Annual Report 2021

Consolidated Financial Statements as of 31 December 2021 and Group Management Report for the 2021 Financial Year

InVision AG

Annual Report 2021

Consolidated Financial Statements

of InVision AG as of 31 December 2021 in accordance with IFRS and § 315e of the German Commercial Code as well as the Group management report pursuant to § 315 of the German Commercial Code

Financial Summary

(in TEUR)	2021	2020	Δ*
injixo ARR (December)	**6,612**	**4,980**	**+33%**
Total Revenues	**13,691**	**12,752**	**+7%**
EBIT	**-737**	**1,135**	**-165%**
as a % of revenues	-5%	9%	-14 PP
Consolidated result	**-1,556**	**288**	**-641%**
as a % of revenues	-11%	2%	-13 PP

(in TEUR)	2021	2020	Δ*
Operating cash flow	**-577**	**952**	**-161%**
as a % of revenues	-4%	7%	-11 PP
Earnings per share (in EUR)	**-0.73**	**0.17**	**-529%**

(in TEUR)	31 Dec 2021	31 Dec 2020	Δ*
Balance sheet total	**19,988**	**22,398**	**-11%**
Liquid funds	**6,338**	**7,791**	**-19%**
Equity	**11,870**	**13,413**	**-12%**
as a % of balance sheet total	59%	60%	-1 PP

* The calculation of deviations from the previous year is based on non-rounded figures.

Consolidated Balance Sheet

InVision AG, 31 December 2021
IFRS, in Euro

Assets	Note	31 Dec 2021	31 Dec 2020
A. Short-term assets			
1. Liquid funds	(21)	6,338,332	7,790,641
2. Trade receivables	(22)	1,309,512	995,322
3. Income tax claims	(23)	278,290	366,610
4. Prepaid expenses and other short-term assets	(24)	205,739	240,234
Total short-term assets		**8,131,873**	**9,392,807**
B. Long-term assets			
1. Intangible assets	(25)	274,921	246,875
2. Tangible assets	(26)	8,285,327	8,572,758
3. Right-of-use assets	(28)	1,179,547	1,384,078
4. Deferred taxes	(29)	2,103,983	2,793,644
5. Other long-term assets	(30)	12,050	8,229
Total long-term assets		**11,855,828**	**13,005,584**
Total assets		**19,987,701**	**22,398,391**

Equity and liabilities	Note	31 Dec 2021	31 Dec 2020
A. Short-term liabilities			
1. Liabilities due to credit institutions	(32)	0	960,000
2. Leasing liabilities	(33)	188,698	186,257
3. Trade payables	(34)	151,519	93,978
4. Provisions	(35)	203,680	209,104
5. Income tax liabilities	(35)	173,492	816,884
6. Customer contract liabilities and other liabilities	(36)	1,256,011	849,109
Total short-term liabilities		**1,973,400**	**3,115,332**
B. Long-term liabilities			
1. Liabilities due to credit institutions	(37)	5,040,000	4,560,000
2. Leasing liabilities	(38)	1,104,125	1,309,968
Total long-term liabilities		**6,144,125**	**5,869,968**
C. Equity			
1. Subscribed capital	(39)	2,235,000	2,235,000
2. Reserves	(40)	1,204,142	1,191,184
3. Equity capital difference from currency translation	(41)	-408,788	-486,974
4. Group/consolidated result		8,839,822	10,473,881
Total equity		**11,870,176**	**13,413,091**
Total equity and liabilities		**19,987,701**	**22,398,391**

Consolidated Statement of Comprehensive Income

InVision AG, 31 December 2021
IFRS, in Euro

	Note	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
1. Revenues	(43)	13,690,763	12,752,322
2. Other operating income	(44)	62,246	65,255
3. Cost of materials/cost of goods and services purchased	(45)	-2,975	-489
4. Personnel expenses	(46)	-10,524,285	-8,703,052
5. Amortisation/depreciation of intangible and tangible assets	(47)	-701,685	-663,006
6. Other operating expenses	(48)	-3,261,528	-2,315,721
7. Operating result (EBIT)		**-737,464**	**1,135,309**
8. Financial result	(50)	-93,900	-106,869
9. Currency losses/gains		4,421	-42,795
10. Result before taxes (EBT)		**-826,943**	**985,645**
11. Income tax	(51)	-807,116	-613,876
12. Consolidated net profit		**-1,634,059**	**371,769**
13. Exchange rate differences from converting foreign financial statements		78,186	-84,053
14. Consolidated result		**-1,555,873**	**287,716**
Earnings per share		-0.73	0.17

Consolidated Cash Flow Statement

InVision AG, 31 December 2021
IFRS, in Euro

	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
1. Cash flow from operating activities		
Consolidated result	**-1,634,059**	**371,769**
+ Depreciation and amortisation of fixed assets	701,685	663,006
Profits(-)/losses(+) from the disposal of intangible and tangible assets	9,119	2
Decrease(-)/increase(+) in provisions	-5,424	-30,288
Increase(-)/decrease(+) in deferred taxes	689,661	687,528
Other non-cash income(-)/expenses(+)	36,584	-26,354
Increase(-)/decrease(+) in trade receivables	-314,190	163,812
Increase(-)/decrease(+) in other assets and prepaid expenses	30,674	-91,142
Decrease(-)/increase(+) in income tax liabilities/claims (netted)	-555,072	-708,704
Decrease(-)/increase(+) in trade payables	57,541	-67,891
Decrease(-)/increase(+) in other liabilities and customer contract liabilities	406,902	-9,450
Cash flow from operating activities	**-576,579**	**952,288**

	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
2. Cash flow from investing activities		
- Payments made for investments in tangible assets	-178,366	-67,965
- Payments made for investments in intangible assets	-62,627	-12,000
+ Payments received from the disposal of intangible and tangible assets	9,692	0
Cash flow from investing activities	**-231,301**	**-79,965**
3. Cash flow from financing activities		
+ Additions to long-term financing liabilities	0	5,000,000
- Payments made for redemption of long-term financing liabilities	-480,000	-480,000
- Payments made for redemption of lease liabilities	-203,402	-180,057
Cash flow from financing activities	**-683,402**	**4,339,943**
Change in cash and cash equivalents	-1,491,282	5,212,266
Effect of foreign exchange rate changes on cash and cash equivalents	38,973	-37,332
Cash and cash equivalents at the beginning of the period	**7,790,641**	**2,615,707**
Cash and cash equivalents at the end of the period	**6,338,332**	**7,790,641**

Consolidated Statement of Equity

InVision AG, 31 December 2021
IFRS, in Euro

	Subscribed capital	Reserves	Equity capital difference from currency translation	Profit/Losses	Equity
31 December 2019	**2,235,000**	**1,191,184**	**-402,921**	**10,102,112**	**13,125,375**
Consolidated net profit	0	0	0	371,769	371,769
Exchange rate difference from converting foreign financial statements	0	0	-84,053	0	-84,053
Total of costs and income	**0**	**0**	**-84,053**	**371,769**	**287,716**
31 December 2020	**2,235,000**	**1,191,184**	**-486,974**	**10,473,881**	**13,413,091**
Consolidated net profit	0	0	0	-1,634,059	-1,634,059
Exchange rate difference from converting foreign financial statements	0	0	78,186	0	78,186
Total of costs and income	**0**	**0**	**78,186**	**-1,634,059**	**-1,555,873**
Stock option plan	0	12,958	0	0	12,958
31 December 2021	**2,235,000**	**1,204,142**	**-408,788**	**8,839,822**	**11,870,176**

Consolidated Notes

to the Consolidated Financial Statements of InVision AG as of 31 December 2021 in accordance with IFRS and § 315e of the German Commercial Code

General Information

1. General information about the Company

InVision Aktiengesellschaft, Düsseldorf (hereinafter also referred to as "InVision AG" or the "Company"), together with its subsidiaries (hereinafter also referred to as the "InVision Group" or the "Group"), develops and markets products and services in the field of workforce management and education, and is mainly active in Europe and the United States.

