

REPORT
of the Managing Board of Fabasoft AG
FN 98699x company register of the Landesgerichtes (regional court) Linz

regarding item 10 of the agenda of the Annual General Meeting on 4 July 2022:

“Resolution that the authorisation granted to the Managing Board in accordance with the resolution of the Annual General Meeting on 5 July 2021 pursuant to § 169 AktG is cancelled in the company register at the time of the registration of the authorisation granted with this resolution pursuant to § 169 AktG and namely to the extent to which the authorisation granted with the resolution on 5 July 2021 at the time of registration of the present authorisation in the company register has not yet been utilised, and at the same time adoption of a resolution on the authorisation of the Managing Board with the agreement of the Supervisory Board to increase the share capital of the company within a period of 5 years after registration of this authorisation and the related amendment of the Articles of Association in the company register - if need be in several tranches - both against contributions in cash as well as, in compliance with § 172 AktG, against contributions in kind by the par value, which amounts to half of the registered share capital (§ 169 (3) AktG) at the time of the registration of this authorisation resolution in the company register, so that the Managing Board is authorised to increase the share capital of the company by a nominal value of up to EUR 5,500,000.00 to stand at up to EUR 16,500,000.00 by issuing up to 5,500,000 no-par shares, whereby the Supervisory Board is authorised to decide on the amendments to the Articles of Association associated with the issue of shares from the authorised capital.

The terms of the issue shall be defined in agreement with the Supervisory Board (authorised capital pursuant to §§ 169 et seqq. AktG), whereby the Managing Board is also authorised to issue the new shares if need be under exclusion of the subscription rights of shareholders to which they would otherwise be entitled (§ 170 (2) AktG). The relevant reports of the Managing Board and the Supervisory Board are available for review at the company in 4020 Linz, Honauerstraße 4, and will be transmitted on request to shareholders free of charge, as well as the resolution regarding the amendment of § 4 of the Articles of Association, Share Capital Point 5, so that this point contains the following new wording as follows:

“5: The Managing Board is authorised with the approval of the Supervisory Board to increase the share capital of the company by a nominal value of up to EUR 5,500,000.00 to stand at up to EUR 16,500,000.00 within a period of five years as of registration of this amendment to the Articles of Association in the company register by issuing up to 5,500,000 no-par shares both against contributions in cash as well as, in compliance with § 172 AktG, against contributions in kind, and in addition to determine the terms of the issue in agreement with the Supervisory Board (authorised capital pursuant to §§ 169 et seqq. AktG), whereby the Managing Board is also authorised to issue the new shares if need be under exclusion of the subscription rights of shareholders to which they would otherwise be entitled (§ 170 (2) AktG).”

The annual financial statements of Fabasoft AG as at 31 March 2022 show a share capital amounting to EUR 11,000,000.00. Furthermore, the fiscal year 2021/2022 resulted in a net profit of EUR 10,745,478.82.

On the occasion of the Annual General Meeting on 4 July 2022 the Managing Board will propose that a dividend of EUR 0.75 be paid out per dividend-bearing no-par value share on the outstanding shares and shares with dividend entitlement and the remaining net profit be carried forward to new account.

The annual financial statements of the Fabasoft AG and the exempting consolidated financial statement as at 31 March 2022 received an unqualified audit certificate from the auditor.

On the occasion of the Annual General Meeting on 4 July 2022, the Managing Board is to be authorised within a period of five years as of registration of the respective amendment, to increase the share capital of the company within 5 years after registration of this authorisation and the associated amendment of the Articles of Association in the company register - if need be in several tranches - both against contributions in cash as well as, in compliance with § 172 AktG, against contributions in kind by the par value, which amounts to half of the registered share capital (§ 169 (3) AktG) at the time of the registration of this authorisation resolution in the company register, and in addition to determine the terms of the issue in agreement with the Supervisory Board (authorised capital pursuant to §§ 169 et seqq. AktG), whereby the Managing Board is also authorised to issue the new shares if need be under exclusion of the subscription rights of shareholders to which they would otherwise be entitled (§ 170 (2) AktG).

Reasons for an exclusion of subscription rights can include in particular: The share participation of employees, an increase in capital for the execution of contributions in kind and acquisitions, the execution of reorganisations in particular mergers, the introduction in other stock exchanges, acquisitions of participations against the issue of shares and the taking in of strategic partners.

The creation of this authorised capital is effected to an amount of maximum 20 % of the authorised capital for the express purpose of creating and transacting the shares necessary for the employee stock option models.

In the case of a capital increase from authorised capital for the purpose of the employee stock option models, the remaining shareholders would have to be completely excluded from subscription rights, this exclusion of subscription rights was announced expressly and in good time and is justified in compliance with § 153 AktG.

Thus the exclusion of subscription rights, in particular due to the provision of § 153 AktG, for the priority issuance of shares to employees of the company or one of its affiliates is permissible.

However, the existing legal framework does not currently provide sufficient support for such an option model in terms of the incentive function it is intended to provide, which is why the Managing Board of Fabasoft has not installed an employee option model in recent years and has now decided to pause the employee option model and not to set up a new model for the time being.

The existing employee option models may be supplemented by an employee option model based on the existing employee option models, for which reference is made to the past reports of the Managing Board on the employee option model. In principle, the idea of an employee option model at Fabasoft remains valid in order to give selected employees the opportunity to participate in the company's success in the long term.

Regarding item 12 of the agenda of the Annual General Meeting on 4 July 2022:

Resolution regarding the authorisation to purchase treasury shares pursuant to § 65 (1) (8) AktG up to a maximum number of 10 from 100 of the share capital of the company for a period of 30 months. 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 5 stock exchange trading days prior to the determi-

nation of the purchase price. The purchase of treasury shares based on this authorisation together with other treasury shares, which the company had already purchased and still holds, must not exceed 10 % of the share capital of the company. The respective buyback programme and its duration must be made public.

The Managing Board is to be granted the authorisation to purchase treasury shares without any specific purpose (§ 65 (1) (8) AktG), whereby the share purchase is not permitted for the trading of treasury shares. The number of the shares to be purchased is limited to a maximum share of 10 % of the share capital. The equivalent value of each share at the time of purchase must not exceed 20 % above and must not be 10 % at the least below 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 determination of the purchase price. The authorisation is to remain valid for 30 months as of the day of the Annual General Meeting resolution.

The purchase is permissible, if Fabasoft AG is in a position to build the reserve for treasury shares prescribed in § 225 (5) UGB (Austrian Commercial Code) at the time of the purchase, without the net assets falling below the share capital and a reserve prescribed by law or the Articles of Association. The issue price of the shares was paid in to the full amount.

This authorisation also encompasses the purchase of shares by subsidiaries of the company (§ 66 AktG). 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 redeem treasury shares after an effected buy-back as well as those of treasury shares that are currently part of the stock of Fabasoft AG without requiring a separate resolution from the Annual General Meeting. The Supervisory Board is authorised to decide on amendments to the Articles of Association arising from the redemption of shares.

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

Linz, June 2022

The Managing Board

Disclaimer:

This is a working translation from the German version. In case of discrepancies, the German version shall prevail.