of 30 months and up to a maximum holding of 10 per cent of the total share capital of the company. The equivalent value permissible at repurchase must not exceed 10% and must not be under 20% of the average price at the close of Xetra trading on the Deutsche Börse AG of the last 5 stock exchange trading days prior to the fixing of the purchase price. Own shares purchased under the terms of this authorisation may not, when added to other own shares already purchased by the company and still in the company's possession, exceed 10% of the capital stock of the company. The respective repurchase programme and its duration are to be made public.

This authorisation also encompasses the purchase of shares by subsidiaries of Fabasoft AG (Section 66 Austrian Stock Corporation Act). The purchase can be effected via the stock exchange, by way of a public offering or any other legally permissible means and for every legally permissible purpose.



The Managing Board is further authorised to withdraw own shares after an effected buyback as well as those own shares part of the stock of Fabasoft AG without requiring a separate resolution from the annual general meeting. The Supervisory Board is authorised to resolve any amendments to the articles arising from the withdrawal of shares.

This authorisation may be exercised in full or in part as well as in several parts.

**Utilisation and sale of own shares:**

Resolution of the annual general meeting from 5 July 2021 concerning the authorisation, subject to the approval of the Supervisory Board and without the need of a separate resolution from the annual general meeting, to sell or utilise within 5 years, up to and including 5 July 2026, own shares after an effected buyback as well as those own shares of Fabasoft AG part of the stock of Fabasoft AG in a form other than via the stock exchange or by means of a public offering, in particular to utilise own shares

- (i) for issue to employees, company executives and/or members of the Managing Board/Management of the company or an affiliated company, including servicing of stock transfer programmes, in particular stock options, Long Term Incentive Plans or other participation programmes;
  - (ii) to service if necessary any convertible bonds issued;
  - (iii) as consideration for the acquisition of companies, stakes in companies or other assets and
  - (iv) for any other legally permissible purpose; and to hereby exclude shareholders' subscription rights (exclusion of subscription rights), whereby the authorisation 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, 7 June 2022

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

Leopold Bauernfeind  
Member of the Managing Board

Ing. Oliver Albl  
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 its subsidiaries ("the Group"), which comprise the consolidated Statement of Financial Position as at 31 March 2022, and the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and the Notes to the Consolidated Financial Statements.

In our opinion, the consolidated financial statements comply with the legal requirements and present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2022, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) as well as other legal or regulatory requirements.

##### **Basis for our Opinion**

We conducted our audit in accordance with the EU Regulation 537/2014 ("AP Regulation") and Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section of our report. We are independent of the audited Group in accordance with Austrian company law and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained up to the date of the auditor's report is sufficient and appropriate to provide a basis for our audit opinion on 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. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, however, we do not provide a separate opinion thereon.

## Revenue recognition

See notes section 2.10, 6.1 and 8

- **Risk for the annual financial statements**

In the 2021/2022 fiscal year Fabasoft AG generated sales revenue amounting to kEUR 58,268, of which kEUR 27,258 are non-recurring sales revenue. Fabasoft AG has defined detailed guidelines, procedures and processes for the accounting of its customer contracts. Assessment of the recognition of revenue in connection with non-recurring revenue, which in part is based on complex contractual elements and matters, entails an inherent risk of error, and this topic was therefore deemed a key audit matter and included in the overall results.

- **Our audit approach**

We verified consistency of the accounting and valuation methods applied by Fabasoft AG for the recognition of nonrecurring revenue with the IFRS conceptual framework and IFRS 15. We assessed the structure, establishment and effectiveness of the internal controls with regard to the process for revenue recognition. For a sample of nonrecurring revenue, selected based on a statistical sampling method, we:

- gained an understanding of the transaction by examining the underlying contractual agreements and other associated documents as well as through the explanations of Fabasoft AG employees;
- assessed whether recognition of revenue based on a specific time or a specific period of time is justified;
- verified, in the case of revenue recognition based on a specific period of time (in particular fixed-price projects) the resulting revenue recognition using the principles for the determining the percentage of completion;
- Finally we examined whether the disclosures of Fabasoft AG to revenue recognition are complete and appropriate in the notes.

## Accounting of the acquisition of KnowledgeFox GmbH

See notes section 2.2.2

- **Risk for the annual financial statements**

On 13 January 2022 Fabasoft AG purchased 70% of the shares in KnowledgeFox GmbH. In the course of the first consolidation, in particular internally developed software amounting to kEUR 508, customer relationships amounting to kEUR 144 and a goodwill amounting to kEUR 692 were recognised.

The accounting of this company acquisition requires the application of complex accounting principles. In addition to the assessment of whether the transaction constitutes an acquisition in compliance with IFRS 3, IFRS 3 also prescribes that identified assets acquired and liabilities assumed are to be recognised at their fair value at the acquisition date within the framework of the purchase price allocation. Valuation of the assets acquired and liabilities assumed necessitates significant estimates and assumptions.

There is a risk of the applied accounting methods not being conform with the principles of IFRS 3 and the assets and liabilities not being completely identified. In addition, the valuation models applied and the assumptions made might not be appropriate and the resulting fair value of the identifiable assets acquired and liabilities assumed and therefore the remaining goodwill not correctly determined. There is also a risk that the required disclosures in the notes to the consolidated financial statements are not complete or appropriate.

- **Our audit approach**

We assessed the accounting of the acquisition of KnowledgeFox GmbH. Our audit procedures included, among others, the following activities:

- We questioned the management and other Fabasoft AG employees and read the relevant contracts and documentation, in order to gain an understanding of the significant framework conditions and other conditions, and assessed whether the transaction constitutes a business in compliance with IFRS 3.
- We checked whether the respective point of time for first consolidation was selected correctly.
- We read and assessed the documentation compiled and provided by Fabasoft AG as to whether the assets and liabilities were essentially identified completely.
- Together with our valuation experts we assessed whether the accounting and valuation principles applied comply with IFRS 3. In this context and together with our valuation experts we recognised the valuation models and significant assumptions applied for determining the fair value and verified the numerical correctness of the valuations carried out on a random basis.
- We assessed whether the disclosures in the notes to the consolidated financial statements with regard to the facts as well as the accounting and valuation methods and judgements and estimates are appropriate.

**Other Information**

Management is responsible for other information. Other information is all information provided in the annual report, other than the consolidated financial statements, the group management report and the auditor's report.

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

In conjunction with our audit, it is our responsibility to read this other information and to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or any apparent material misstatement of fact.

If, on the basis of our work on the other information obtained before the date of the auditor's report, we conclude that there is a material misstatement of fact in other information, we must report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) 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.

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

The audit committee is responsible for overseeing the Group's financial reporting process.

## Auditor's Responsibilities

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 audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with the AP Regulation and Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with AP Regulation and Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.
- We 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.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We 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 audit report to the respective note in the consolidated financial statements. If such disclosures are not appropriate, we will modify our audit 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.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.

- We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.
- From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit i.e. key audit matters. We describe these key audit matters in our auditor's report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

## Report on Other Legal Requirements

### Group Management Report

In accordance with Austrian company law, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and prepared in accordance with legal requirements.

Management is responsible for the preparation of the group management report in accordance with Austrian company law.

We have conducted our audit in accordance with generally accepted standards on the audit of group management reports.

- **Opinion**

In our opinion, the group management report is consistent with the consolidated financial statements and has been prepared in accordance with legal requirements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

- **Statement**

Based on our knowledge gained in the course of the audit of the consolidated financial statements and our understanding of the Group and its environment, we did not note any material misstatements in the group management report.

### Additional Information in accordance with Article 10 AP Regulation

We were elected as auditors at the Annual General Meeting on 5 July 2021 and were appointed by the supervisory board on 26 November 2021 to audit the financial statements of Fabasoft AG for the financial year ending on 31 March 2022.

We have been auditors of the Company, without interruption, since the consolidated financial statements at 31 March 2021.

We declare that our opinion expressed in the "Report on the Consolidated Financial Statements" section of our report is consistent with our additional report to the Audit Committee, in accordance with Article 11 AP Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 AP Regulation) and that we have ensured our independence throughout the course of the audit, from the audited Group.

## Engagement Partner

The engagement partner is Mr Mag. Christoph Karer.

Linz, 7 June 2022

KPMG Austria GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

qualified electronically signed:

Mag. Christoph Karer  
Wirtschaftsprüfer  
(Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid. The consolidated financial statements together with our auditor's opinion may only be published if the consolidated financial statements and the group management report are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.

## STATEMENT OF ALL LEGAL REPRESENTATIVES

We, Prof. Dipl.-Ing. Helmut Fallmann, Leopold Bauernfeind and Ing. Oliver Albl, as Members of the Managing Board and statutory representatives of Fabasoft AG, both 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, 7 June 2022  
Managing Board Fabasoft AG

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

Leopold Bauernfeind  
Member of the Managing Board

Ing. Oliver Albl  
Member of the Managing Board





## BALANCE SHEET OF FABASOFT AG, LINZ, AS AT 31 MARCH 2022

Assets in EUR	31/03/2022	31/03/2021
<b>A. Fixed assets</b>		
I. Intangible assets		
Concessions, industrial property rights and similar rights and benefits as well as licenses deriving from them	241,358.73	226,971.28
II. Property, plant and equipment		
1. Buildings on third-party land	2,086,316.09	1,181,386.57
2. Other equipment, office furniture and equipment	2,801,963.23	2,643,289.55
3. Advance payments and assets under construction	277,790.25	0.00
	<b>5,166,069.57</b>	<b>3,824,676.12</b>
III. Financial assets		
1. Shares in affiliated companies	30,311,573.96	18,364,306.29
2. Investment securities	156,852.66	156,852.66
	<b>30,468,426.62</b>	<b>18,521,158.95</b>
	<b>35,875,854.92</b>	<b>22,572,806.35</b>
<b>B. Current assets</b>		
I. Trade and other receivables		
1. Trade receivables	0.00	75,828.63
thereof with a remaining term of more than one year	0.00	0.00
2. Receivables from affiliated companies	12,377,188.17	16,542,004.90
thereof with a remaining term of more than one year	0.00	0.00
3. Other receivables and assets	535,072.03	325,298.46
thereof with a remaining term of more than one year	4,798.80	500.00
	<b>12,912,260.20</b>	<b>16,943,131.99</b>
II. Cash and cash equivalents	1,850,769.76	12,295,837.14
	<b>14,763,029.96</b>	<b>29,238,969.13</b>
<b>C. Prepaid expenses</b>	<b>284,112.86</b>	<b>318,915.11</b>
<b>D. Deferred income tax assets</b>	<b>560,540.00</b>	<b>541,800.00</b>
	<b>51,483,537.74</b>	<b>52,672,490.59</b>

Equity and liabilities in EUR	31/03/2022	31/03/2021
<b>A. Equity</b>		
I. Capital called and paid-up	11,000,000.00	11,000,000.00
Subscribed capital	11,000,000.00	11,000,000.00
Issued capital	<b>11,000,000.00</b>	<b>11,000,000.00</b>
II. Capital reserves		
Appropriated	22,191,953.75	22,191,953.75
Free	42,039.57	0.00
	<b>22,233,993.32</b>	<b>22,191,953.75</b>
III. Accumulated profit	10,745,478.82	11,888,787.83
thereof profit brought forward	2,538,787.83	1,055,444.79
	<b>43,979,472.14</b>	<b>45,080,741.58</b>
<b>B. Investment grants</b>	<b>154,583.90</b>	<b>94,304.96</b>
<b>C. Provisions</b>		
1. Provisions for severance payments	1,789,338.00	1,631,236.00
2. Tax provisions	2,781,841.77	3,202,678.00
3. Other provisions	1,583,012.07	2,126,559.48
	<b>6,154,197.84</b>	<b>6,960,473.48</b>
<b>D. Liabilities</b>		
thereof with remaining term of up to one year	1,195,283.86	536,970.57
thereof with a remaining term of more than one year	0.00	0.00
1. Trade payables	385,614.67	373,208.75
thereof with remaining term of up to one year	385,614.67	373,208.75
thereof with a remaining term of more than one year	0.00	0.00
2. Other payables	809,669.19	163,761.82
thereof relating to tax payables	51,751.07	153,949.39
thereof relating to social securities	10,542.28	9,812.43
thereof with remaining term of up to one year	809,669.19	163,761.82
thereof with a remaining term of more than one year	0.00	0.00
	<b>1,195,283.86</b>	<b>536,970.57</b>
	<b>51,483,537.74</b>	<b>52,672,490.59</b>