The Company's registered offices are located at Speditionstraße 5, 40221 Düsseldorf, Germany. It is recorded in the Commercial Register of the Local Court of Düsseldorf under registration number HRB 44338. InVision AG has been listed in the prime standard segment of the Frankfurt Stock Exchange under securities identification number 585969 since 18 June 2007.

The IFRS consolidated financial statements are expected to be approved by the Supervisory Board of InVision AG on 29 March 2022 and then cleared for publication on 31 March 2022.

2. Basis of the accounting

Because it is listed on a regulated market, InVision AG prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). The consolidated financial statements as of 31 December 2021 were prepared following the IFRS, which were promulgated by the International Accounting Standards Board (IASB), in force on the balance sheet closing date, and applicable in the European Union. The designation "IFRS" also encompasses the still valid International Accounting Standards (IAS), as well as the interpretations of the Standing Interpretations Committee (SIC), and the International Financial Reporting Interpretations Committee (IFRIC). The requirements prescribed under § 315e of the German Commercial Code (HGB) must also be observed. All provisions of the IFRS, IAS, IFRIC, and SIC, which are valid for the fiscal year ending 31 December 2021, have been applied in the consolidated financial statements.

The following IAS/IFRS/IFRIC were endorsed by the EU in the 2021 financial year or are to be applied for the first time. Most of them have little or no effect on the consolidated financial statements of InVision AG.

IFRS standards	Material effect
Amendments to IFRS 3 "Business Combinations"	None
Amendments to IFRS 4 "Exemption from the application of IFRS 9"	None
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 "Interest Rate Benchmark Reform"	None
Amendments to IFRS 16 "Covid-19 related concessions"	None

IFRS standards	Material effect
Introduction IFRS 17 “Insurance Contracts“	None
Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”	None
Amendments to IAS 16 “Property, Plant and Equipment”	None
Annual Improvements to IFRSs (2018-2020 cycle) - Amendments to IFRS 1 “First-time Adoption of International Financial Reporting Standards”, IFRS 9 “Financial Instruments” and IAS 41 “Agriculture”	None

The following amendments of the IASB were not applied on an earlier basis in these consolidated financial statements. Where the changes affect InVision AG, the future effects on the consolidated financial statements will be examined. For the most part, they have not yet been adopted by the EU.

IFRS standards with (expected) mandatory application	Material effect
Amendments to IAS 1 “Presentation of Financial Statements” including amendments to IFRS Practice Statement 2 “Making Materiality Judgements” (1 Jan 2023)	None
Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” (1 Jan 2023)	None
Amendments to IAS 12 “Income Tax” (1 Jan 2023)	None
Amendments to IFRS 17 “Insurance Contracts” and extension of the temporary exemption from the application of IFRS 9 “Financial Instruments” (1 Jan 2023)	None

The effects on the consolidated financial statements of the other standards newly issued or revised by the IASB, which were not yet mandatory in these financial statements, are currently being examined. However, apart from any extended disclosure requirements, no material effects are expected.

3. Group of consolidated companies

The consolidated financial statements cover InVision AG as well as the following subsidiaries:

- InVision Software AG, Zürich, Switzerland
- InVision Software, Inc., Chicago, IL, USA
- InVision Software Ltd., London, United Kingdom
- InVision Software SAS, Paris, France
- InVision Software B.V., Utrecht, Netherlands

InVision Software AG (formerly injixo AG, Zug, Switzerland) changed its name in 2021 and moved its registered office from Zug to Zürich.

InVision AG holds a direct 100% ownership interest in each of the consolidated subsidiaries.

4. Consolidation principles

The consolidated financial statements comprise the annual financial statements of InVision AG and its subsidiaries as of 31 December of each fiscal year. The annual financial statements of the subsidiaries are prepared while applying the uniform accounting and valuation methods as of the same balance sheet closing date as the annual financial statements of the parent company.

The balance sheet closing date of all subsidiaries integrated into the consolidated financial statements is 31 December of the applicable fiscal year in question.

All account balances, transactions, income, expenses, profits, and losses from intra-group transactions, which are included in the book value of assets, are eliminated in full.

Subsidiaries are fully consolidated as of the date of their formation or acquisition (i.e., as of the date on which the Group acquires control over them), provided that they are not of minor importance for the Group's net assets, financial position, and results of operations. The inclusion of these subsidiaries in the consolidated accounts ends as soon as the parent company's control no longer exists.

Newly-formed subsidiaries are consolidated using the acquisition method according to IFRS 3. Under that method, acquisition costs of the business combination are apportioned to the identifiable assets, which are acquired, and to the identifiable liabilities, which are assumed, based on their fair values as of the date of acquisition. The expenses and income, which have accrued since the acquisition, are included in consolidated accounts.

Accounting and Valuation Principles

5. In general

The consolidated financial statements were prepared based on historical acquisition or production costs (costs). Historical costs are based in general on the fair value of the consideration paid in exchange for the asset.

The consolidated balance sheet was structured according to short-term and long-term assets and liabilities. The consolidated statement of comprehensive income is prepared using the cost of production method.

6. Reporting currency

The consolidated financial statements are prepared in euro because the majority of the Group transactions are based on that currency. Unless otherwise indicated, all figures herein have been rounded up or down to the nearest thousand (TEUR, T€) by standard commercial practices. The figures are shown in euro (EUR, €), in thousand euro (TEUR, T€) or in million euro (MEUR, m€).

7. Currency translation

Each company within the Group stipulates its own functional currency. The items reported in the financial statements of each company are valued using that functional currency. Foreign currency transactions are initially converted into the functional currency at the currency spot rate applicable on the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency will be converted into the functional currency at the exchange rate applicable on each relevant reporting date and recognised in the income statement. This treatment does not apply to any exchange rate differences arising from foreign currency transactions if they are used to hedge a net investment of a foreign operation. These differences are recognised directly in equity capital until the net investment is sold and recognised in the period results only after such sale. Any deferred taxes resulting from the currency differences of such foreign currency credits will also be recognised directly in equity capital. Non-monetary items, which are valued at historical costs in a foreign currency, are converted at the exchange rate applicable on the date of the transaction. Non-monetary items, which are reported at fair value in a foreign currency, are converted at the exchange rate applicable on the date the fair value was calculated.

Assets and liabilities of foreign operations are converted into euro as of the balance sheet (reporting) date. The conversion of income and expenses shall be made at the average exchange rate for the fiscal year. Any differences resulting from these currency conversions will be booked as a separate component of the equity capital account.

Any goodwill acquired with the purchase of a foreign operation and any adjustments in the book value of the assets and liabilities, which resulted from that transaction in order to accord with fair value, will be converted at the exchange rate applicable on the reporting date.

The following exchange rates were used (per EUR 1.00):

Currency	Exchange rate on reporting date 2021	Exchange rate on reporting date 2020	Average annual exchange rate 2021	Average annual exchange rate 2020
USD	1.1342	1.2264	1.1830	1.1414
GBP	0.8394	0.8984	0.8597	0.8892
CHF	1.0353	1.0822	1.0810	1.0701

8. Intangible assets

Acquired intangible assets are valued at the time of their receipt according to their cost of acquisition or cost of production.

Internally produced intangible assets are recognised when they are identified and when it is likely that the group will receive a future economic benefit from the asset and the asset's acquisition and production costs can be reliably determined. For subsequent valuations, the value of the intangible assets is recognised at the acquisition or production costs of those assets, less the accumulated amortisation and less the accumulated impairment costs (shown under the amortisation item). Intangible assets are amortised on a straight-line basis over their estimated usable life (3 to 15 years). The amortisation period and amortisation method are reviewed at the end of each fiscal year.