INCOME STATEMENT OF FABASOFT AG, LINZ,  
FOR THE PERIOD FROM 1 APRIL 2021 TO 31 MARCH 2022

in EUR	2021/2022		2020/2021	
<b>1. Sales revenue</b>		<b>4,105,965.50</b>		<b>3,775,309.43</b>
2. Other operating income				
a) Income from the disposal of property, plant and equipment with exception of financial assets		43,799.31		68,413.32
b) Other		54,794.53		23,725.29
		<b>98,593.84</b>		<b>92,138.61</b>
3. Employee benefits expense				
a) Salaries		-1,376,978.77		-1,219,662.29
b) Social security expenses		-749,024.50		-791,730.52
thereof expenses for pension schemes	-421,238.66		-421,238.66	
thereof expenses for severance payments and contributions to employee provision funds	-163,901.28		-234,495.13	
thereof expenses for statutory social contributions and from remuneration-based charges and compulsory contributions	-163,884.56		-135,996.73	
		<b>-2,126,003.27</b>		<b>-2,011,392.81</b>
4. Depreciation and amortisation of intangible assets and property, plant and equipment		-1,992,836.76		-1,740,803.20
5. Other operating expenses		-3,399,535.94		-2,982,895.60
thereof taxes, provided these do not fall under item 13	-24,615.30		-22,169.84	
<b>6. Subtotal of items 1 to 5</b>		<b>-3,313,816.63</b>		<b>-2,867,643.57</b>
7. Income from investments		10,774,000.00		11,106,000.00
thereof from affiliated companies	10,774,000.00		11,106,000.00	
8. Income from other securities of the financial assets		819.30		1,401.90
9. Other interest and similar income		12.93		12.94
10. Interest and similar expenses		-53,099.84		-74,176.46
<b>11. Subtotal of items 7 to 10</b>		<b>10,721,732.39</b>		<b>11,033,238.38</b>
<b>12. Result before income taxes (Subtotal of items 6 and 11)</b>		<b>7,407,915.76</b>		<b>8,165,594.81</b>
13. Taxes on income		798,775.23		666,538.00
thereof deferred income taxes	18,740.00		59,000.00	
thereof tax compensation	2,448,824.00		2,894,885.00	
<b>14. Result after taxes = Annual net profit</b>		<b>8,206,690.99</b>		<b>8,832,132.81</b>
15. Income from the sale of treasury shares		0.00		1,723,953.23
16. Dissolution of the reserves for treasury shares		0.00		277,257.00
17. Profit brought forward from previous year		2,538,787.82		1,055,444.79
<b>18. Accumulated profit</b>		<b>10,745,478.82</b>		<b>11,888,787.83</b>

## NOTES FOR THE 2021/2022 FISCAL YEAR OF FABASOFT AG, LINZ

### A 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 realised on the reporting date are recognised. 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 recognised.

Amounts with no indication of currency are exclusively euro amounts.

## B Accounting policies

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

### 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 800.00 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.

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) Current assets

Trade and other receivables are recognised 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.

### 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.

### 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 combine all temporary differences, the netting of differences, which give rise to a deferred income tax liability, with the deferred income tax assets was undertaken. Deferred income tax assets and deferred income tax liabilities were netted, since it was legally possible to offset actual tax refund claims against actual tax liabilities.

Due to the “eco-social tax reform” as of 1 January 2023 there will be a gradual reduction of corporate income tax from 25 % to 24 % (as of 1 January 2023) and further to 23 % (as of 1 January 2024). This future change in the tax rate was taken into account accordingly in the calculation of the deferred taxes.

## 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 capitalised. Accounting is effected according to the gross method, there is therefore no reduction in the acquisition costs, but reporting as a liability item. This is dissolved in accordance with the useful life of the underlying investment and reported as other operating income.

## 6) Provisions

### 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 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 recognised 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.

### 6.2. Provisions for severance payments

As at 31 March 2022 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 severance payments are calculated on the basis of the Managing Board contracts.

### 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.

## 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.

## C Notes on the items of the balance sheet

### Assets

#### 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	99,729.00	197,772.27
Obligations from rental contracts	589,895.64	2,949,478.20
	<b>689,624.64</b>	<b>3,147,250.47</b>

Previous year:

in EUR	in the following fiscal year	in the following 5 fiscal years
Obligations from lease contracts	134,358.06	233,522.40
Obligations from rental contracts	650,181.60	3,250,908.00
	<b>784,539.66</b>	<b>3,484,430.40</b>

The rental and lease expenses for office space and the car fleet for the period under review amount to EUR 785,176.72 (previous year kEUR 745).

With the purchase contract dated 13 March 2019 Fabasoft AG acquired a plot of approx. 11,000 m<sup>2</sup> (object of purchase 1) and a plot of approx. 4,500 m<sup>2</sup> (object of purchase 2). Both objects of purchase are located in the area of the city of Linz. The purchase is agreed subject to a condition precedent. The purchase contract shall not become unconditionally effective unless Fabasoft AG receives the zoning certificate required for a construction management as well as the official permits required for such construction management for the object of purchase 1 by 31 March 2022. As per the agreement dated 3 August 2021 this purchase contract was cancelled before fulfilment of the condition precedent.

Fabasoft AG concluded a new purchase contract for the plots indicated above on 3 August 2021, which remains subject to the condition precedent of the authorisation of the real estate transactions authority. Therefore, this matter has not been recognized in the present financial statements.

On 20 April 2021 Fabasoft AG increased its holding in Mindbreeze GmbH from formerly 76 % of the company shares to 85.5 %. The shares were acquired from the Management of Mindbreeze GmbH, which had held 24 % before the transaction and now still holds 14.5 %.

Moreover, Fabasoft AG purchased in total 70 % of the shares in the company KnowledgeFox GmbH, which is located in Vienna and a provider of intelligent training apps, in particular in the field of MicroLearning. This constitutes a consistent step in the realisation of the Fabasoft growth strategy. 49.9 % of the participation was effected via already existing shares from shareholders not active in the company and 20.1 % via the subscription of new shares. The previous shareholder-CEO still retains 30 % of the shares in KnowledgeFox GmbH.

The purchase and transfer agreement became effective on 13 January 2022. The share capital increase amounting to EUR 23,450.00 was paid in to KnowledgeFox GmbH by Fabasoft AG on 13 January 2022 and at the same time payment of the investment amount over and above the share capital plus the due purchase price for acquisition of the shares amounting the EUR 1,448,927.67 was also effected.



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

	Carrying amount of the investment in EUR 31/03/2022	Share in %	Nominal equity	Carrying amount of equity	Annual net profit/loss
Fabasoft Austria GmbH, Linz	2,328,602.61	100	EUR 800,000.00	EUR 3,415,093.27	EUR 2,225,218.17
Fabasoft Schweiz AG, Bern, Switzerland	462,784.49	100	CHF 100,000.00	CHF 84,056.18	CHF -348,825.16
Fabasoft Deutschland GmbH, Frankfurt/Main, Germany	2,282,933.18	100	EUR 52,000.00	EUR 4,875,715.23	EUR 3,628,592.16
Fabasoft International Services GmbH, Linz	35,000.00	100	EUR 35,000.00	EUR 444,373.35	EUR 246,000.35
Fabasoft R&D GmbH, Linz	5,062,000.00	100	EUR 35,000.00	EUR 1,598,868.66	EUR 1,079,157.15
Mindbreeze GmbH, Linz	14,071,357.14	85.5	EUR 1,070,000.00	EUR 5,028,153.90	EUR 3,756,006.76
Xpublisher GmbH, Munich, Germany	4,571,628.87	60	EUR 42,000.00	EUR 1,490,694.17	EUR 29,314.34
KnowledgeFox GmbH, Vienna	1,497,267.67	70	EUR 58,450.00	EUR 350,891.79	EUR -246,738.11*
<b>Total</b>	<b>30,311,573.96</b>				

\*Short fiscal year 1 January to 31 March 2022

(Previous year)	Carrying amount of the investment in EUR 31/03/2021	Share in %	Nominal equity	Carrying amount of equity	Annual net profit/loss
Fabasoft Austria GmbH, Linz	2,328,602.61	100	EUR 800,000.00	EUR 3,289,875.10	EUR 2,133,883.20
Fabasoft Schweiz AG, Bern, Switzerland	462,784.49	100	CHF 100,000.00	CHF 432,881.34	CHF -441,854.87
Fabasoft Deutschland GmbH, Frankfurt/Main, Germany	2,282,933.18	100	EUR 52,000.00	EUR 5,047,123.07	EUR 3,847,216.64
Fabasoft International Services GmbH, Linz	35,000.00	100	EUR 35,000.00	EUR 388,373.00	EUR 196,260.24
Fabasoft R&D GmbH, Linz	5,062,000.00	100	EUR 35,000.00	EUR 2,419,711.51	EUR 1,958,509.81
Mindbreeze GmbH, Linz	3,621,357.14	76	EUR 1,070,000.00	EUR 5,372,147.14	EUR 4,149,618.64
Xpublisher GmbH, Munich, Germany	4,571,628.87	60	EUR 42,000.00	EUR 1,461,379.83	EUR -130,917.35
<b>Total</b>	<b>18,364,306.29</b>				

### Investment securities

Securities and pension reinsurance agreements amounting to EUR 5,128,812.63 (previous year kEUR 4,606) are pledged to the benefit of the Managing Board within the framework of a pension provision.

The capitalisation value of the pension reinsurance agreements are reported offset against the pension provisions.

## 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 1,016,864.17 (previous year kEUR 2,541) and receivables from same-period appropriation of profit and tax compensation amounting to EUR 11,360,324.00 (previous year kEUR 14,001).

### 3) Deferred income tax assets

The deferred income tax assets concern temporary differences from severance payments and pension provisions and fiscal seventh-part distribution.

The deferred income taxes include long-term temporary differences amounting to EUR 555,453.58 (previous year kEUR 523)

## Equity and liabilities

### 1) Equity

#### 1.1. Share capital

As at the closing date 31 March 2022 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.

#### 1.2. Authorised capital

Please refer to the resolutions of the Annual General Meeting on 5 July 2021 for information on authorised capital (see section E.4).

#### 1.3. Proposal for the appropriation of earnings

The 2021/2022 fiscal year resulted in a reported net profit of EUR 10,745,478.82.

The Managing Board of Fabasoft AG proposes for the fiscal year from 1 April 2021 to 31 March 2022, that a dividend of EUR 0.75 be disbursed per dividend-bearing no-par value share and, taking into consideration the legal dividend distribution restriction and the shares legally excluded from the entitlement to profits, the remaining net profit is to be carried forward to new account.

#### 1.4. Legal dividend distribution restriction

Pursuant to Section 235 (2) of the Austrian Commercial Code, the amount of EUR 560,540.00 (previous year kEUR 542) from the net profit is blocked from distribution.

#### 1.5. Treasury shares

No treasury shares were held as at the reporting date 31 March 2022.

#### 1.6. Merger

The retroactive merger as of 31 December 2020 of FB Beteiligungen GmbH (FN 323228k) as the transferring company with Fabasoft AG (FN 98699x) as the acquiring company in compliance with Art. I Austrian Reorganisation Tax Act (UmgrStG) was filed in the company register on 10 November 2021. The effects of this merger are of subordinate importance for Fabasoft AG as well as for Fabasoft AG.

## 2) Investment grants

Investment premiums are recognised 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 by asset class is as follows:

in EUR	As at 01/04/2021	Allocation	Dissolution	As at 31/03/2022
I. Intangible assets	21,047.20	398.09	5,554.37	15,890.92
II. Property, plant and equipment				
1. Buildings on third-party land	53,323.37	61,130.24	20,329.35	94,124.26
2. Other equipment, office furniture and equipment	19,934.39	39,204.37	14,570.04	44,568.72
	<b>94,304.96</b>	<b>100,732.70</b>	<b>40,453.76</b>	<b>154,583.90</b>

## 3) Provisions

### 3.1. 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 B.6.1 amounts to EUR 5,055,655.39 (previous year kEUR 4,533) as at 31 March 2022. The claims from the pension reinsurance agreements offset against the provisions for pensions amount to EUR 5,055,655.39 (previous year kEUR 4,533) at the same level, whereby no report is made in the balance sheet.

### 3.2. Other provisions

The other provisions consist of the following provisions:

	31/03/2022 EUR	31/03/2021 kEUR
Earn-out components acquisition of Xpublisher GmbH	1,280,693.38	1,872
Expenses for auditors	33,840.00	29
Performance-related remuneration	77,140.00	4
Not yet consumed holidays	5,390.00	34
Special payments	56,488.69	57
Personnel expenses	9,200.00	0
Outstanding invoices received	77,610.00	100
Publications of annual financial statements	29,150.00	30
Others	13,500.00	1
	<b>1,583,012.07</b>	<b>2,127</b>

Against the backdrop of the unforeseeable circumstances in connection with the COVID-19 pandemic, it was necessary to adjust the Xpublisher earn-out component in terms of trigger parameters and term. This adjustment was unanimously resolved by the Supervisory Board of Fabasoft AG on 26 July 2021.

The earn-out components in connection with the acquisition of Xpublisher GmbH, Munich, Germany, are subject to the attainment of fixed operating ratios by 31 March 2025 at the latest. The defined performance indicators were achieved in the 2021/2022 fiscal year, for this reason a first part of the earn-out components will be paid to the amount of EUR 600,00.00 in the 2022/2023 fiscal year. This amount will be reported as of now under other liabilities. The undiscounted, payable amount of the earn-out components is EUR 1,300,00.00 (previous year kEUR 1,900).

#### 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 16,966.84 (previous kEUR 16), that will not affect payment until after the reporting date.

### D Notes on the items of the income statement

#### 1) Sales revenue

The sales revenue amounting to EUR 4,105,965.50 (previous year kEUR 3,775) results from the allocation of expenses of the group pairing company, Fabasoft AG, Linz, to the affiliated companies.

#### 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 5,799.28 (previous year kEUR 4) for employee pension funds.

#### 3) Expenses for pension schemes

The expenses for pension schemes are composed as follows:

	2021/2022 EUR	2020/2021 kEUR
Expense for allocation to the pension provision	523,027.69	518
Income from the capitalisation of pension reinsurance agreements	-523,027.69	-518
Payments to the pension reinsurance agreements	421,238.66	421
	<b>421,238.66</b>	<b>421</b>

#### 4) Other operating expenses

Other disclosed operating expenses include in particular:

	2021/2022 EUR	2020/2021 kEUR
Operating expenses	1,582,394.10	1,444
Administrative expenses	1,354,628.35	1,403
Marketing expenses	437,898.19	113
	<b>3,374,920.64</b>	<b>2,961</b>

## 5) Expenses for the annual auditor

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

## E Other statements

### 1) Group taxation

As of the year of assessment 2022, 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 and (4) Mindbreeze GmbH, Linz.

The positive or negative tax compensation for domestic group members is 25% 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 realise by claiming the remainder of this loss carry forward.

The taxes on income amount to EUR 798,775.23 (previous year kEUR 667) and are subdivided into the following items:

	2021/2022 EUR	2020/2021 kEUR
Current taxes	-1,668,788.77	-2,287
Tax compensations	2,448,824.00	2,895
Deferred income taxes	18,740.00	59
	<b>798,755.23</b>	<b>667</b>

### 2) Mandatory disclosures on bodies and employees

#### 2.1. Average number of employees

	2021/2022	2020/2021
Employees	5	4

#### 2.2. Members of the Managing Board of Fabasoft AG

Prof. Dipl.-Ing. Helmut Fallmann, Linz  
Leopold Bauernfeind, St. Peter/Au  
Oliver Albl, Haag am Hausruck (since 1 May 2022)

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 1,580 (previous year kEUR 1,617) in the 2021/2022 fiscal year and are composed as follows:

in kEUR	2021/2022	2020/2021
Continuous emoluments	1,001	966
Expenses for severance payments	158	230
Expenses for pension schemes	421	421
<b>Total</b>	<b>1,580</b>	<b>1,617</b>

The Supervisory Board is composed of the following persons:

em. o. Univ.-Prof. Mag. Dr. Friedrich Roithmayr (Chairman)  
 Dr. Peter Posch (Member)  
 FH-Prof.<sup>in</sup> Univ.Do<sup>z</sup>.<sup>in</sup> DI<sup>in</sup> Dr.<sup>in</sup> Ingrid Schaumüller-Bichl (Member)  
 Prof. Dr. Andreas Altmann (Member)

Emoluments amounting to EUR 80,000.00 (previous year kEUR 80) were paid to the members of the Supervisory Board in the 2021/2022 fiscal year.

### 3) Information on the stock option programs

As at the reporting date 31 March 2022 there are no effective stock option programs.

### 4) Resolutions of the Annual General Meeting on 29 June 2020

The following resolutions, among others, were made at the Fabasoft AG Annual General Meeting on 5 July 2021:

A dividend of EUR 0.85 per dividend-bearing share shall be paid out for the 2020/2021 fiscal year.

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

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

## 5) Significant events after the balance sheet date

### **Restructuring organisational unit “Approve”**

A 100% subsidiary was established in a first step by Fabasoft AG, namely the Fabasoft Approve GmbH with its headquarters in the political municipality of Linz. Fabasoft Approve GmbH was registered in the company register of the regional court Linz as commercial court under the company number FN 580091a on 27 April 2022.

The unit “Approve” was then merged with its sister company Fabasoft Approve GmbH by Fabasoft Austria GmbH with the contribution agreement dated 9 May 2022, drawing on the benefits under Article III of the Austrian Reorganisation Tax Act (UmgrStG) as at the effective merger date of 31 March 2022. In order to avoid a refund of contributions, Fabasoft AG paid an allowance to Fabasoft Austria GmbH amounting to the value of the unit.

### **Personnel changes in the Management Board of Fabasoft AG**

Founder and Managing Board member Leopold Bauernfeind will resign from his position at the end of June 2022, but will remain on the Board in an advisory capacity until the first quarter of the calendar year 2023. The Supervisory Board therefore made two new appointments to the Fabasoft AG Management Board: Ing. Oliver Albl, who has been with the company since 1991, will join as Chief Technical Officer (CTO) on 1 May 2022 and will be responsible for the implementation of an optimised technical organisational culture, which will bring the divisions Software Development and IT Operations even closer together. Matthias Wodniok, who has been with Fabasoft since 2000, will be responsible for the business division “eGov” from 1 July 2022, driving it forward with new strategic and structural impulses. Founding member of the Managing Board and Co-CEO Prof. Dipl.-Ing. Helmut Fallmann was appointed Chairman of the Managing Board (CEO) by the Supervisory Board with effect from 1 May 2022.

No other significant events for these annual financial statements occurred after 31 March 2021.

Linz, 7 June 2022

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

Leopold Bauernfeind  
Member of the Managing Board

Ing. Oliver Albl  
Member of the Managing Board

STATEMENT OF FIXED ASSETS OF FABASOFT AG, LINZ, AS AT 31 MARCH 2022

Development of fixed assets in EUR	Acquisition/production costs			As at 31/03/2022
	As at 01/04/2021	Additions	Disposals	
<b>I. Intangible assets</b> Concessions, industrial property rights and similar rights and benefits as well as licenses deriving from them	<b>555,972.09</b>	<b>103,040.80</b>	<b>0.00</b>	<b>659,012.89</b>
<b>II. Property, plant and equipment</b>				
1. Buildings on third-party land	4,317,602.26	1,450,053.68	0.00	5,767,655.94
2. Other equipment, office furniture and equipment*	10,738,405.80	1,538,591.61	608,385.13	11,668,612.28
3. Advance payments and assets under construction	0.00	277,790.25	0.00	277,790.25
	<b>15,056,008.06</b>	<b>3,266,435.54</b>	<b>608,385.13</b>	<b>17,714,058.47</b>
<b>III. Financial assets</b>				
1. Shares in affiliated companies	18,364,306.29	11,947,267.67	0.00	30,311,573.96
2. Investment securities	156,911.16	0.00	0.00	156,911.16
	<b>18,521,217.45</b>	<b>11,947,267.67</b>	<b>0.00</b>	<b>30,468,485.12</b>
	<b>33,959,763.39</b>	<b>15,316,744.01</b>	<b>608,385.13</b>	<b>48,841,556.48</b>

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

	64,606.89	64,606.89
--	-----------	-----------



Development of fixed assets in EUR	Cumulated depreciations			Residual carrying amounts		
	As at 01/04/2021	Additions	Disposals	As at 31/03/2022	As at 31/03/2022	As at 31/03/2021
<b>I. Intangible assets</b>						
Concessions, industrial property rights and similar rights and benefits as well as licenses deriving from them	329,000.81	88,653.35	0.00	417,654.16	241,358.73	226,971.28
<b>II. Property, plant and equipment</b>						
1. Buildings on third-party land	3,136,215.69	545,124.16	0.00	3,681,339.85	2,086,316.09	1,181,386.57
2. Other equipment, office furniture and equipment*	8,095,116.25	1,359,059.25	587,526.45	8,866,649.05	2,801,963.23	2,643,289.55
3. Advance payments and assets under construction	0.00	0.00	0.00	0.00	277,790.25	0.00
	<b>11,231,331.94</b>	<b>1,904,183.41</b>	<b>587,526.45</b>	<b>12,547,988.90</b>	<b>5,166,069.57</b>	<b>3,824,676.12</b>
<b>III. Financial assets</b>						
1. Shares in affiliated companies	0.00	0.00	0.00	0.00	30,311,573.96	18,364,306.29
2. Investment securities	58.50	0.00	0.00	58.50	156,852.66	156,852.66
	<b>58.50</b>	<b>0.00</b>	<b>0.00</b>	<b>58.50</b>	<b>30,468,426.62</b>	<b>18,521,158.95</b>
	<b>11,560,391.25</b>	<b>1,992,836.76</b>	<b>587,526.45</b>	<b>12,965,701.56</b>	<b>35,875,854.92</b>	<b>22,572,806.35</b>

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

	64,606.89	64,606.89
--	-----------	-----------

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. Business performance of Fabasoft AG and the Fabasoft Group

In the 2021/2022 fiscal year, the Fabasoft Group recorded sales revenue of EUR 58.3 million (EUR 55.1 million in the corresponding period of the previous year).

With EBITDA<sup>1)</sup> at kEUR 17,647 (kEUR 19,554 in the corresponding period of the previous year) EBIT<sup>1)</sup> was kEUR 11,530 (kEUR 13,886 in the corresponding period of the previous year).

The rise in sales revenue (5.8% compared to the 2020/2021 fiscal year) reflects in particular the growth at Mindbreeze, at Xpublisher and the positive development of revenue from the Fabasoft Business Process Cloud offers, an increase in recurring services and a rise in project business. By contrast the business of Fabasoft Schweiz Software AG saw a significant decline in sales amounting to kEUR 1,176, resulting from the loss of a re-tender in the federal sector in 2015. The other business with existing customers remained gratifyingly stable in the period under review and in the lockdown phases imposed due to the pandemic, despite the practical challenges these posed, for example in the execution of projects with customers.

The decline in EBIT to kEUR 11,530 (kEUR 13,886 in the corresponding period of the previous year) reflects in particular higher expenditure for research and development, for the most part in the form of higher personnel expenses. Furthermore, the considerable limitation of sales and travel activities in the previous year due to the pandemic have picked up again.

With a research and development ratio<sup>1)</sup> of 28.3% of sales revenue, investments in research & development (kEUR 16,482) 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 13,961 in the 2020/2021 fiscal year).

These investments were undertaken for research and development in connection with the company's own software production technology and the cloud and appliance offers based on this as well as with underlying issues in the field of digital transformation.

<sup>1)</sup>Definition of the key figures in the management report section 1.4

The equity ratio<sup>1)</sup> of the Fabasoft Group on the balance sheet date (31 March 2022) was 39 % (51 % on 31 March 2021). Fabasoft AG's increased holding in Mindbreeze GmbH from formerly 76 % of the company shares to 85.5 % resulted in a reducing effect on the consolidated equity.

The amount of cash and cash equivalents decreased in the Fabasoft Group from kEUR 48,424 (as at 31 March 2021) to kEUR 35,823 respectively in the Fabasoft AG from kEUR 12,296 (as at 31 March 2021) to kEUR 1,851 as at the balance sheet date 31 March 2022. The period under review also includes payments for participations arising from the increase of Fabasoft AG's participation in Mindbreeze GmbH from 76 % to 85.5 % and the purchase of company shares of KnowledgeFox GmbH from existing shareholders.

The Fabasoft Group employed a workforce of 386 on 31 March 2022 (326 on 31 March 2021).

In the 2021/2022 fiscal year the sales revenue of Mindbreeze GmbH and its subsidiary the Mindbreeze Corporation amounted to kEUR 14,271 (kEUR 13,180 in the corresponding period of the previous year). With EBITDA<sup>1)</sup> at kEUR 6,536 (kEUR 7,159 in the corresponding period of the previous year) EBIT<sup>1)</sup> was kEUR 5,079 (kEUR 5,833 in the corresponding period of the previous year).

## 1.2. Report on the regional presence of the Fabasoft Group

### Subsidiaries of Fabasoft AG on the balance sheet date (31/03/2022)

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
Mindbreeze GmbH	85.5 %	Austria	Linz	Vienna
Fabasoft Deutschland GmbH	100 %	Germany	Frankfurt am Main	Berlin, Erfurt, Munich
Xpublisher GmbH	60 %	Germany	Munich	Deggendorf
Fabasoft Schweiz AG	100 %	Switzerland	Bern	
KnowledgeFox GmbH	70 %	Austria	Vienna	

### Subsidiaries of Mindbreeze GmbH on the balance sheet date (31/03/2022)

Company	Direct share	Country	Headquarters
Mindbreeze Corporation	100 %	USA	Chicago

### Subsidiaries of Xpublisher GmbH on the balance sheet date (31/03/2022)

Company	Direct share	Country	Headquarters
Xpublisher Inc.	100 %	USA	Chicago

### Changes in the Group structure and company acquisitions

Due to the successful development and strategic importance of the Mindbreeze business within the Fabasoft Group, Fabasoft AG increased its holding in Mindbreeze GmbH from formerly 76 % of the company shares to 85.5 % on 20 April 2021. The shares were purchased from the management of Mindbreeze GmbH, which formerly held 24 %.

<sup>1)</sup>Definition of the key figures in the management report section 1.4

The Mindbreeze management, which is still fully “on board”, now holds 14.5% of the shares after the transaction. The purchase price was determined based on a company valuation carried out by E&Y Wirtschaftsprüfungsgesellschaft m.b.H.

On 13 January 2022 Fabasoft AG purchased 70% of the shares in KnowledgeFox GmbH, which has its headquarters in Vienna. The company is a specialist for mobile learning and MicroLearning and is active worldwide with its training apps for onboarding and sales. Acquisition of the shareholding was effected on the one hand by the purchase of already existing shares in the company by shareholders not active in the company in the amount of 49.9% and on the other hand by means of a subscription for new shares amounting to 20.1%. The existing and newly subscribed shares were purchased together in cash at a price of kEUR 1,472. The CEO and previous shareholder retains a 30% stake and as CEO promotes further expansion. Initial consolidation of KnowledgeFox GmbH was therefore effected for reasons of simplification on the effective date 1 January 2022.