When producing new software and further developing existing software, the InVision Group cannot clearly and unequivocally delineate the relevant software because the knowledge and improvements gained from producing new software and from the continued development of existing software are incorporated into other InVision Group products. Since not all criteria were met by 31 December of the fiscal year, no development costs were capitalised.

9. Tangible assets

Tangible assets (land and buildings as well as computer hardware, tenant installations, furnishings, and equipment) are recognised at the cost of acquisition or production less the accumulated depreciation. These assets are depreciated on a straight-line basis over the estimated useful life of the individual asset. The useful life for buildings is 9 to 33 years, for computer hardware 3 to 5 years, and for furnishings and equipment, 5 to 13 years. Tenant installations are depreciated over the term of the lease or their useful life if that period is shorter.

Subsequent expenditures made for a tangible asset are recognised at the costs of acquisition, if it is likely that the Group will receive a future economic benefit from it, and the costs for the asset can be reliably determined. Costs for repairs and maintenance, which do not increase the estimated useful life of the tangible asset, are recognised in the period in which they are incurred and are reported on the income statement.

10. Accounting for leases

The Group only acts as a lessee in connection with the rental of office space.

Leases are recognised as rights of use and corresponding lease liabilities at the time when the leased asset is available for use by the Group.

Assets and liabilities from leases are initially recognised at present value.

The lease liabilities include the present value of the following lease payments:

- fixed payments (including de facto in-substance fixed payments, less any lease incentives to be received)
- variable lease payments linked to an index or (interest) rate, initially valued at the index or interest (rate) on the commitment date
- expected payments by the Group from the utilisation of residual value guarantees
- the execution price of a call option, the group is reasonably certain that it will be used
- penalties in connection with the termination of a lease, if the lease term takes into account that the Group will exercise the termination option in question

The measurement of the lease liability also includes lease payments based on a sufficiently secure utilisation of extension options.

Lease payments are discounted at the implicit interest rate underlying the lease if this can be readily determined. Otherwise - and this is generally the case in the Group - the lease is discounted at the lessee's incremental borrowing rate, i.e. the interest rate that the respective lessee would have to pay if it had to borrow funds to acquire an asset with a comparable value in a comparable economic environment for a comparable term with comparable certainty under comparable conditions.

Lease instalments are divided into repayments and interest payments. The interest portion is recognised in the income statement over the lease term so that a constant periodic interest rate is charged on the remaining balance of the liability for each period.

Rights of use are measured at cost, which is comprised as follows:

- the amount of the initial measurement of the lease liability
- all leasing payments made at or before the provision, less any leasing incentives received
- all initial direct costs incurred by the lessee, and
- estimated costs incurred by the lessee in dismantling or removing the underlying asset, restoring the site on which it is located, or returning the underlying asset to the condition required by the lease agreement.

Rights of use are amortised on a straight-line basis over the shorter of the useful life and the term of the underlying lease agreement. If the exercise of a purchase option is reasonably certain from the Group's perspective, the asset is depreciated over the useful life of the underlying asset.

11. Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred unless the borrowing costs were incurred for the purchase, construction, or production of qualified assets. In that case, the borrowing costs will be added to the production costs for such assets. During the fiscal year, the InVision Group had neither acquired nor produced qualified assets.

12. Impairment of non-financial assets

Non-financial assets are tested for impairment if facts or changes in circumstances suggest that the book value of an asset might no longer be recoverable. For the impairment test, the recoverable amount of the asset or the cash-generating unit must be determined. The recoverable amount is either the fair value less the costs to sell or the value in use, whichever value is higher. The fair value less the costs to sell is defined as the price which two informed, contractually-willing and independent business partners could achieve (less the cost to sell) when selling an asset or a cash-generating unit. The value in use of an asset or a cash-generating unit is calculated by determining the present cash value of the estimated future cash flow based on the current use of the asset or unit. If the recoverable value is less than the book value, then the difference will be immediately written off and entered into the income statement.

The impairment of a particular asset (except for goodwill), which had been previously recognised to profit and loss, will be reversed if there is evidence that the impairment no longer exists or that the amount of the impairment has declined. The recoverable amount will be recognised as income in the income statement. The recoverable amount (or the reduction in the amount of the impairment) of an asset will be recognised, however, only to the extent that it does not exceed the book value, which would have resulted had no impairment been previously recognised (including the effects from amortisation or depreciation).

13. Financial investments and other financial assets

On initial recognition, financial assets are classified for subsequent measurement either as at amortised cost or at fair value through profit or loss or through other comprehensive income.

The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows of the financial assets. Except for trade receivables, which do not contain any significant financing components, the Group measures a financial asset at its fair value plus transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined by IFRS 15. In this context, reference is made to the accounting policies in Note 18.

For a financial asset to be classified and measured as at amortised cost or at fair value through other comprehensive income, cash flows may consist solely of payments of principal and interest (SPPI) on the outstanding principal amount. This assessment is known as the SPPI test and is performed at the level of the individual financial instrument. Purchases or sales of financial assets that require delivery of the assets within a period determined by the regulations or conventions of the respective market (regular way purchases) are recognised on the trade date, i.e. the date on which the Group commits to purchase or sell the asset.

For subsequent measurement, financial assets are classified into two categories:

- financial assets measured at amortised cost (debt instruments)
- financial assets at fair value through profit or loss (not relevant for these consolidated financial statements)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within the framework of a business model whose objective is to hold financial assets in order to collect the contractual cash flows; and
- the contractual terms of the financial asset result in cash flows at specified points in time that represent only principal and interest payments on the outstanding principal amount.

The Group's financial assets measured at amortised cost mainly comprise trade receivables and receivables from banks. They also include other receivables.

Financial assets measured at amortised cost are measured in subsequent periods using the effective interest method and are tested for impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified, or impaired. For trade receivables, the Group applies the simplified value adjustment scheme of IFRS 9 and directly recognises the expected default over the entire term of the receivable. The necessary value adjustment is derived taking into account historical defaults and - if relevant - adjusted based on current market developments. In individual cases, however, the default is also derived directly from the information on the customer's creditworthiness. In the event of the insolvency of a customer, the full value of the receivable is reported as a loss on the receivable. Only at this point, the receivable is derecognised. In principle, changes in the carrying amount of trade receivables from customers are reduced using an allowance account, and the impairment loss is recognised in profit or loss. If the amount of an estimated impairment loss increases or decreases in a subsequent reporting period as a result of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or decreased through profit or loss by adjusting the allowance account. If a derecognised receivable is subsequently reclassified as recoverable as a result of an event occurring after derecognition, the corresponding amount is recognised immediately against other operating expenses.

14. Cash and cash equivalents

Cash and cash equivalents consist of credit balances held with financial institutions as well as securities that may be redeemed for cash on short notice. Bank balances are measured at amortised cost. In this context, reference is made to the accounting policies in Note 13.

15. Taxes

The actual tax refund claims and tax debts for the current period and earlier periods must be valued at the amount at which a refund is expected from the tax authorities or payment must be made to the tax authorities.

Deferred taxes are recognised under the liabilities method for all temporary differences between the tax basis of the assets / liabilities and their respective book values in the IFRS financial statements.

Deferred taxes are valued according to the tax rates (and tax regulations), which are effective as of the balance sheet closing date or which have for the most part been enacted into law, and which are expected to be valid and binding on the date the deferred tax receivable is realised and/or the deferred tax liability is settled.

Deferred tax receivables, including those on losses carried forward, are recognised in an amount at which taxable income will likely be available for credit against the temporary differences.

The valuation of deferred tax assets for loss carry-forwards and deductible temporary differences depends on the future taxable earnings of the InVision Group companies. The estimate regarding such taxable earnings is made as of the balance sheet date taking into account the respective business perspectives. For purposes of capitalising deferred taxes based on the losses carried forward, only those tax loss carry-forwards will be recognised, which are very likely to be applied.