### 1.3. 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	2021/2022	2020/2021
Sales revenue	4,106	3,775
Result before income taxes	7,408	8,166
EBIT <sup>1)</sup>	-3,314	-2,868
EBITDA <sup>1)</sup>	-1,321	-1,127
Annual net profit	8,207	8,832
Equity	43,979	45,081
Equity ratio <sup>1)</sup>	85 %	86 %
Cash flows from operating activities	14,221	8,708
Cash and cash equivalents at end of period	1,851	12,296
Employees as at 31/3	5	5

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

in kEUR	2021/2022	2020/2021
Sales revenue	58,268	55,090
Result before income taxes	11,250	13,780
EBIT (Operating result) <sup>1)</sup>	11,530	13,886
EBITDA <sup>1)</sup>	17,647	19,554
Result for the year	7,880	9,730
Equity	27,254	39,252
Equity ratio <sup>1)</sup>	39 %	51 %
Cash flows from operating activities	16,651	20,899
Cash and cash equivalents at end of period	35,823	48,424
Employees as at 31/3	386	326

<sup>1)</sup>Definition of the key figures in the management report section 1.4

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

### **Employees as a success factor**

The competence, enthusiasm, commitment and talent of employees and their flair for innovation are all basic requirements for sustainable growth. In other words, the promotion and career development of employees is of utmost importance in the Fabasoft Group. Training and further education plans are created individually and developed, continuously and demand-oriented. The Fabasoft Academy – the Group's own training unit – coordinates the implementation of the measures and offers a broad spectrum of internal training opportunities. The extensive further education programme is prepared together with internal and external trainers, implemented and expanded all the time, with particular importance being attached to the interplay of knowledge transfer and practical application.

Where education and training are concerned Fabasoft also attaches great importance to externally comprehensible and internationally recognised standards for the acquisition of skills. On the balance sheet date the Fabasoft Group employed 64 certified IPMA standard (senior) project managers, 95 Scrum Master and 25 Product Owner in compliance with Scrum Alliance.

### **Internal Communication**

Fabasoft lives an open communication. The management regularly makes announcements in the scope of "Friday Morning Speeches" relating to enterprise strategy focuses and current organisational, technology and business topics. Innovations and further developments in all product and implementation areas are presented by members of the development teams at the internal "Scrum Demo Days" which are held once a fortnight. All employees have the chance to visit these events in person, follow them using video streaming. The internal monthly Fabasoft Newsletter provides employees with a compact overview of all relevant issues taking place within the Fabasoft Group, such as changes in internal processes, planned events, presentation of new colleagues as well as information concerning ongoing customer projects or newly acquired customers.

### **Sustainability at the Fabasoft Group**

Fabasoft regards sustainability as taking responsible decisions based on ecological, social and economic aspects (ESG aspects). Another key factor in this respect is the efficient, careful and economical use of resources. Meetings with customers as well as training sessions are held primarily online using a multi-functional system (Fabasoft Unified Communications Installation), over which video conferencing, telephony, chats and screen sharing are possible. As far as possible business trips are undertaken using public transport or with the electric or hybrid cars provided for this purpose. To this end Fabasoft has expanded the charging infrastructure at its headquarters in Linz and another expansion step is also planned for the location in Vienna.

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

### **Standards and open platforms**

The use of open-source products, the commitment to and realisation of market-relevant standards and the requirements of accessibility is important for both private enterprises and the public sector. The chances and risks resulting from this are described in detail in section 2 of the management report.

## **1.4. 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 (will be published in the full annual report)

### Nominal change in sales revenue

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

### 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
Result before income taxes
- Finance income
+ Finance expenses
<b>= EBIT (operating result)</b>

### EBITDA

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

Reconciliation
EBIT
+ / - depreciation / amortisation / reversals of impairment losses on intangible property and assets, plant and equipment
<b>= EBITDA</b>

### 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. Major opportunities of Fabasoft AG and the Fabasoft Group

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

#### **New products and product versions**

New versions of existing products were made available and new product offers developed as part of the intensive research and development activities in the 2021/2022 fiscal year. This opens up opportunities for additional business with both new and existing customers. Especially with regard to fresh business, the intention is to create opportunities in new vertical markets and geographies based on innovative marketing and deployment models. Further development of the Fabasoft Business Process Cloud as a platform is an example in this context as is the expansion of the Mindbreeze partner network.

#### **Mindbreeze InSpire**

Mindbreeze carries out research and development in the areas of information insight, knowledge management and artificial intelligence and is successively opening up new fields of application for these technologies. Mindbreeze offers an appliance (Mindbreeze InSpire) as a ready-to-use product in order to make entry for its customers as simple as possible. The appliance is integrated in the company's IT and is connected to existing data sources with the aid of connectors. The contents of the sources are analysed, linked accordingly and made available for queries and extensive search applications in a knowledge database (index). An increasing number of hybrid operating models are also being offered. Data from different storage locations (on-premises, cloud) are analysed and linked here. However, the data always remains reliably in the storage location. This provides end users with a consistent complete overview (360-degree view).

Mindbreeze InSpire is already being used productively by many international customers. As a result of its growing visibility on the international market and positive evaluations by analyst firms, Mindbreeze is also attracting the attention of large international customers and potential partners. Moreover, analyst firms have positioned Mindbreeze InSpire as a sound and powerful basis with flexible operating models when it comes to the introduction of knowledge management applications and information insight. The product offers extensive AI-based functions that go far beyond classic search machines and that analysts already regard as the next generation (Insight Engine, Cognitive Search).

Fast application for business processes in the respective departments that enable use of the product without the need of programming thanks to its Insight App Designer plus the provision of comprehensive connectors for the linking of data sources and functionalities in the standard product are all regarded as fields of particularly high potential that offer the chance of a unique positioning. The analysing and processing of natural language is an important prerequisite for understanding information, one that Mindbreeze addresses with the use of machine learning and in particular natural language processing.

In particular the Mindbreeze InSpire SaaS offer and the hybrid operating model are being used more frequently in addition to appliance product offer. Customers and partners from many different branches were acquired and in the case of existing customers the installations in part expanded in the period under review. Further intensification of the marketing and sales activities are planned in order to increase visibility on the market and boost the market position as well as the development and expansion of strategic partnerships.

#### **Fabasoft Business Process Cloud**

Cloud computing has become established globally as a usage model wherever effective and needs-oriented utilisation of information technology or the management of processes is required. However, such use is often thwarted especially in Europe due to concerns with regard to data protection and the confidentiality of corporate data. Fabasoft addresses this desire for transparency and security with the following aspects: The software products are developed in Europe and operated in European data centres – based on a European values system for data security, access security, legal compliance and certified quality standards.

Regular certifications and audits carried out by independent institutions endorse the high standards of quality, security and service. Data are stored synchronously in two separate data centres in the locations selected by the customers. Data transmission and storage can be encrypted. Furthermore, with its appliances (combination of hardware and software) Fabasoft offers customers the possibility of storing data on their own premises.

The Fabasoft Business Process Cloud can be used as a digitisation ecosystem for the time-saving and cost-efficient digital realisation of corporate and project-specific processes on the one hand. On the other it is available as a flexible, ready-to-use cloud solution for the cross-organisational management of documents and business processes with a focus on business-relevant documents that require a high level of security and compliance. As an ecosystem the Fabasoft Business Process Cloud constitutes the basis for Fabasoft Business Process Solutions as well as for customer-specific use cases.

Fast implementation of customer-specific use cases in the fields of contract management or technical data management are regarded as fields of particularly high potential and a unique selling point. Fabasoft offers out-of-the-box products in this respect: Fabasoft Approve for the management of technical data and documents in industry and Fabasoft Contracts for contract analytics and the audit-compliant life-cycle management of contracts. Intelligent data collection, intelligent capturing or individual dashboards are available, for example, thanks to the integration of parts of the Mindbreeze technology in Fabasoft Contracts.

The Fabasoft Business Process Cloud, Fabasoft Approve and Fabasoft Contracts are characterised by their simple integration in existing IT landscapes and are highly scalable. The graphical process editor (BPMN 2.0) enables individual modelling of complex approval, test and release processes without the need of any programming knowledge. A high level of user acceptance is achieved thanks to the elegant and intuitive user interface available in different languages.

The digital signature based on Fabasoft Secomo technology enables the seamless handling of signing processes without media discontinuity or the involvement of external services. This facilitates the provision of information and enables automated processes. Users benefit from a platform that can cover several use cases without having to change the work environment.

The Fabasoft Business Process Cloud was designed consistently and further developed as an application ecosystem. This functions as the basis for product offers such as Fabasoft Approve, Fabasoft Contracts, Xpublisher and KnowledgeFox and opens up chances for intensified cloud partner business.

### **Fabasoft Secomo**

The encryption appliance Fabasoft Secomo offers the chance of true end-to-end encryption. Data are always transferred in encrypted form with this solution and stored in teamrooms. Both the teamroom and the documents it contains are encrypted. Fabasoft Secomo is also available “as a service” for customers of the Fabasoft Business Process Cloud Enterprise Edition, Fabasoft Approve and Fabasoft Contracts.

Opportunities could arise for the Fabasoft Group in connection with the growing strategic importance of the topics digitisation and data protection in many companies and organisations, which in turn will give rise to a series of concrete implementation needs. Fabasoft sees itself well positioned in this field and with its Cloud products already offers a high-performance portfolio: Where digital document control or digitisation of business processes are concerned on the one hand and as a sound basis for better observance of data protection and compliance directives on the other.

### **Xpublisher and Xeditor**

The Xpublisher editing system standardises and structures contents for high-performance, fast and consistent multi-channel publishing. It facilitates the coordination and compilation of content for different digital publication channels and with the integration of page and book planning enables simple production of magazines, books and documentation.



Xeditor enables the creation and editing of semantic and structured content in XML format without any need of technical knowledge. Document structures are pre-designed in Xeditor and need only be filled in by the authors. This helps with the updating and publication of lengthy documents such as legal texts or technical documentation.

Opportunities could result for the Fabasoft Group from the expansion and development of customer groups from the media branch or publishing in Germany, Austria, Switzerland and North America. Attractive usage and combination options are also envisioned in several Fabasoft business segments – in particular the Fabasoft Business Process Cloud. The integration of Xeditor as an add-on in the Fabasoft Business Process Cloud enables the efficient creation, editing and reviewing of standardised contents. Among other things, this supports companies from industrial environments with the compilation of technical documentation or public authorities with the publication of legal texts.

### **KnowledgeFox**

In January 2022 Fabasoft AG purchased 70% of the shares in the MicroLearning pioneer KnowledgeFox GmbH, which has its headquarters in Vienna. The participation in the KnowledgeFox GmbH is regarded as a consistent step in the realisation of the Fabasoft growth strategy. The company's mobile Learning Management System (LMS) will benefit from the Fabasoft Business Process Cloud Ecosystem and on this basis sustainably address international markets.

### **Open platform and commitment to standards**

A significant and unique selling proposition of the Fabasoft Group's on-premises product portfolio is provided by the possibility of using these products on both Microsoft Windows Platform and open source platforms. As a result of the existing cost awareness in both the public and private sectors this cost-efficient option contributes to a positive evaluation of the Fabasoft portfolio.

This open platform strategy is based on a commitment to and the implementation of market-relevant standards and norms in software product development. The aim is to contribute to freedom of choice, accessibility, cost-efficiency and future safety for customers as well as sales and development partners during IT investments.

The cost benefits of the open-source platform continue to have a positive effect on the efficiency of the cloud operating model and of the appliance offers, which are similarly based on these platforms.

### **Accessibility**

In addition to platform openness and its commitment to standards Fabasoft also pays great attention to the issue of accessibility. From the standpoint of equal treatment Fabasoft products meet the high standards of barrier-free accessibility thus enabling seamless integration of employees with special needs into the working process.

### **Sales channels and partnerships**

Fabasoft is striving to further expand its sales, development and project partner network internationally. In addition to the partner model with a focus on Value Added Resellers (VARs), increased efforts are also being made with regard to Independent Software Vendors (ISVs).

Mindbreeze enables such partners to provide their customers with the benefits of AI-based functions as part of their software without the need for a long development project via the use of the Mindbreeze Insight services. Analysing and understanding unstructured and structured information within their own solutions, for example, can now be achieved easily. The aim of expanding the partner program is to build up greater presence in Europe and North America and to develop new customer groups.

The Fabasoft Business Process Cloud as an application ecosystem is an important basis for giving selected cloud partners the possibility of integrating and operating their solutions in the Fabasoft Business Process Cloud. Fabasoft is striving to further develop and extend partnerships with internationally active suppliers and considers their expertise and sales strengths the ideal supplement to the products.

A partner model for the international sale and distribution of Xpublisher and Xeditor is being developed with the aim of boosting the visibility of Xpublisher on the market. Whereby Xpublisher places a high value on exclusivity and quality, i.e. only a small number of partners in each country whose expertise and sales strength make them an ideal supplement to Xpublisher products.

Chances could also arise for the Fabasoft Group from the development of new customer groups, in certain vertical markets, for example.

#### **Digital transformation in public administration**

Business with public sector clients depends to a great extent on the budgets of the respective organisations. Business potential for Fabasoft could result from the need expressed by customers to achieve savings and boost efficiency by digitalising administrative work – whether and to what extent this can be realised is at this juncture impossible to estimate. Opportunities could arise for the Fabasoft Group from new projects in connection with the expansion of administrative modernisation and e-Government planned in many European countries and beyond, provided the respective political will is translated into concrete projects and investments. In this context, concrete customer enquiries often result from the highly successful and existing references of the Fabasoft Group.

As a proven provider of many years standing with a high-performance range of products and excellent references, Fabasoft sees itself as very well positioned for upcoming tender procedures in which it will continue to participate intensively.

The growing use of artificial intelligence technologies also in the public administration is steadily changing the interaction with citizens and companies as well as internal work practices. Methods of artificial intelligence, such as machine learning, support e.g. work processes through the automatic classification of documents. Natural language processing and natural language understanding enable the proactive provision and processing of information. Fabasoft sees itself well positioned in this area, as Fabasoft products already use Mindbreeze technology for these use cases thus allowing it to participate in the innovations in this field.

#### **Expansion of existing customer relationships in the public sector**

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

The award to Fabasoft Deutschland GmbH of the contract in the tendering procedure “Procurement of a Document Management System for implementation in Hesse’s State Administration and Product-Related Services” in March 2022 means that the migration and rollout of the records management system, based on the Fabasoft eGov-Suite, is now pending at another prominent key account customer.

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

New pioneering and efficient forms of collaboration and the fulfilment of tasks are developed and tested in close cooperation with the users, organisations experts, sales and Fabasoft as the manufacturer of the product. Focal points here include modern concepts of mobile use and the supportive use of artificial intelligence technologies.

## Certifications

Protection of customer and company data is given extremely high priority at Fabasoft. Targeted and consistent certification and testing in compliance with internationally recognised standards underpins this commitment. Assurance of maximum quality, security and service standards is guaranteed by an integrated management system that is certified in compliance with ISO 9001, ISO 27001 including ISO 27018 and ISO 20000-1, among others. Following Fabasoft's successful performance in an intragroup, cross-company re-certification audit in October 2021, the certificates according to the ISO standards 9001, 27001 including 27018 and 20000-1 were declared valid by accredited certification bodies. As the newest company in the Fabasoft Group at this time, Xpublisher GmbH was also certified in compliance with ISO 9001 for the first time in the year 2020 and successfully completed its first re-certification audit in October 2021.

On a product level this certification strategy was extended to include exacting audits, attestations and certifications for the Fabasoft Business Process Cloud services and for Mindbreeze InSpire SaaS services:

The C5 certificate pursuant to the requirements of the catalogue of requirements C5:2020, issued by the BSI (Federal Office for Information Security) is a recognised and reliable substantiation of the high level of information security of the Fabasoft Business Process Cloud services and of Mindbreeze InSpire SaaS services.

The catalogue of requirements of the BSI defines the minimum requirements that cloud service providers must meet. The defined specifications of the framework conditions ensure transparency with regard to jurisdiction and locations, availability and incident handling during regular operation, recovery parameters in emergency operation, availability of the data centres, handling of investigation enquiries from government authorities, as well as certifications or attestations. Fabasoft and Mindbreeze again successfully underwent the audit in compliance with the latest BSI C5:2020 catalogue of requirements at the beginning of 2022. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), Germany, was commissioned as the auditor. The respective attestations were issued for Fabasoft Business Process Cloud services and for Mindbreeze InSpire SaaS services by PwC.

The SOC 2 audit was again commissioned and carried out for Fabasoft Business Process Cloud services and for Mindbreeze InSpire SaaS services in the 2021/2022 fiscal year. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), Germany, checked compliance with the Trust Service Criteria (TSC) for Security – published by the American Institute of Certified Public Accountants (AICPA). The audit took the form of an ISAE 3000 audit (test of the existence of controls over a period of time); the final results of the audit were reported to Fabasoft and Mindbreeze in an ISAE 3000 SOC 2 Report.

The design and effectiveness of selected controls with regard to services defined by Fabasoft were tested within the scope of the ISAE 3402 Type 2 audit that was carried out. The independent auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Germany, undertook the audit in the period under review and again confirmed the effectiveness of the controls.

In addition Fabasoft Business Process Cloud services hold the "Certified Cloud Services" certificate of TÜV Rheinland.

After completion of the audit in February 2022, it was documented in an ISAE 3000 audit report whether the Fabasoft Business Process Cloud meets selected requirements of the EU Cloud Code of Conduct (EU Cloud CoC). Whereby the PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), Germany, verified whether the respective controls needed to fulfil the EU Cloud CoC were in place on the day of the audit.

The EU Cloud CoC was developed by representatives of European and multi-national enterprises and organisations significantly involved in cloud computing. The focus here was on requirements that enable cloud service providers to prove their ability to comply with the GDPR. More precisely the code offers cloud-specific approaches and recommendations oriented towards the GDPR as well as international standards such as the ISO 27001 and ISO 27018.

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

## 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:

### **Pronounced dependency on government business in the German-speaking region**

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

The overall countermeasures adopted in response to these risks include the offer of intensive and 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.

### **Risks in business with public sector clients**

Projects in the public sector are characterised by lengthy lead times and decision-making processes, complex, highly formal and extensive tendering requirements, allocation procedures that present a challenge on a legal, technical and human level as well as elaborate, expensive and long-drawn-out tests, tight budgets on the part of the clients and strong competitor pressure that is intensified by the public and mostly international nature of the tendering process. In project agreements, such clients frequently specify increasingly stringent contractual requirements (liability, compensation, long-standing fixed price contracts without any adoption of inflation or personnel development costs etc.) that are often non-negotiable.

Dealings in the public sector are also affected by strong seasonal and budgetary fluctuations. Such business uncertainties can jeopardise both the awarding of new projects and the extension of existing contractual conditions and thus have a markedly negative impact on future revenue development. Political events such as elections and shifts of responsibility may also result in a "return to the drawing board" with projects that have already been awarded and reached their final stages. Already ongoing projects may also be interrupted or postponed, due to reasons rooted in the sphere of the customers. Due to the size of many projects in the public sector and the close collaboration between the individual offices of the public sector there is also an increased danger of cluster risks.

Cuts in government budgets represent a considerable risk in the important public sector business.

### **Risks in direct project business**

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.

### **Risk concerning subcontractors in project business**

Wherever necessary individual companies from the Fabasoft Group work with partners in project business, who act as subcontractors or suppliers for the respective projects. There is a risk in such cases that claims could be made against Fabasoft (e.g. in the form of reduced and/or delayed payment, substitute performance, liabilities, contractual penalties, claims for damages etc.) as the general contractor should these partners not fulfil their contractual commitments or only do so partially or defectively or if, for whatever reason, their services are not accepted by the customer. This could entail both a negative impact on the revenue development of the Fabasoft Group as well as compromise its reputation.

It must also be taken into account that services or partial services purchased externally – e.g. from subcontractors – normally result in the achievement of significantly lower margins than is the case with services provided by own personnel.

### **General 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 could arise if Fabasoft cannot find sufficient or the right partners to develop and market high-quality software solutions based on the products and technologies of the Fabasoft Group. In the markets in question, this could either render impossible the achievement of the desired breakthrough for the product technology, or the attainment of the penetration level required for sustainable market success.

### **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.

### **Internationalisation**

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

### **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 (investment banks, auditors, legal advisors, etc.) 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.

### **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, as explained under "Certifications".

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. This applies equally to errors, functional deviations or limitations in the course of new product versions or troubleshooting.

Another risk involves third-party products and technologies from the open source area. There is a growing tendency among various providers to commercialise on these licence-free offers by no longer offering specific features or support offers of the free versions but instead incorporating these into fee-based offers. This can result in additional costs for both customers using these platforms or technologies and for Fabasoft – e.g. in the case of operating models – if free alternatives cannot be found in such cases. Even if free alternatives can be found, conversion costs could still be incurred or there could be delays – due, for example, to making the necessary adaptations to the software.

Moreover, the integration of third-party products presents a risk of the function of Fabasoft products being impaired or the danger of these malfunctioning. Fabasoft itself cannot rectify programming errors, security gaps etc. in third-party products as it does not have access to the source code.

In general, it must be said that it is normal for downturns in new business or business with existing customers with regard to the products of the Fabasoft Group to have a negative effect on the development of sales revenue from services, support services and software updates.

### **Diversification risks**

The efforts aimed at reducing the risks of excessive specialisation 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 organisational structures, positioning risks and risks arising from a diversified and dislocated organisational and business structure. Special importance is attached to recruitment and internal basic and further training as a defence against these risks. Moreover, internal reporting and controlling measures are continually supplemented and further developed.

### **Risks concerning dependence on suppliers**

In particular in the business field of appliances it is not solely the performance characteristics of the software developed by the Fabasoft Group that determine the quality, performance, security and as a result the overall success of a product a customer uses, but indeed to a large extent the third-party products used. These third-party products include both components of hardware (servers, storage, network components, security components, etc.) and of software (operating systems, database, security technology, etc.). These components – individually or as they interact together – are particularly susceptible to the risks portrayed under IT risks. Additional risks that exist are in particular those of delays, damages or losses that occur during transportation and warehousing between suppliers and the respective Fabasoft company, as well as during the delivery to the customer. There is also the risk of losing a supplier, for instance because a product line is discontinued or the supplier withdraws from the respective market or because of interruptions in production, capacity bottlenecks or other delivery disturbances along the supply chain. Added to this are the risks of disruptions, failures or interruptions in the logistic chain. Due to the delivery times of individual suppliers and in order to ensure we are in a position to deliver to customers at short notice it could be necessary to maintain a stock of third-party products in line with the projected course of business.

It is, however, not possible to make an exact forecast of the course business will take, especially in a dynamically developing business area, and this gives rise to the risks of holding both too low a stock with the entailing restricted delivery capability and holding too high a stock leading to high warehousing costs and problems linked with a model change on the part of the manufacturer and time-limited service agreements of the third-party manufacturers. In addition there is also the risk of delays in delivery due to the applicable export regulations of the respective target country, which all too often require extensive verifications and certificates before the goods can be delivered to the customer.

If a customer experiences a malfunction, then it not only becomes necessary to substantiate if and in what form the malfunction may stem from a Fabasoft product, but also to coordinate the troubleshooting together with the support organisations of the suppliers of the third-party products that may be involved. If, for example, it becomes necessary to replace hardware components, then the process is particularly susceptible to the logistical risks described above and the risk that delays or mistakes may occur on the side of the respective suppliers and their customer service. Altogether, the whole process for handling problems is particularly susceptible to the risks of communication problems, delays and mistakes as well as the risk of different service levels inside and outside the company. These risks would have a negative effect on Fabasoft, regardless of who actually may be responsible for the problem.

The Fabasoft Group seeks to counter the described risks with the help of clearly defined, documented and certified business processes, as well as through the continuing education and further qualification of staff. Concerning interactions with suppliers, the main focus is placed on the careful selection of professional suppliers as well as on appropriate quality management measures.



### **IT risks**

Disruptions for example in the hardware, data storage or network infrastructure, in the software, data transmission lines or on the part of the Internet operator, operating errors, attacks from hackers, for example, DDoS attacks, viruses, phishing attacks, Trojans, ransomware and the like or events based on force majeure, can all have a negative impact on the operation of the systems of the company as well as important systems with which these are linked can jeopardise seamless data security and recovery. They can also jeopardise the ability to guarantee perfect data storage 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, unauthorised 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 organisations, 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 organisational and technical precautions to provide defined service levels for its internal systems. Nevertheless, the complete exclusion of such risks, especially with regard to the targeted use of criminal energy, espionage resources or weaknesses and backdoors contained in third party components, is not possible.

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

Artificial intelligence technologies and processes, in particular machine learning, are used in the company's products to a varying extent and in varying forms. This involves the creation of requirement-specific models and the use of a large number of (historical) inventory data to "train" these to recognise relevant patterns in future, to carry out allocations and categorisations and to supply better results and forecasts in the case of comparable tasks. In accordance with the nature of these processes, no fixed programmatic procedure is prescribed for finding solutions, instead the system "learns" incrementally within a specific framework with the aid of the available database. It is therefore that models, output data (both with regard to quality as well as scope) and training cycles determine the quality of the supplied results to a significant extent. Whereby under certain circumstances and depending on the model and data this could – sometimes even after a longer period of use – result in distortions, false identifications, non-detection and overfitting of the models, for example. This would subsequently lead to incorrect, incomplete or undesired results.

### **Risks with regard to information security and data protection**

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

Various organisational, training-specific, systematic and physical barriers and measures have been put into place to prevent unauthorised access and a catalogue of criteria compiled that is to be applied when selecting security-relevant suppliers and service providers has been implemented in the purchasing workflow of Fabasoft. Security-relevant contractors are contractors which potentially have access to internal, confidential or personal data. This access can be a potential risk vis-à-vis Fabasoft customers with regard to service level or contract violations or can have a negative impact on Fabasoft processes.