16. Provisions

A provision is shown only if the Company has a present, statutory, or de facto obligation (liability) based on a past event, if it is likely that the fulfilment of the obligation will lead to an outflow of funds representing an economic benefit, and if a reliable estimate of the amount of the obligation can be made. If no provision could be created because one of the criteria mentioned was not fulfilled, then the liabilities in question will be reported as contingent liabilities.

Provisions are examined on each balance sheet closing date and adjusted to accord with the best estimate as of that date. If there is an expectation that the expenditures, which are required to satisfy a deferred liability, will be reimbursed either in whole or in part by another party, then the reimbursement will be recognised only when it is nearly certain that the Group will receive the reimbursement.

17. Financial liabilities

Liabilities include non-current liabilities to banks, trade payables, tax liabilities, interest liabilities, liabilities to employees, and other liabilities. On initial recognition, they are carried at cost, which corresponds to the fair value of the consideration received. In subsequent years, all liabilities are measured at amortised cost using the effective interest method per IFRS 9. They are derecognised when the liability is settled, cancelled, or expires.

Liabilities from leases are reported under financial liabilities. Please refer to the explanations in section 10 for the accounting policies applied.

18. Revenue and cost recognition

The InVision Group's revenues are generated by granting rights of use to software products (unlimited use, one-time use, time-limited use) and by providing related services.

In case of unlimited or one-time use rights, the revenues are recognised completely at the point in time of the granting of rights of use. In case of time-limited rights, revenues are recognised on a straight-line basis pro rata temporis over the time for which they were calculated. Revenues from services are recognised at the point in time the service is provided.

The revenues are reported less any early payment discounts, customer bonuses, and rebates. Agreements with several components (e.g. subscriptions and services) are internally allocated to their individual components, and revenues are recognised based on those individual components.

Revenues are generally recognised when the sales price is determined or determinable, no significant duties exist and the collection of the receivables is likely. Costs are recognised when the good or service is used or at the time they were generated. Interest is recognised as either an expense and/or income according to the period in which it arose under the effective interest method.

19. Contingent liabilities and contingent receivables

Contingent liabilities are either potential obligations, which could result in an outflow of resources but the existence of which must be confirmed through the occurrence or non-occurrence of one or more future events, or current obligations, which do not satisfy the recognition criteria of the liability. These items are listed separately in the notes unless the possibility that resources with economic benefits will be lost is unlikely. There were no contingent liabilities in the fiscal year.

In connection with business combinations, contingent liabilities are recorded as liabilities on the balance sheet according to IFRS 3.37, if the fair value can be reliably calculated.

Contingent receivables are not recognised in the financial statements. They are, however, listed in the notes, if the receipt of economic benefits is likely.

20. Management discretion and the main sources of forecasting uncertainty

When preparing the consolidated financial statements, some assumptions and estimates must be made, which affect on the amount and reporting of the recognised assets and liabilities, the income and expenses, and the contingent liabilities for the reporting period. These assumptions relate primarily to the assessment of the carrying value of assets, the assessment of deferred tax assets, uniform group determination of the economic useful lives of tangible assets, and the recognition and measurement of provisions. The assumptions and estimates are based on premises delivered from available information at the time in question. The basis for the anticipated future business development is the circumstances present at the time the consolidated financial statements are prepared in a realistic scenario of the future development of the overall environment. If these overall conditions deviate from the assumptions made and cannot be influenced by management, then the resulting figures could deviate from the originally anticipated estimates.

Notes to the Consolidated Balance Sheet

21. Liquid funds (cash and cash equivalents)

Liquid funds contain only those payment instruments, which have a term to maturity of fewer than three months calculated from the date of purchase. As in the previous year, cash and cash equivalents consist solely of credit balances held with financial institutions.

22. Trade receivables

The trade receivables (net) subject to the impairment provisions of IFRS 9 have a remaining term of up to one year and are composed as follows:

	31 Dec 2021	31 Dec 2020
Trade receivables	1,312	996
Bad debt allowances	-2	-1
Total	**1,310**	**995**

23. Income tax claims

Income tax assets include refund claims of InVision AG, Düsseldorf, Germany, and InVision Software SAS, Paris, France.

24. Prepaid expenses and other short-term assets

	31 Dec 2021	31 Dec 2020
Prepaid and deferred items	181	219
Other miscellaneous assets	25	21
Total	**206**	**240**

The deferred income mainly consists of prepayments for service and insurance contracts for the following financial year.

25. Intangible assets

Intangible assets consist primarily of software and industrial property rights acquired in exchange for consideration. These assets are valued at their historical cost of acquisition, less the scheduled amortisation. Concerning scheduled amortisation, the software acquired in exchange for consideration and the industrial property rights were amortised over their expected useful lives (3 to 15 years).

26. Tangible assets

The breakdown of tangible assets is as follows:

	31 Dec 2021	31 Dec 2020
Land and property / Buildings	6,930	7,126
Other miscellaneous assets	1,355	1,447
Total	**8,285**	**8,573**

Tangible assets are recognised at their historical costs of acquisition, less any scheduled depreciation if the assets are subject to wear and tear. Tangible assets are depreciated on a straight-line basis over their useful lives (3 to 33 years). The carrying value of the tangible assets is subject to impairment testing. None of the assets have been subject to non-scheduled depreciation.

27. Development of the long-term assets

Fiscal year 2021	01 Jan 2021	Additions	Transfers	Disposals	Currency differences	31 Dec 2021
1. Concessions, industrial property rights and similar rights and assets as well as licences to such rights and assets						
Gross	677	63	0	0	48	788
Value adjustment	430	50	0	0	33	513
Net	247	13	0	0	15	275
2. Tangible Assets						

Fiscal year 2021	01 Jan 2021	Additions	Transfers	Disposals	Currency differences	31 Dec 2021
Land and property / Buildings						
Gross	8,393	0	0	0	0	8,393
Value adjustment	1,267	196	0	0	0	1,463
Net	7,126	-196	0	0	0	6,930
Other miscellaneous assets						
Gross	2,768	178	0	43	5	2,908
Value adjustment	1,321	270	0	43	5	1,553
Net	1,447	-92	0	0	0	1,355
Total long-term assets						
Gross	11,838	241	0	43	53	12,089
Value adjustment	3,018	516	0	43	38	3,529
Net	8,820	-275	0	0	15	8,560

Fiscal year 2020	01 Jan 2020	Additions	Transfers	Disposals	Currency differences	31 Dec 2020
1. Concessions, industrial property rights and similar rights and assets as well as licences to such rights and assets						
Gross	721	12	0	0	-56	677
Value adjustment	423	43	0	0	-36	430
Net	298	-31	0	0	-20	247
2. Tangible Assets						
Land and property / Buildings						
Gross	8,393	0	0	0	0	8,393
Value adjustment	1,073	194	0	0	0	1,267
Net	7,320	-194	0	0	0	7,126
Other miscellaneous assets						
Gross	2,761	68	0	57	-4	2,768
Value adjustment	1,144	238	0	57	-4	1,321
Net	1,617	-170	0	0	0	1,447
Total long-term assets						

Fiscal year 2020	01 Jan 2020	Additions	Transfers	Disposals	Currency differences	31 Dec 2020
Gross	11,875	80	0	57	-60	11,838
Value adjustment	2,640	475	0	57	-40	3,018
Net	9,235	-395	0	0	-20	8,820

28. Rights of use

	2021	2020
As of 01 January	1,384	1,522
Revaluation due to rent adjustments	-19	50
Depreciation	-185	-188
Total	**1,180**	**1,384**

As a result of the first-time application of IFRS 16 as of 1 January 2019, the rights of use of rented office space for the Leipzig and Paris locations were recognised.

29. Deferred taxes

The following table sets forth the status of the deferred tax assets according to the balance sheet items:

	31 Dec 2021	31 Dec 2020
Deferred taxes based on temporary differences from a license transfer within the Group	2,070	2,760
Deferred taxes based on temporary differences from the application of IFRS 16	34	34
Total	**2,104**	**2,794**

The Group's tax losses carried forward as of 31 December 2021 totalled TEUR 10,204 (previous year: TEUR 5,700). For the above-mentioned losses carried forward no deferred taxes were recognised as the realisation is considered insufficient. Valued at individual tax rates, deferred taxes of up to TEUR 2,379 could have been recognised.