All security-relevant contractors such as data centres, suppliers of hard and software or special service providers must fulfil requirements defined by Fabasoft – such as the relevant certifications, for example, or contractually defined service levels, security statements, verifiably fulfilled security measures, agreements concerning controller data processing and duly signed confidentiality declarations. The installed information security management system is regularly tested for topicality and effectiveness by means of internal and external audits.



Over and above the purely technical aspects of information security there is also the danger of cyberattacks in combination with manipulation and fraud on the social level (e.g. “fake president” emails). In order to raise the awareness of employees for the resulting risks, Fabasoft regularly carries out professional awareness training courses and simulations of potentially threatening scenarios. In addition Fabasoft products and its cloud services, including the data centres involved, are tested continuously by external auditors and the corresponding test reports and audit certificates compiled – as listed under “Certifications”.

In view of the fact that, in addition to damaging the reputation of the company, the occurrence of such risks can have extensive negative financial consequences great attention is paid to this risk field.

### **Personnel risks**

Risks are evident with regard to the finding of a sufficient number of highly-qualified, entrepreneurially-minded managerial specialists in the IT sector for independently responsible leadership and the expansion of existing or restructured business areas and ensuring their long-term loyalty to the company. Currently, the demand for IT professionals largely outweighs the labour market supply. There is therefore a risk that personnel requirements cannot be met on time or subject to economically acceptable conditions.

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

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

### **Risks due to the global spread of the coronavirus**

The World Health Organisation (WHO) declared the global spread of COVID-19 a health emergency with considerable impacts on the population and the economy.

Fabasoft took immediate measures to counteract these risks as effectively as possible and evaluates these continuously. On the one hand in order to protect employees – in the Fabasoft Group and at the customers – and the public and on the other hand to maintain the operative business.

Quite apart from the general risks of restrictions or even failures of corporate functions in the event of cases breaking out in companies or even the shutdown of locations, there is a risk of the performance of certain on-site services on customers' premises being limited or not possible in the case of massive travel and entry restrictions. Although substitution of such services by an online presence was widely implemented in the period under review, this is not practicable in all scenarios. Personal contact and customer visits have always been important, especially where the sale of products and services in specific segments is concerned.

Especially the development and expansion of business in new regions or business areas is being noticeably afflicted by the massive restrictions on travel possibilities and personal contact.

In particular the appliances business is currently regarded as being potentially susceptible if confronted with logistics or supply chain problems. Closures of production sites and delays or significant price increases in delivery due to disruptions in the supply chain may have a negative impact on both the partner business (delays in the supply of the ordered appliances) and the direct business of Fabasoft.

The massive impacts of the pandemic on the economy as a whole and as a consequence also on the finances of the public budgets mean there is a far heightened sales risk in both the short and the medium term. This could impact the acquisition of new customers and business with existing customers as well as ongoing projects in the form of shifts in revenue or loss of revenues and profits. It is not possible to forecast the extent of these impacts at this juncture.

Despite the use of modern technology, the change over to working from home involves risks: social interaction is restricted, the creative exchange and flow of ideas as well as discussions and the chance of solving differences and misunderstandings in the near term could suffer. Although the company is providing efficient terminal devices, the connection depends on the bandwidths and service level limitations of the respective Internet connections of the remote working. The extensive use of remote working also opens up the additional threat of cyber attacks, which have to be addressed.

#### **Direct and indirect impacts of the war in Ukraine**

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

#### **Financial instruments**

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

Depending on the extent and duration of a macro-economic shock, – for instance in connection with COVID-19 – higher risks could occur, for example, with regard to the security and impairment of assets at financial and insurance institutions and receivables as well as the difficulty entailed in maintaining the purchasing power of assets and revenues from ongoing obligations in a conceivable highly inflationary overall scenario.

The existing continuing obligation contracts of the company with customers and partners for recurring revenues normally include possibilities for inflation adjustment. This is usually measured based on a general, published index. The adjustment is often possible to specific effective dates or according to specific deadlines and after a specific threshold value has been exceeded. This normally gives rise to a time lag between the rise in inflation and the effectiveness of the respective price adjustments on sales. It can furthermore be observed that the price increases, in particular with regard to relevant suppliers (hardware, data center resources, energy, cooling) and the upward trend of prices for personnel costs and personnel acquisition costs, are sometimes significantly higher than the published indices upon which contract adjustments are based.

In view of the cash balances of the company, there is a continued risk of the gap between the currently lower to negative interest rate and the loss of purchasing power widening as a result of rising inflation.

## 2.3. Forecast report

### Shaping the digital transformation

As a manufacturer of software products Fabasoft has specialised in the digitisation and automation of business processes in large organisations. The products of the group serve the creation, traceability and secure processing, consistent publication, semantic search, automatic categorisation and the archiving of electronic business documents, contents and processes.

As essential modules and catalysts of the “digital transformation” these technologies and the implementable solutions they enable are increasingly gaining in relevance for corporate strategy and are widely recognised as future-critical fields of action on the management level in both private enterprises and the public sector.

This awareness in the public sector has taken on a specific form, namely a series of extensive plans and projects on a federal, state and communal level for the introduction of the electronic records management (E-Akte) solution.

The key topics in the private sector included cross-company collaboration, cyber security and data protection plus more efficient and more cost-effective processes linked with enhanced service performance based on a comprehensive overview, customer meetings, talks, product presentations and trials.

### Transformation of the business: Fabasoft Business Process Cloud, SaaS, Appliances and hybrid models

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

The course of this transformation varies currently depending on the target markets: in the case of public tenders it is still primarily the purchase models for the software in the core area of Fabasoft (electronic records management system) that are demanded. The customer then operates the software with the support of Fabasoft in its own data centres. In the case of private customers the interest is becoming increasingly flexible as to whether the desired solution is to be realised as a cloud application, via an appliance or in the form of a classic on-premises project.

Often this decision is only made in the course of the bidder dialogue, taking functional, safety-related, economic and most especially time aspects into consideration. Fabasoft believes it is well positioned in this respect because the available product portfolio provides just such flexibility and also supports hybrid models.

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

Fabasoft continues in its endeavours to further extend the direct sales model in those countries where the Fabasoft Group operates via its own companies and which also entails intensive commitment from the project side in the implementation phase, to encompass an indirect, partner-orientated, international sales and marketing model in particular for products based on the Fabasoft Business Process Cloud and to further extend appliances.

### The Fabasoft Business Process Cloud as an ecosystem for digital business processes

In line with the growing trend towards digital transformation, the focus in the period under review was on further developing and expanding the Fabasoft Business Process Cloud as a digitisation platform for internal as well as cross-company business processes. Key tasks in this context included strengthening the market presence of existing and future business process solutions and visibility in the individual target markets.

Fabasoft Approve, the business process solution for technical data management, concentrated its efforts on complex processes with suppliers and partners in industry and can be adapted to customer-specific use cases in individual projects. The business process solution for contract management, Fabasoft Contracts, is characterised by the possibility of immediate use in different sectors. Integration of components of the Mindbreeze technology ensures a high level of automation, thus generating crucial added value. The unique character of the successful business with these solutions is to be further emphasised in future and supported with intensified entrepreneurial initiative.

Continuous integration of the Xpublisher GmbH products in the Fabasoft Business Process Cloud reflects the consistent development of this strategy. Whereby also establishing these as business process solutions contributes to realising mutual synergy effects: while the functions of the Fabasoft Business Process Cloud upgrade the Xpublisher products on the one hand, existing business process solutions benefit from an expanded application spectrum on the other.

Fabasoft continues to concentrate here on standardisation and speed of utilisation, in order to fulfil customer requirements for solutions that can be used immediately.

Further development of these products based on the Fabasoft Business Process Cloud technology goes hand in hand with the strategy of establishing the Fabasoft Business Process Cloud as an ecosystem for digital business processes and to which solutions from partner companies can also be added in the midterm. This therefore meets the needs of the current and growing demand on the market for highly scalable and flexible business applications.

### **Mindbreeze InSpire**

The business focus of Mindbreeze in the period under review concentrated primarily on international key account customers and their visions and remits with regard to knowledge management and semantic searches in connection with artificial intelligence technologies.

A special factor of success for Mindbreeze InSpire is seen in the speedy and cost-effective implementation of concrete tasks in the form of department-specific search applications for 360-degree views of company data, regardless of whether these are available in structured or unstructured form or are stored in different data sources.

Experience shows that such customer projects are subject to longer lead times in the decision making and procurement phases and require in their processing a sophisticated skills portfolio both in the Mindbreeze organisation and the partner base.

Mindbreeze has been named a Leader in the “2021 Gartner Magic Quadrant for Insight Engines” published in March 2021 and achieved the highest positioning on the “Ability to Execute” axis. The independent research institute Forrester names Mindbreeze as “Force Majeure of Enterprise Search” in the wave published in July 2021: The Forrester Wave™: Cognitive Search, Q3 2021.

Interest in Mindbreeze InSpire on the market remains strong – due also to the above rating – and there is a promising pipeline for evaluations and proofs of concept ongoing at potential customers. Future growth rates of Mindbreeze will depend to a great extent on both the timeline and success rate in converting this potential in the form of multi-annual contracts as well as further expansion of the partner structure, e.g. through the expansion of the partner programme to include OEM partners and independent software vendors (ISVs) and the development of new marketing channels, especially in North America. For this reason top priority continues to be placed on these challenging topics.

### **Business with public sector clients**

In the area of public sector clients, Fabasoft works with dedicated service organisations for a number of federal, state/canton and municipality key accounts in Austria, Germany and Switzerland and in other countries where it cooperates with selected sales and implementation partners. Business with these established customers generates a stable core revenue, although in times of strict austerity measures in the public sector and heightened competitive pressure this existing business must be continuously maintained by means of innovation, customer-orientation and a leading priceperformance ratio. It is planned to strengthen and, where possible, to expand the Fabasoft customer base in this market through new products and performance features, additional services and by extending the user community.

Acquisition of new customers in the public sector is almost exclusively done by way of highly competitive public tenders with the effort and lead times this entails. Especially in Germany, Fabasoft is now in the implementation phases of several major projects. This also necessitates a potential increase in the personnel requirements of the Fabasoft service organisation. In addition Fabasoft will purchase subcontractor services for some projects to a considerable extent, especially during the large-scale roll-out phase – regardless of the customer's own roll-out plans in this context.

With regard to sales revenue from projects with external subcontractors, it must be taken into account that normally a significantly lower proportional contribution to margin can be generated where those services purchased from external subcontractors in the course of the project implementation (expenses for purchased services) are concerned than is the case with internal performance from the Fabasoft Group. Depending on the project, project phase and volume of services called off in a specific phase by customers, these subcontractor services can constitute a substantial part of the total volume of services in a project.

The public sector business beyond the German-speaking regions was developed primarily in collaboration with partners. Existing customers are also kindly willing to show their systems to interested parties from other administrations and to report on their experiences in introducing electronic records management and e-government in general and with Fabasoft in particular. These partners normally carry out project acquisition, project implementation as well as product and service localisation with regard to language and content within the scope of customer care and support.

#### **Development of certain expense items**

In order to leverage future opportunities and promote the development of the Fabasoft Group, priorities for the use of funds in the coming quarters will be focused on the fields of product innovation, boosting of sales, service and marketing, and – inextricably linked with these topics – in recruiting new talents for Fabasoft and developing the strengths of the existing team. Due to the overall strained situation with regard to the availability of highly qualified specialists in the IT sector in combination with the general inflation-related upward trend in salaries, another substantial increase in personnel costs and personnel acquisition costs must be expected in this context.

Further development of the Mindbreeze and Fabasoft Business Process Cloud business is a key factor with regard to the necessary investments: in the course of the planned expansion of an international partner infrastructure, considerable up-front investments, in particular in international marketing, a transregional presence, partner support and the expansion of personnel in this segment, are expected. Furthermore, investments are also planned for the further development, distribution and marketing of content-oriented solution offers based on the Fabasoft Business Process Cloud Ecosystem. Whereby both entrepreneurial organic growth potential as well as inorganic (M&A) options are to be assessed and exploited. In phases of such expansion efforts a resultant drop in profitability is expected.

Due to the pandemic, travel expenses remained relatively low in the period under review. Depending on how the easing of national and international restrictions progresses, the travel activities and therefore also the respective expenses this involves in the Fabasoft Group are expected to rise significantly in the forthcoming quarters. A rise is expected in the areas of contact with existing customers and project work especially in sales and marketing activities and training (e.g. participation in international conferences).

#### **Impact of the coronavirus outbreak**

In the period under review the COVID-19 situation impacted in particular the type and place of performance in the service business, sales-related aspects and the presence of employees on site in the offices of the company.

Some ongoing implementation projects continued to be postponed or reorganised, in particular in the case of services provided to date by an on-site presence. In certain segments personal contact and customer visits are also important for the sale of products and services. These were still restricted due to the pandemic, which proved a great obstacle for new business. First customer events attended in person were held in June 2021 – albeit to a very reduced extent and in compliance with the valid regulations – with extremely good feedback from customers.