30. Other long-term assets

Other long-term assets consist only of security deposits paid for leased office space.

31. Short-term Liabilities

The short-term liabilities are allocated as follows:

	2021	**2020**
Customer contract liabilities	767	551
Provisions	204	209
Liabilities from leasing contracts	189	186
Income tax liabilities	173	817
Trade payables	152	94
Liabilities to financial institutions	0	960
Other liabilities	488	298
Total	**1,973**	**3,115**

32. Liabilities due to credit institutions

In 2018, InVision AG took out a bank loan secured by a land charge in the amount of TEUR 6,000 to refinance investments and to make further investments. The loan, which had been fully drawn down in previous years, was repaid as scheduled in the first two quarters of the financial year in the amount of TEUR 240 in each quarter; from the third quarter of 2021, repayment was suspended up to and including 30 March 2025, as agreed.

33. Leasing liabilities

The portion of lease liabilities classified as current according to IFRS 16 was TEUR 189 as of the balance sheet date (previous year TEUR 186).

34. Trade Payables

Trade payables show a balance of TEUR 152 and are higher than at the same time last year due to the balance sheet date.

35. Income tax liabilities and provisions

Income tax liabilities and provisions developed as follows:

	01 Jan 2021	Utilisation	Reversal	Allocation	Currency Difference	31 Dec 2021
Income tax liabilities	**817**	**758**	**28**	**142**	**0**	**173**
Provisions for:						
- Personnel expenses	42	42	0	39	0	39
- Annual accounts costs	98	91	4	95	1	99
- Outstanding invoices	26	20	1	15	1	21
- Trade associations	20	20	0	23	0	23
- Other	23	25	2	26	0	22
Total provisions	**209**	**198**	**7**	**198**	**2**	**204**
Total	**1,026**	**956**	**35**	**340**	**2**	**377**

	01 Jan 2020	Utilisation	Reversal	Allocation	Currency Difference	31 Dec 2020
Income tax liabilities	**1,202**	**415**	**0**	**31**	**-1**	**817**
Provisions for:						
- Personnel expenses	72	72	0	42	0	42

	01 Jan 2020	Utilisation	Reversal	Allocation	Currency Difference	31 Dec 2020
- Annual accounts costs	92	91	0	98	-1	98
- Outstanding invoices	34	17	12	22	-1	26
- Trade associations	20	20	0	20	0	20
- Other	21	17	0	19	0	23
Total provisions	**239**	**217**	**12**	**201**	**-2**	**209**
Total	**1,441**	**632**	**12**	**232**	**-3**	**1,026**

36. Other liabilities

Customer contract liabilities and other liabilities are short-term and are allocated as follows:

	2021	2020
Customer contract liabilities	767	551
Value added tax	170	2
Other taxes	152	153
Payroll tax	127	113
Social security charges	38	30
Other miscellaneous liabilities	2	0
Total	**1,256**	**849**

The payments that the Group has received from customers for which services are still to be rendered over a certain period in the future were deferred as customer contract liabilities.

37. Liabilities due to credit institutions

The share of amounts due to credit institutions classified as non-current amounted to TEUR 5,040 (previous year: TEUR 4,560) on the balance sheet date.

38. Leasing liabilities

The portion of leasing liabilities classified as non-current according to IFRS 16 amounted to TEUR 1,104 as of the balance sheet date (previous year: TEUR 1,310).

39. Subscribed capital

The registered share capital of InVision AG is reported as the subscribed capital. The subscribed capital is divided into 2,235,000 no-par value shares (Stückaktie), each such share representing a notional amount of EUR 1.00 of the Company's registered share capital. At the end of the reporting period, the Company holds no treasury shares.

The Executive Board is authorised, with the consent of the Supervisory Board, to increase the registered share capital one or more times by up to EUR 1,117,500 (Authorised Capital Account 2020) on or before 28 May 2025.

According to the shareholder resolution adopted on 08 October 2021, the Conditional Capital 2020 in the amount of EUR 1,117,500, which was determined in the Annual General Meeting on May 29, 2020, was reduced by EUR 223,500 to EUR 894,000. In addition, according to the shareholder resolution adopted on 08 October 2021, the share capital is conditionally increased by up to EUR 223,500.00 by issuing up to 223,500 no-par value bearer shares (Conditional Capital 2021).

Furthermore, by the resolution of The Annual General Meeting on 08 October 2021, the Company was authorised until 07 October 2026 to acquire treasury shares up to a total pro rata amount of the share capital of EUR 223,500 or - if this value is lower - of the share capital existing at the time of exercising this authorisation. Together with the treasury shares acquired for trading purposes and for other reasons, which are in each case held by the Company or attributable to it according to sections 71a et seq. of the German Stock Corporation Act, the shares acquired based on this authorisation may at no time exceed 10% of the respective capital stock of the Company.

40. Reserves

The reserves include net proceeds, IPO costs (while factoring in tax effects), purchase and sale of the Company's own treasury shares, capital increases from company funds, and the fair value of the stock options issued at the balance sheet date.

41. Equity capital difference based on currency conversion

The equity difference from currency conversion is a result of converting based on the modified closing date method [modifizierte Stichtagsmethode]. The difference arises from the conversion of the items on the income statement of those subsidiaries, which rendered their accounts in a foreign currency, at the average exchange rate and the conversion of the items of equity capital of those subsidiaries at the historical rate of the initial consolidation, on the one hand, and the exchange rate on the reporting date [Stichtagskurs] for the conversion of other assets and liabilities, on the other hand.

42. Stock option plan

Stock option plan 2021

According to the shareholder resolution adopted on 08 October 2021, the Executive Board and the Supervisory Board are authorised to issue up to 223,500 stock options. The stock options can be issued once or several times in several tranches up to and including 07 October 2026. At the same time, the shareholder resolution resolved a conditional capital increase of up to EUR 223,500 by issuing up to 223,500 no-par value bearer shares. The capital increase serves to secure subscription rights from the stock options. The 2021 stock option programme is intended to enable those executives and employees who shape and implement the corporate strategy and are thus significantly responsible for the company's value development to participate in the company's success. Up to 78,225 stock options are attributed to members of the Executive Board and up to 145,275 stock options are attributed to members of the management of companies affiliated with the Company within the meaning of sections 15 et seq. of the German Stock Corporation Act, selected executives and employees of InVision AG, and selected executives and employees of companies affiliated with the Company within the meaning of sections 15 et seq. of the German Stock Corporation Act. The stock options may only be exercised if the average compound annual growth rate ("CAGR") of the Group's consolidated revenues during the Reference Period (as defined below) is at least 20%. The reference period comprises the 20 reporting quarters of the Company, starting with the fourth quarter prior to the quarter in which the issue date falls. If the performance target is not achieved, the stock options dependent on the performance target will expire without replacement or compensation. The stock options may be exercised after the expiry of the waiting period within a maximum of three years, subject to the achievement of the performance target and the fulfilment of the other exercise requirements as well as any statutory restrictions. The first tranche with a total of 101,134 stock options was issued on 19 November 2021. The first possible exercise date for the stock options from the first tranche is 19 November 2025. According to IFRS 2, the stock options are measured at fair value at the date of issue. The "Monte Carlo simulation" was used to determine the fair value of the stock options.

This results in the following balance sheet approach:

	First Tranche
Date of issue	2021-11-19
Issued stock options (in units)	101,134
Valuation per unit (MC simulation) in EUR	6.15
Periods (months)	48
Total expenses in EUR	621,974.10
Expense per period in EUR	**12,957.79**

The reserves were increased by EUR 12,957.79 as of 31 December 2021 in line with the valuation.

Notes to the Consolidated Statement of Comprehensive Income

43. Revenues

Revenues	2021	2020
Total	**13,691**	**12,752**

Revenues by region are categorised as follows:

By Regions	2021	2020
Germany	6,426	6,225
Foreign countries	7,265	6,527
Total	**13,691**	**12,752**

The breakdown of revenues by region is based on the location of the company recording the revenues.

44. Other operating income

Other operating income of TEUR 62 (previous year: TEUR 65) mainly includes compensation in kind from employee meals, revenue from the sale of IT hardware, and income relating to other periods.

45. Cost of materials

Expenses for project-specific services provided by independent contractors amount to TEUR 3 (previous year: TEUR 0.5).

46. Personnel expenses

Personnel expenses consisted of the following:

	2021	2020
Wages and salaries	8,901	7,354
Social charges and other pension provisions	1,623	1,349
Total	**10,524**	**8,703**
- of which for pensions (direct insurance)	69	54

The direct insurance policies are classified as a defined contribution plan.

47. Depreciation and amortisation of tangible and intangible assets

Of the depreciation and amortisation reported, TEUR 185 (previous year: TEUR 188) relates to the rights of use to be capitalised under IFRS 16.

No tangible or intangible assets were subject to impairment. Thus, only scheduled amortisation and depreciation are shown under this item.

48. Other operating expenses

Other operating expenses are itemised as follows:

Other operating expenses	2021	2020
Cloud services	1,084	768
Consulting costs	633	447
Marketing costs	483	223
Office space expenses	298	293
Recruitment costs	175	75
Insurance costs	92	74
Other personell expenses	90	58
Costs for education and seminars	68	10
Travel expenses	58	78
Supervisory Board remuneration	56	56
Communication expenses	54	55
Receivable write-offs and bad debt allowances	12	9
Other miscellaneous expenses	159	170
Total	**3,262**	**2,316**

49. Research and development

Research and development expenses amounted to TEUR 5,507 in the fiscal year (previous year TEUR 5,282).

50. Financial result

	2021	2020
Interest and similar expenses	-94	-107

Debt capital costs are recognised as an expense in the period in which they are incurred.

51. Income taxes

Income taxes are divided as follows:

	2021	2020
Income tax	-117	73
Deferred tax	-690	-687
Total	**-807**	**-614**

For details of the deferred tax assets recognised, please refer to the previous section 29. Deferred taxes are calculated based on an income tax rate of 30% for the German corporation and the future local tax rate for the foreign subsidiaries.

The actual tax rate is computed as follows:

	2021	2020
Consolidated result before taxes	-827	986
Income tax	807	614
Actual tax rate	**-98%**	**62%**

The difference between the theoretical income tax expense (when applying the tax rate applicable to the InVision Group) and the reported income tax expense may be attributed to the following causes:

	2021	2020
Result before income tax	-827	986

	2021	2020
Theoretical income tax expense based on the tax rate of the parent company	-248	296
Effects of losses carried back / carried forward	0	-185
International tax rate differences	-312	-213
Other tax effects	1,367	716
Total	**807**	**614**

In addition to non-tax-deductible expenses and non-taxable income, the other tax effects mainly include the unrecognised tax loss carry-forwards at InVision AG, Düsseldorf, and InVision Software Inc., Chicago, USA.

Notes to the Consolidated Cash Flow Statement

The cash flow statement shows changes in the cash position of the InVision Group in the fiscal year due to incoming and outgoing cash payments. Under IAS 7, cash flow is distinguished between cash flow from operating activities, cash flow from investing activities and cash flow from financing activities.

The net financial position, as reflected in the cash flow statement, consists of all liquid funds, which are reported on the balance sheet (i.e., cash on hand and credit balances at financial institutions) and which can be reduced to cash within three months (calculated from the date acquired) without causing any significant fluctuation in value, less any short-term financial liabilities. The cash flows from investing and financing activities are computed directly (i.e., on a cash basis). In contrast, cash flow from operating activities is derived indirectly from the results for the period. Cash flow from operating activities includes the following incoming and outgoing payments:

	2021	2020
Interest received	0	0
Interest paid	-94	-107
Income taxes received	136	0
Income taxes paid	-827	-634

The net financial position shown in the cash flow statement represents total liquid funds as reported in the consolidated cash flow statement.

Other Information

52. Financial assets and liabilities

The financial liabilities existing in the Group consist of a loan to refinance investments and to make further investments, liabilities from leases, and current trade payables. The significant financial assets of the Group consist of cash and cash equivalents and accounts receivable. The book value of these positions represents the maximum default risk and totals TEUR 7,648 (previous year: TEUR 8,786). Business relationships are established with creditworthy contracting parties (counterparties) only. To evaluate the creditworthiness of counter-parties (above all, large customers), the Group relies on available financial information and its own internal trading records. The Group holds trade receivables against several customers from a wide range of industries and regions. Credit assessments regarding the financial strength of the receivables are constantly performed. The typical terms of payment granted (with no discounts or deductions) are 30 days. Concerning all trade receivables, which were overdue by more than 45 days as of the balance sheet date and involve a default risk, bad debt allowances were created.

The Group did not execute any derivatives or hedging transactions. Reclassifications were not made either in 2021 or in 2020 as a result of the reclassification as part of the transition to IFRS 9.

There were no significant differences between the book value of the financial assets and liabilities reported and the fair values.

53. Capital risk management

The Group manages its capital (equity capital plus debt capital less cash and cash equivalents) intending to use financial flexibility to achieve its growth targets while at the same time optimising its financing costs. The overall capital management strategy has remained the same as in the previous year.

Management reviews the capital structure at least once each half-year. The review covers the costs of capital, the security and collateral provided, and the open credit lines and credit opportunities.

During the reporting year, the capital structure may be shown as follows:

	31 Dec 2021	**31 Dec 2020**
Equity capital	11,870	13,413
- as a percentage of total capital	59%	60%
Liabilities	8,118	8,985
- as a percentage of total capital	41%	40%
Short-term liabilities	1,973	3,115
- as a percentage of total capital	10%	14%
Net gearing*	15%	9%

(*) calculated as the ratio of liabilities (less any cash and cash equivalents) to equity capital

The Group's equity ratio target is 50%.

54. Finance risk management

The monitoring of financial risk is handled by management on a centralised basis. Individual financial risks are generally reviewed at least once each quarter.

The Group's primary risks resulting from financial instruments involve liquidity and credit risks. As a rule, business transactions are executed only with creditworthy contracting parties. Moreover, the amounts of any receivables are constantly monitored to avoid exposing the InVision Group to any significant credit risk. The maximum default risk is limited to the book value of the asset as reported in the balance sheet.

The Group manages liquidity risks by holding adequate reserves, monitoring and maintaining credit agreements, and planning and coordinating incoming and outgoing payments.

55. Market risks

Market risks can arise from changes in exchange rates (currency risk) or interest rates (interest risk). Given the limited relevance these risks have for the Group, the Group has not heretofore hedged such risks using derivative financial instruments. These risks are managed through constant monitoring. Currency risks are largely avoided by virtue of the fact that the Group invoices primarily in euro or in the local currency. As of the balance sheet date, the receivables denominated in foreign currencies equalled TEUR 898 (previous year: TEUR 208), and the payables denominated in foreign currencies equalled TEUR 7 (previous year: TEUR 50). Had the euro appreciated by 10% compared to other currencies relevant to the Group as of 31 December 2021, then the pre-tax result would have been TEUR 4 (previous year: TEUR 13) lower.

56. Transactions between related parties

There were no transactions involving goods and services between closely related enterprises and persons, neither in the reporting period, or the previous year.

57. Events after the balance sheet closing date

The Russian military attack on Ukraine, launched on 24 February 2022, has led to widespread global sanctions against Russia. This will have consequences for the overall economy in the medium and long term. However, the Company does not see any direct economic risk in this context, as both Russia and Ukraine do not represent relevant sales markets for the InVision Group.