Due to the pandemic a greater number of our staff worked from home in the period under review. Overall the company does not regard consistent, company-wide working from home as an equivalent and permanent alternative to presence in the offices, with all its advantages of direct social interaction and direct creative teamwork.

In particular the Fabasoft business with regard to appliances and hardware resources for online offers was relatively less affected by supply bottlenecks caused by corona in the period under review, thanks to the available inventory levels. Should the supply disruptions continue in this area or even worsen, this could have a negative impact on the relevant delivery capacity.

### **Conclusion**

The Fabasoft Group that successfully implements the core issues of the digital transformation with its extensive and field-proven range of products and services and based on a solid capital resources should remain promisingly positioned even in a difficult market environment marked by the impacts of COVID-19 and other upheavals in the global political and global economic environments. It is nevertheless impossible to assess what impacts and repercussions the pandemic, the war in Ukraine and soaring inflation will have on the overall economy and the relevant Fabasoft customer sectors in the next months and years, and what consequences this will have for the Fabasoft Group.

Key existing customers also confirm that the joint, consistent, time and location-independent digital access to business documents and corporate processes was a decisive factor for them in successfully mastering the current restrictions and challenges (e.g. cross-company remote working). Furthermore, Fabasoft has also registered enquiries from potential new customers who, due to the COVID-19-related working reality, have had to admit the limits of their past digitisation achievements. In particular speedy and efficient finding of information across system boundaries were expressed as requirements and goals.

On the other hand, the danger that the impacts and repercussions on the overall economy and the relevant Fabasoft customer sectors will, at least temporarily, have a pronounced negative effect on the ability and willingness on the part of the companies concerned to invest even in strategic fields such as digitisation. A marked reticence and wariness was registered in particular in new business with potential customers, especially where high-volume contracts are concerned. The decision-making processes are also more complex and more time-consuming, in particular where new customers are concerned.

The all-important business with public sector clients was stable in the period under review. However, at this juncture it is not possible to estimate how the combination of special pandemic-related and other expenses linked with lower tax revenues will affect the investment willingness and ability of public budgets. Even if – especially at the moment – digitisation is underscored politically as a strategic topic, at present no forecast can be made as to the actual form of public budgets in this area nor the timeframe within which such investments will be made.

The positive response from both customers and branch analysts reflect the innovative strength and solution expertise within the Fabasoft Group. Further development will depend greatly on the extent and the speed with which this positive market response can also be realised in the form of correspondingly large (new) customer orders and in achieving further scaling of the business model.

Even in such a difficult environment, the company intends to take advantage of any opportunities that arise, for example in the recruiting of top-class talents or the pursuit of inorganic expansion and growth options.

Furthermore – and not least considering the solid cash position of the group – the pursuit of what we consider forward-looking and sustainable issues will be given priority over short-term profitability considerations.

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

In the period under review Fabasoft invested approx. 28.3 % of its sales revenue in research and development. There are dedicated product teams within the Fabasoft Group responsible for product-related research and for software development. The development activities of these teams are based on the agile method framework “Scrum”, with the aim of creating innovation and added value in compliance with the principles “quality, usability & style”. Regular feedback from existing customers, analyst meetings and continuous monitoring of the market are used for the early recognition of market trends and their integration into product development. Moreover, research topics were handled in international partnerships within the framework of digitisation.

#### **Mindbreeze InSpire**

The main focus at Mindbreeze in the 2021/2022 fiscal year was on so-called insight services. Insight services allow specialists to model applications that use artificial intelligence to extract facts and knowledge from unstructured contents, such as natural language, in such a way that these can be used for further processing by machines. More specifically, the specialist can use simple to configure pipelines to map his resp. her information landscape and then receive such information as would have required manual editing. Equipping the Insight Engine with automatic, natural language queries was another focus in product development. Entities extracted from text or other unstructured contents are stored directly in the search index here, thus enabling the execution of model queries. This further development is an important prerequisite for answering questions with the Insight Engine.

A significant part of the development also concerned the ongoing improvement and simplification of 360-degree views for digital twins of a company or an organisation as well as their visualisation. A key aspect was also the integration of workplaces in existing applications, e.g. Microsoft SharePoint Online, Microsoft Teams or Salesforce. The integration of insight apps in the Fabasoft Business Process Cloud product was also expanded significantly.

Where AI is concerned Mindbreeze worked on expanding the platform for natural language processing (NLP) and extending natural language understanding (NLU) applications. Insight services are also used in the Fabasoft Group, e.g. in Fabasoft Contracts, not only to classify relevant contract contents, but also to extract facts of contracts directly from unstructured contents. so these can be further processed automatically.

Extensions were provided for administrators in the Management Center, in particular to achieve more convenience for the performance of daily tasks.

Another important point in the area of research and development was the expansion and scaling of data source connections (connectors). In addition to improving existing processes, the team also worked intensively here on new integration patterns for data sources such as Salesforce, Microsoft Stream or for Microsoft Teams.

The development team also worked continuously and intensively on the issue of further simplifying handling of the overall system during commissioning, configuration and maintenance.

#### **Fabasoft Mindbreeze Enterprise**

Thanks to the expansion of search application components for charts and visualisations, user-friendly dashboards for information visualisation in the Fabasoft eGov-Suite and in Fabasoft Folio can be realised in the application context of these products.

### **Fabasoft Business Process Cloud**

In the first half of the 2021/2022 fiscal year research and development focussed on the design and development of new functionalities for faster and simpler solutions for the digitisation of document-centric business processes based on low-code/no-code approaches. This allows in particular users in the departments to create or adapt digital workflows without the support of the IT department and for the most part without any programming knowledge. The decisive factor here is that users can move graphic blocks from existing code into a workflow per drag-and-drop in order to create or modify applications quickly, instead of programming the entire solutions themselves.

Another priority in research and development was enhancing efficiency when dealing with similar activities in the workflow. A new dashboard was developed in this context for related processes, which provides an overview of the status of the individual processes as well as making it possible to deal with many similar activities simultaneously. For example, superiors can deal with all bonus agreements of all employees at the same time. This function is also available especially in the mobile apps.

In addition the functionality for digital signatures was expanded in the period under review. Signature areas are available, which enable the signatory to pre-define the position and size of the visual signatures before signing. The signatory can therefore insert his/her signature directly at the position provided for it. Furthermore, several documents of a file can be grouped together and signed visually with the aid of a signature folder.

The integration in Microsoft Office is now also available for "Microsoft Word for the Web" and "Microsoft Word for Mac". This means that functions such as "Insert text blocks" or "Insert fields" can now also be used on these platforms.

The support of 3D CAD files was improved in the period under review and a new preview and 3D viewer function inserted. The 3D viewer is integrated directly in the browser interface and enables the zooming, rotating and positioning of the 3D model via keyboard or mouse. The 3D viewer also has a scene graph of the depicted 3D model. A scene graph is an object-oriented data structure that describes the logical or spatial arrangement of the three-dimensional object to be depicted. The individual elements/element groups of the 3D model can be shown or hidden with the scene graph.

Documents or objects can now be researched more efficiently with the new search portal using Mindbreeze. In addition Mindbreeze search queries can be saved, so regularly executed search queries can be carried out more quickly. The integration of Mindbreeze Insight apps enables an aggregated, user-oriented access to the information of a cloud organisation. Mindbreeze Insight apps are used to display or highlight important information without the user having to search explicitly for it. Mindbreeze Insight apps are created with the Mindbreeze InSpire Apps Designer from Mindbreeze InSpire directly in the user interface of the Fabasoft Business Process Cloud.

The new search portal, the stored search queries and execution of Mindbreeze Insight apps can also be used in the mobile apps of the Fabasoft Business Process Cloud for Apple iOS and Android.

The functionality of the mobile apps of Fabasoft Business Process Cloud for Apple iOS and Android was considerably expanded.

The already outstanding accessibility of the browser client for persons with special needs was again improved over the last year. The diagrams integrated in the browser interface (such as pie or bar charts) are now also accessible for this user group with the aid of assistive technologies.

Support for the Open Data Protocol (OData) was incorporated as a new interface for working with structured data in the period under review. A user-friendly wizard guides users with the definition of the data to be determined, which can be edited in applications such as Microsoft Power BI, for example. The scalable architecture of the services in the backend ensure the required performance.



Another focus point concentrated on the creation, editing and publication of extensive documents based on structured data formats (XLM format). Basic functions were created in this context that can be used again in future solutions.

The functionalities of the Fabasoft Business Process Cloud are also available in the releases of the Fabasoft Private Cloud (Appliance).

### **Fabasoft Secomo**

Research concentrated here in the period under review on supporting advanced digital signatures. The integration for the web browser client was also improved in such a way that it enables working with protected documents without the installation of native software.

### **Fabasoft Folio**

Research and development activities here in the fiscal year 2021/2022 once again concentrated on the optimisation of user-friendliness through the use of the new interface design and the entire re-design of use cases in the product. In addition many new features of the Fabasoft Business Process Cloud are also available in Fabasoft Folio.

### **Xpublisher**

The Xpublisher development team focussed on the further development of the product to a “Full-Managed Service Solution”, in order to offer customers faster installation and simpler maintenance of the Xpublisher editorial system. A change to “infrastructure as code” was undertaken where architecture is concerned as well as further improvement of the documentation. This radically reduces the “time-to-value” for new customers, in particular in the setup phase of proofs of concept.

Furthermore, the local development environments were migrated into the Fabasoft IT infrastructure, so these can be used as a highly secure development environment.

### **Xeditor**

In the 2021/2022 fiscal year the Xeditor development team concentrated on numerous new product features, such as an outline for XML elements, a character picker for various special characters, an enhanced tag view and other adjustments to improve the user experience.

Within the framework of an integration in the Fabasoft Business Process Cloud, Xeditor is available for the editing of XML documents based on the DITA standard for the creation of technical documentation.

### **Fabasoft eGov-Suite**

In the 2021/2022 fiscal year the Fabasoft eGov-Suite development team concentrated in particular on the extension of interoperability between the Fabasoft eGov-Suite and other applications in the public sector environment. XML exchange formats, for example, as well as direct connections to third-party products were either extended or re-implemented.

Based on the developer pattern, which is developed in the Fabasoft eGov-Suite for the new Central Register of Residents integration, it was also possible to successfully integrate the Company Register and the Address, Building and Dwelling Register in Austria. This has made work far more convenient for users who have to interact with the respective registers on a regular basis, in that they now no longer have to exit the Fabasoft eGov-Suite, but instead can execute queries directly in the business object. In addition it also enabled a reduction in the complexity of the overall system of an authority for users.

Furthermore, more new standards for the exchange of business objects were implemented in addition to the eCH0147 in Switzerland, the XDOMEA 3.0 and the ELAKTrans interface in Austria.

Another focus of the development activities was an improvement in the support of administrative procedures, which can now be mapped directly in the Fabasoft eGov-Suite. In addition to the specific settings per procedure, e.g. the available menus, signatures and activities, own metadata can now also be defined. Fields can now be configured per administrative procedure, for example, which can be filled in structured manner and saved in the Fabasoft eGov-Suite. So each administrative procedure now also retains its characteristic in the Fabasoft eGov-Suite.

The further development of the dashboard for the visualisation of key performance indicators and other relevant information as an aid to day-to-day work was also undertaken in the period under review. The visualisation and reporting functions, for example, were further improved.

In addition to these activities the development team accompanied current innovation and roll-out projects at customers' premises in order to collect product feedback from as close as possible to the customers.

#### **Fabasoft app.telemetry**

The Fabasoft app.telemetry development team concentrated their efforts in the 2021/2022 fiscal year on extending the integration of basic components of the software infrastructure, the implementation and provision of a logging infrastructure for instrumented software products, support for measured values based on data provided via the software telemetry of instrumented software products and the further development of scaling options in a container environment.

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

##### **Share buyback programme Fabasoft AG**

No new share buyback programme has been started since the conclusion of the share buyback programme in accordance with the authorisation of the Annual General Meeting on 6 July 2015.

No treasury shares were purchased in the 2021/2022 fiscal year.

As at 31 March 2022 Fabasoft AG held no treasury shares.

#### 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

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

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

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

### **ICS Purchasing**

The ICS Purchasing guideline regulates the procurement of goods and services for the entire Fabasoft Group. The aim of ICS Purchasing is to procure the required economic goods and services with the desired quality, in the right amount, with optimum prices and to schedule.

### **ICS Human Resources**

The ICS Human Resources covers all processes in connection with personnel matters within the Fabasoft Group, from recruiting to the employee's last day at work. The aim is to ensure a legally compliant approach in all areas and aspects of human resources, promote employee qualifications and further development and ensure that the accounting procedures for salaries and non-wage labour costs are proper so that human resources are used effectively and economically.

### **ICS Revenue Cycle**

The ICS Revenue Cycle describes all activities and controls within the Fabasoft Group concerning the generation of sales from market reviews and analyses to the receipt of payment from the customer. The aim is to use technology-supported and clearly defined and documented processes and responsibilities to standardise and verify the business activities in the Group's companies (performance status, execution, invoicing, payment, additional financial information).

### **ICS Tax**

The tax control system (ICS Tax) covers all activities, processes and risks in connection with taxes within the Fabasoft Group. The targets it pursues are legal and planning security, reduction of tax risk through the earliest possible binding clarity in tax management for professional matters, reduction of compliance costs and ensuring the prompt and legally compliant levying of taxes.