58. Number of employees

In the 2021 fiscal year, the Company employed on average 128 employees (previous year: 113), not including the Executive Board.

59. Information on the Company's governing bodies

The following person was a member of the Executive Board in the fiscal year:

- Peter Bollenbeck (Chairman), Düsseldorf, Germany

In the fiscal year, the Executive Board member received the following remuneration benefits:

In EUR	2021	2020
Peter Bollenbeck	**384,895**	**364,695**
of which fixed salary	380,000	360,000
of which other benefits	4,895	4,695

As of the balance sheet date, the Executive Board holds, either directly or indirectly, 35.14% of the Company's registered share capital (31 December 2020: 35.14%).

In the 2021 financial year, 78,225 stock options were granted to the Executive Board at a cash value of EUR 6.15 per stock option (TEUR 481).

The Supervisory Board consists of:

- Dr. Thomas Hermes (Chairman), Attorney at Law and Notary, Essen, Germany
- Matthias Schroer (Deputy Chairman), Entrepreneur, Prien on Chiemsee
- Prof. Dr. Wilhelm Mülder, University Professor, Essen, Germany

Dr. Thomas Hermes is the supervisory board chairman of the registered housing association known as Wohnungsgenossenschaft Essen-Nord e.G., Essen, member of the supervisory board of Rot-Weiss Essen e.V., member of the respective board of trustees of Politisches Forum Ruhr e.V., Essen, and of Sankt-Clemens-Maria-Hofbauer-Stiftung, Essen. Matthias Schroer and Prof. Dr. Wilhelm Mülder do not sit on any other supervisory boards.

The remuneration of the Supervisory Board, paid as fixed remuneration, consists of the following:

In EUR	2021	2020
Dr. Thomas Hermes	25,000	25,000
Matthias Schroer	18,750	18,750
Prof. Dr. Wilhelm Mülder	12,500	12,500
Total compensation Supervisory Board	**56,250**	**56,250**

Otherwise, in the fiscal year, the Supervisory Board members were not granted any loans or provided any advances for future payments, and no contingent liabilities were incurred for the benefit of such persons.

60. Information on the fees of the Company auditors

The fee for the Company's annual accounts auditor, which was recognised for the fiscal year 2021, consists of the following:

	2021	2020
Auditing service for the annual accounts	53	53
Tax advisory services	5	9
Total	**58**	**62**

61. Information on segment reporting

Since the internal and external business processes for all products and services are to the largest extent identical, they collectively represent a single operating segment within the meaning of IFRS 8.

62. Proposal for the Appropriation of Profit

The Executive Board and the Supervisory Board propose to carry forward the net profit to a new account.

63. Statement under § 161 of the German Stock Corporation Act

On 27 January 2022, the Executive Board and Supervisory Board stated under § 161 of the German Stock Corporation Act regarding the extent to which it has elected to comply with the recommendations of the "Government Commission of the German Corporate Governance Code" and published this statement on the internet at www.ivx.com/en/investors/corporate-governance/compliance-statement.

Düsseldorf, 21 March 2022

Peter Bollenbeck

Group Management Report

of InVision AG for the Financial Year 2021

The following management report was prepared following the requirements under § 315 of the German Commercial Code (HGB) and contains information about InVision AG, Düsseldorf (hereinafter also referred to as "AG" or "Company"), and its consolidated subsidiaries (hereinafter together with the Company also collectively referred to as "InVision", "InVision Group", "the Group" or "we"). As the Group's parent company, InVision AG performs group management functions and, at the same time, is the key member of the InVision Group. The explanations below generally relate to the Group, unless there has been an express reference to the Company itself.

The Company

Business

The InVision Group develops and markets products and services for optimising workforce management and education, and is mainly active in Europe and the United States.

Employees

On 31 December 2021, InVision employed 144 people worldwide (including the Executive Board). The number of employees as of the balance sheet date was thus higher than in the previous year (31 December 2020: 118 employees). At the end of the year, 101 people were employed in Germany (31 December 2020: 89 employees), while 43 people were employed at the foreign subsidiaries (31 December 2020: 29 employees).

Research & Development

The research and development costs in the fiscal year increased by 4.26% and totalled TEUR 5,507 (previous year: TEUR 5,282). Research and development costs as a percentage of revenues are at 40% (31 December 2020: 41%).

Information according to § 315a HGB

The Company's registered share capital equals EUR 2,235,000 and is divided into 2,235,000 no-par value bearer shares. Each such share represents a notional share of the registered share capital of EUR 1.00. Each share entitles the holder to a single vote. Shareholders may exercise their rights and cast their votes at the Annual Shareholders' Meeting by the Company's articles of association and the statutory rules.

According to a resolution adopted by the Company's Shareholders' Meeting on 29 May 2020, the Executive Board was authorised per § 4 (4) of the Company's articles of association but subject to the consent of the Company's Supervisory Board, to increase the Company's registered share capital one or more times by a total of up to EUR 1,117,500 on or before 28 May 2025 and to do so by issuing new, no-par bearer shares in exchange for cash and/or non-cash capital contributions (Authorised Capital Account 2020). The new shares can also be transferred to certain banks specified by the Executive Board, which assume the responsibility of offering them to shareholders (indirect subscription rights).

The Executive Board is authorised, however, with the consent of the Supervisory Board, to exclude the shareholders' pre-emptive right to subscribe shares in the following cases:

- for fractional amounts,
- if the capital increase is carried out against cash capital contributions and the pro-rata amount of registered share capital attributable to the new shares, for which the pre-emptive right is excluded, does not exceed 10% of the registered share capital available on the date that the new shares are issued and, following §§ 203 (1) and (2), 186 (3) sentence 4 AktG, the issue price of the new shares is not significantly lower than the stock market price of the same class of existing publicly listed shares (with the same features) at the time that the Executive Board definitively sets the issue price. Included in this maximum threshold amount for a pre-emptive right's exclusion is the pro-rata amount of the registered share capital that is attributable to shares, which had already been issued since 29 May 2020 from the authorised capital account of 2020 or which could be subscribed based on the option and conversion rights granted since 29 May 2020 or based on conversion duties also established since that time, if - upon utilising the authorised capital account or upon the granting of the warrant-linked and/or convertible bonds, the shareholder's pre-emptive rights would be excluded according to or consistently with § 186 (3) sentence 4 AktG. Also added to the maximum threshold is the pro-rata amount of the registered share capital attributable to treasury (own) shares, which the Company has bought back since 29 May 2020 based on the authorisation granted under § 71 (1) no. 8 AktG and have been sold to third parties in exchange for a cash payment without having granted a shareholder pre-emptive right unless the sale was carried out either on the open stock market or based on a public offer made to the shareholders;
- to the extent it would be necessary to grant to the holders of conversion or option rights under any convertible or warrant-linked bonds a subscription right, to which they would be entitled as shareholders after having exercised a conversion right or option right or after having discharged a conversion duty;
- for capital increases in exchange for the non-cash capital contributions, specifically for purposes of acquiring companies, divisions of companies, and equity holdings.

According to a shareholder resolution adopted on 08 October 2021, the Conditional Capital 2020 in the amount of EUR 1,117,500 set in the shareholder resolution on 29 May 2020 was reduced by EUR 223,500 to EUR 894,000 (Conditional Capital 2020). The conditional capital increase must be carried out only to the extent that the creditors, to whom convertible or warrant-lined bonds were issued by the Company based on the authorising resolution of the Shareholders' Meeting on 29 May 2020, exercise their conversion rights on or before 28 May 2025 and the Company has not satisfied the conversion claim in some other manner. The new shares will be entitled to draw dividends as of the beginning of the fiscal year in which they are issued. The Executive Board is authorised, with the consent of the Supervisory Board, to stipulate the details concerning the implementation of the respective conditional capital increase.