### **Annual financial statements and consolidation**

The annual financial statements of Fabasoft AG are drawn up in accordance with the Austrian Commercial Code stipulations in force by the Managing Board and approved by the Supervisory Board.

The consolidated financial statements of the Fabasoft Group are drawn up in accordance with the International Financial Reporting Standards (IFRS), as applicable in the European Union (EU), and the commercial stipulations pursuant to Section 245a of the Austrian Commercial Code. The consolidated financial statements are drawn up by the Managing Board and presented to the Supervisory Board for approval and release prior to disclosure.

Interim consolidated financial statements are drawn up in accordance with the International Accounting Standard 34 (IAS 34) and disclosure follows approval by the Managing Board.

The Accounting Manual documents standards and guidelines to ensure smooth processes in accounting and balance sheet preparation. The guidelines specified therein are valid for accounting and balance sheet preparation at Fabasoft AG and its subsidiaries. Furthermore, the Accounting Manual also documents the consolidation process in writing.

The use of IT systems ensures the transparent and clear handling and audit-proof archiving of company data. The systems have interfaces that enable data exchange.

Budget and sales planning is carried out once a year by the managers of the organisational units and is approved by both the Managing and Supervisory Boards.

## 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 at its disposal the following records of capital interests amounting to at least 10 of one hundred: 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. None of the terms relating to the appointment and discharge of the members of the Managing Board deviate from legislation. Resolutions on article amendments in accordance with Section 146 (1) of the Austrian Stock Corporation Act – insofar the nature and purpose of the business is not affected - require a simple majority of the share capital represented at the resolution. The Supervisory Board is required to adhere to a rotation plan in which one member of the Supervisory Board is elected yearly.
7. Authority of the members of the Managing Board that does not arise from legislation and concerns in particular the possibility of issuing or buying back shares:

#### Authorised capital:

Further to the annual general meeting resolution of 5 July 2021 the Managing Board is authorised, pursuant to Section 169 (1) of the Austrian Stock Corporation Act, to increase capital stock by up to EUR 5,500,000.00 to reach a total of up to EUR 16,500,000.00 by 20 October 2026 (entry 56, commercial register FN 98699x at Linz provincial court).

#### Acquisition of own shares in accordance with Section 65 (1) (4) of the Austrian Stock Corporation Act:

Annual general meeting resolution of 5 July 2021 on the authorisation for the acquisition of 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 for the period of 30 months and up to a maximum holding of 10 per cent of the total share capital of the company. The equivalent value permissible at repurchase must not exceed 10% and must not be under 20% of the average price at the close of Xetra trading on the Deutsche Börse AG of the last 5 stock exchange trading days prior to the fixing of the purchase price. Own shares purchased under the terms of this authorisation may not, when added to other own shares already purchased by the company and still in the company's possession, exceed 10% of the capital stock of the company. The respective repurchase programme and its duration are to be made public.

#### Acquisition of own shares in accordance with Section 65 (1) (8) of the Austrian Stock Corporation Act:

Annual general meeting resolution of 5 July 2021 on authorisation for the acquisition of own shares pursuant to Section 65 (1) (8) of the Austrian Stock Corporation Act for the period of 30 months and up to a maximum holding of 10 per cent of the total share capital of the company. The equivalent value permissible at repurchase must not exceed 10% and must not be under 20% of the average price at the close of Xetra trading on the Deutsche Börse AG of the last 5 stock exchange trading days prior to the fixing of the purchase price. Own shares purchased under the terms of this authorisation may not, when added to other own shares already purchased by the company and still in the company's possession, exceed 10% of the capital stock of the company. The respective repurchase programme and its duration are to be made public.

This authorisation also encompasses the purchase of shares by subsidiaries of Fabasoft AG (Section 66 Austrian Stock Corporation Act). The purchase can be effected via the stock exchange, by way of a public offering or any other legally permissible means and for every legally permissible purpose.

The Managing Board is further authorised to withdraw own shares after an effected buyback as well as those own shares part of the stock of Fabasoft AG without requiring a separate resolution from the annual general meeting. The Supervisory Board is authorised to resolve any amendments to the articles arising from the withdrawal of shares.

This authorisation may be exercised in full or in part as well as in several parts.

**Utilisation and sale of own shares:**

Resolution of the annual general meeting from 5 July 2021 concerning the authorisation, subject to the approval of the Supervisory Board and without the need of a separate resolution from the annual general meeting, to sell or utilise within 5 years, up to and including 5 July 2026, own shares after an effected buyback as well as those own shares of Fabasoft AG part of the stock of Fabasoft AG in a form other than via the stock exchange or by means of a public offering, in particular to utilise own shares

- (i) for issue to employees, company executives and/or members of the Managing Board/Management of the company or an affiliated company, including servicing of stock transfer programmes, in particular stock options, Long Term Incentive Plans or other participation programmes;
  - (ii) to service if necessary any convertible bonds issued;
  - (iii) as consideration for the acquisition of companies, stakes in companies or other assets and
  - (iv) for any other legally permissible purpose; and to hereby exclude shareholders' subscription rights (exclusion of subscription rights), whereby the authorisation 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, 7 June 2022

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

Leopold Bauernfeind  
Member of the Managing Board

Ing. Oliver Albl  
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, which comprise the Balance Sheet as at 31 March 2022, the Income Statement for the year then ended, and the Notes.

In our opinion, the financial statements comply with the legal requirements and present fairly, in all material respects, the financial position of the Company as at 31 March 2022 and its financial performance for the year then ended, in accordance with Austrian Generally Accepted Accounting Principles and other legal or regulatory requirements.

##### Basis for our Opinion

We conducted our audit in accordance with Regulation (EU) 537/2014 ("AP Regulation") and Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section of our report. We are independent of the Company, in accordance with Austrian company law and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained up to the date of the auditor's report is sufficient and appropriate to provide a basis for our audit opinion on 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. These matters were addressed in the context of our audit of the financial statements as a whole, however, we do not provide a separate opinion thereon.

##### **Impairment of shares in affiliated companies and receivables from affiliated companies**

Please refer to the notes in the accounting and evaluation methods to financial assets and to receivables and other assets as well as in the notes to the balance sheet and statement of fixed assets as at 31 March 2022.

- **Risk for the annual financial statements**

Shares in affiliated companies (30.3 Mio. EUR) und receivables from affiliated companies (12.4 Mio. EUR) are reported in the annual financial statements of Fabasoft AG as at 31 March 2022.

For all significant shares in affiliated companies Fabasoft AG assesses whether there are grounds to believe there is a materially lower fair value.

If such grounds exist, a company valuation is carried out for the affiliated company concerned and the carrying value of the shares depreciated based on the findings of the company valuation.

The assessment of whether there are grounds to believe there is a materially lower fair value as well as the impairment of shares in affiliated companies and receivables from affiliated companies requires estimates and assessments on the part of the legal representatives.

Due to these estimates and assessments the annual financial statements are subject to the risk that shares in and receivables from affiliated companies are not properly assessed and as a consequence the annual financial statements not accurately determined. The significant risk involved here lies in particular in the assessment of future cashflows, upon which the determination of impairment is based. These cashflow estimates include assumptions that are influenced by the future market and economic development.

- **Our audit approach**

During the audit of the impairment of shares in affiliated companies and receivables from affiliated companies we carried out the following audit procedures:

- We verified the company's analysis of the grounds for a possible materially lower fair value (including coverage of the investment amount by the proportion of equity capital) of the shares in an affiliated company. We also discussed in talks with the legal representatives whether there are any additional grounds for a materially lower fair value of shares in an affiliated company.
- In order to assess the appropriateness of the underlying internal planning, we gained an understanding of the planning process and the design and implementation of the respective internal controls and reconciled the planning data upon which the assessment is based with the current budget figures approved by the Supervisory Board and the medium-term planning.
- We discussed the key assumptions for value determination with the competent employees.
- We assessed the planning accuracy by comparing the planning undertaken in the previous years with the actually occurred values.
- With the assistance of our valuation specialists we verified and assessed the methods for executing the impairment test and determining the cost of capital rates with regard to whether these are consistent with the relevant standards. We assessed the assumptions used to determine the cost of capital rates by reconciling them with market and branch-specific benchmarks with regard to their appropriateness and checked the numerical correctness of the calculation scheme.
- Furthermore, with regard to receivables from affiliated companies, which were not already covered by the valuation of the shares in affiliated companies, we checked by means of analyses of overdue payments whether there is a need for a value adjustment for these items. In this context we took the financial situation of the affiliated companies into account.
- Finally we examined whether the disclosures of Fabasoft AG to financial assets and receivables from affiliates are complete and appropriate in the notes.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles and other legal or regulatory requirements 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.

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

The audit committee is responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities**

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 audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with AP Regulation and Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in 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 AP Regulation and Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatements in the financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements 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.
- We 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 entity's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We 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 audit report to the respective note in the financial statements. If such disclosures are not appropriate, we will modify our audit 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.
- We evaluate the overall presentation, structure and content of the financial statements, including the notes, 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, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.
- We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.



- From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit i.e. key audit matters. We describe these key audit matters in our auditor's report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

## Report on Other Legal Requirements

### Management Report

In accordance with Austrian company law, the management report is to be audited as to whether it is consistent with the financial statements and prepared in accordance with legal requirements.

Management is responsible for the preparation of the management report in accordance with Austrian company law and other legal or regulatory requirements.

We have conducted our audit in accordance with generally accepted standards on the audit of management reports.

- **Opinion**

In our opinion, the management report is consistent with the financial statements and has been prepared in accordance with legal requirements. The disclosures pursuant to Section 243a UGB are appropriate.

- **Statement**

Based on our knowledge gained in the course of the audit of the financial statements and our understanding of the Company and its environment, we did not note any material misstatements in the management report.

### Additional Information in accordance with Article 10 AP Regulation

We were elected as auditors at the Annual General Meeting on 5 July, 2021 and were appointed by the supervisory board on 26 November, 2021 to audit the financial statements of Company for the financial year ending on 31 March 2021.

We have been auditors of the Company since the financial statements at 31 March 2021.

We declare that our opinion expressed in the "Report on the Financial Statements" section of our report is consistent with our additional report to the audit committee, in accordance with Article 11 AP Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 AP Regulation) and that we have ensured our independence throughout the course of the audit, from the audited Company.

## Engagement Partner

The engagement partner is Mr Mag. Christoph Karer.

Linz, 7 June 2022

KPMG Austria GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

qualified electronically signed :

Mag. Christoph Karer  
Wirtschaftsprüfer  
(Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid. The financial statements, together with our auditor's opinion, may only be published if the financial statements and the management report are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.

## STATEMENT OF ALL LEGAL REPRESENTATIVES

We, Prof. Dipl.-Ing. Helmut Fallmann, Leopold Bauernfeind and Ing. Oliver Albl, 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 the 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, 7 June 2022  
Managing Board Fabasoft AG

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

Leopold Bauernfeind  
Member of the Managing Board

Ing. Oliver Albl  
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 four sessions and two audit committee sessions in the 2021/2022 fiscal year. The report of the Managing Board was easily comprehensible thanks to the clarity and transparency of the reporting and was supported by very informative handouts at every meeting. Information and reporting were based on facts and figures and included both the course of business as well as business development and other material corporate issues. Informal talks and exchanges of information between the Supervisory Board and the Managing Board also took place in addition to this formal meeting convoked with agenda.

Major issues reported, discussed and scrutinised by the Supervisory Board were the business performance in the respective quarters, the deviation analysis (in particular with regard to the budget), sales activities, investments, locations, personnel development and the corporate and business development in general and in this context a focus was also placed on sales activities. As is the case every year, the budget for the forthcoming 2022/2023 fiscal year was submitted to the audit committee and the Supervisory Board for discussion, opinion forming and approval.

The auditors appointed for Fabasoft AG, KPMG Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, 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 2022 (balance sheet, income statement including notes and management report).

The consolidated financial statement as at 31 March 2022 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 KPMG Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, 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. Additionally, the Supervisory Board has taken note of the Corporate Governance Report. The auditor reports compiled in compliance with Art. 11 of Regulation (EU) No. 537/2014 on the auditing of the annual financial statement pursuant to the Austrian Commercial Code or rather the consolidated annual statements pursuant to IFRS of Fabasoft AG to 31 March 2022 respectively were discussed, handled and recognised by the audit committee and the auditor jointly. The separate remuneration report was also prepared and the subject of the monitoring activity of the committee.

The Supervisory Board has approved the annual financial statements and the appropriation of the result proposed by the Managing Board in its meeting on 7 June 2022. The annual financial statements are hereby approved.

The Supervisory Board would like to thank the members of the Managing Board for their good cooperation, in particular Mr. Leopold Bauernfeind, who will resign from the Managing Board as of 30 June 2022. The Supervisory Board wishes the Managing Board members Prof. DI Helmut Fallmann (Chairman of the Managing Board), Ing. Oliver Albl (Member of the Managing Board since 1 May 2022) and Mr. Matthias Wodniok (Member of the Managing Board as of 1 July 2022) much success for the future.

Linz, June 2022

Dr. Friedrich Roithmayr  
Chairman of the Supervisory Board