According to a shareholder resolution adopted on 08 October 2021, the share capital is conditionally increased by up to EUR 223,500.00 by issuing up to 223,500 no-par value bearer shares (Conditional Capital 2021). The Conditional Capital 2021 serves to secure subscription rights from stock options issued by the Company based on the authorisation resolution of 08 October 2021 until 07 October 2026. The conditional capital increase shall only be carried out to the extent that the holders of the issued stock options exercise their right to subscribe for shares in the Company and the Company does not grant fulfilment of the stock options in any other way. The shares shall be issued from the Conditional Capital 2021 at an issue price corresponding to the exercise price determined following item v) of the authorisation. The new shares shall carry dividend rights from the beginning of the fiscal year in which they are issued. The Executive Board is authorised to determine the details of the implementation of the respective conditional capital increase unless stock option rights and shares are to be issued to members of the Executive Board of the Company; in this case, the Supervisory Board of the Company shall determine the further details of the implementation of the conditional capital increase.

According to a shareholder resolution adopted on 08 October 2021, the Executive Board and, as far as members of the Executive Board are concerned, the Supervisory Board are authorised to grant up to 223,500 subscription rights (stock options) for up to 223,500 no-par value bearer shares of the Company to beneficiaries within the meaning of § 192 (2) no. 3 of the German Stock Corporation Act (beneficiaries) on one or more occasions up to and including 07 October 2026. A stock option grants a subscription right to one share in the Company. There is no subscription right for shareholders of the Company. If stock options expire during the authorisation period due to the termination of the service or employment relationship with the Company or an affiliated company within the meaning of § 15 of the German Stock Corporation Act, due to the departure of an affiliated company from the group of companies, or for other reasons, a corresponding number of stock options may be reissued to beneficiaries. The fulfilment of the exercised subscription rights may, at the Company's discretion, be effected either by utilising the Conditional Capital 2021 or by treasury shares of the Company by the authorisation to acquire and sell treasury shares of the Company. In addition, the Company also has the right to settle in cash.

According to a shareholder resolution adopted on 08 October 2021, the Company was authorised until 07 October 2026 to acquire treasury shares up to a total pro-rata amount of the share capital of EUR 223,500 or - if this value is lower - of the share capital existing at the time of exercising this authorisation. Together with the treasury shares acquired for trading purposes and for other reasons, which are in each case held by the Company or attributable to it according to §§ 71a et seq. of the German Stock Corporation Act, the shares acquired based on this authorisation may at no time exceed 10% of the resepective share capital of the Company. The authorisation is in effect until 28 May 2025. The shares purchased based on the authorisation may be used for all legally permissible purposes. The authorisation may be exercised in full or in partial amounts, on one or more occasions, for one or more purposes. It may also be carried out by dependent companies or companies in which the Company holds a majority interest, or by third parties for its or their account. The authorisation may not be used for trading in treasury shares. The Company does not hold any treasury shares as of the balance sheet date.

The authorisation to acquire treasury shares has been granted to the Company in order, among other things, to be able to flexibly adjust equity capital to the respective requirements and to react to favourable stock market situations. In addition, the Company may use treasury shares to service the 2021 stock option programme. In addition, acquired shares can be used as consideration to acquire companies or interests in companies.

To the Company's knowledge, as of 31 December 2021, the following shareholders held more than 10% of the Company's registered share capital:

- Peter Bollenbeck, Düsseldorf, Germany (35.14%), thereof 17.00% direct, 18.14% indirect via InVision Holding GmbH
- InVision Holding GmbH, Düsseldorf, Germany (18.14%)
- Investmentaktiengesellschaft für langfristige Investoren TGV, Bonn, Germany (15.01%)
- Matthias Schroer, Prien on Chiemsee (11.32%)
- Armand Zohari, Bochum, Germany (10.00%)

Executive Board members are appointed and dismissed per §§ 84 et seq. of the AktG.

According to Section 6 (1) sentence 1 of the articles of association, the Management Board consists of at least one person. Alternative members of the Executive Board may be appointed. According to § 6 (2) of the articles of association, the Supervisory Board is responsible for determining the number of, and appointing the regular Executive Board members and alternate Executive Board members and has the authority to revoke such appointments. The Supervisory Board is also responsible for selecting a member of the Executive Board to serve as that body's chairman and for selecting other Executive Board members to serve that body's deputy chairmen. § 8 sentence 2 of the articles of association specifies sole representation if only one member of the Executive Board has been appointed.

Amendments to the articles of association are adopted by the Shareholders' Meeting if, following § 179 AktG, a majority of at least three-quarters of the registered share capital represented at the meeting votes in favour of the amendment.

According to § 10 (2) of the articles of association, the Supervisory Board is authorised to amend the articles, provided the amendment involves only the wording. According to § 21 (1) of the articles of association, the shareholder resolutions require a simple majority of the votes cast, unless the laws prescribe another majority. In those cases in which the laws require a majority of the registered share capital represented at the time the resolution is adopted, a simple majority of the represented registered share capital will suffice, unless the laws prescribe a higher majority.

There are no significant agreements that are subject to a restriction relating to a change of control resulting from a takeover offer. Likewise, no agreements for indemnifying employees or members of the Executive Board in the event of a takeover offer have been reached.

General Business Conditions

According to the International Monetary Fund, the economic output in the euro area increased by 5.2% in 2021 and 5.6% in the United States. According to Bitkom Research GmbH, the market for information technology increased by 6.3% during 2021.

Business Development

The most significant financial performance indicators of the InVision Group are the Group revenues, the injixo ARR (annualised injixo cloud subscription revenues) and the EBIT margin (ratio of consolidated earnings before interest and taxes as a percentage of revenues). Due to the Group's business model, positive or negative development of these performance indicators has a correlating effect on the development of the net assets and financial position.

Results of operation

At the end of 2021, the injixo ARR increased by 33% to TEUR 6,612 (12/2020: TEUR 4,980). The consolidated revenues amounted to TEUR 13,691 (previous year: TEUR 12,752).

Other operating income decreased to TEUR 62 (previous year: TEUR 65).

Personnel expenses increased by 21% to TEUR 10,524 in the reporting year (previous year: TEUR 8,703). The personnel expenses ratio thus amounts to 77% (previous year: 68%).

Depreciation of intangible assets and property, plant, and equipment increased by 6% to TEUR 702 (previous year: TEUR 663). Of the reported depreciation and amortisation, TEUR 185 (previous year: TEUR 188) relate to the rights of use from leasing contracts to be capitalised under IFRS 16 since the beginning of the 2019 financial year.

Other operating expenses increased by 41% to TEUR 3,262 in the fiscal year 2021 (previous year: TEUR 2,316) and thus represent 24% in relation to the consolidated revenues (previous year: 18%). The expense categories included here developed as follows:

Expenses for cloud services increased by 41% to TEUR 1,084 (previous year: TEUR 768). At TEUR 633, consulting expenses were 42% higher than in the previous year (previous year: TEUR 447). This increase can be attributed, on the one hand, to costs for employees who start working for the company on a short-term basis and only temporarily as external, freelance employees within the framework of personnel recruitment, and who can subsequently be recruited as permanent employees for the company as a result of relocation measures. On the other hand, this increase results from the payment for consulting services in connection with the introduction of the stock option programme. The 117% increase in marketing expenses to TEUR 483 (previous year: TEUR 223) is a result of measures to acquire new customers. Office space expenses of TEUR 298 were at the previous year's level (previous year: TEUR 293). Recruitment costs increased by 133% to TEUR 175 (previous year: TEUR 75) which can be attributed to measures to expand the workforce. Other personnel expenses increased by 55% to TEUR 90 (previous year: TEUR 58) and mainly relate to staff catering. Travel expenses decreased by 26% to TEUR 58 (previous year: TEUR 78). In the reporting year, the communication expenses of TEUR 54 were at the previous year's level (previous year: TEUR 55).

The operating result (EBIT) for the reporting period amounts to TEUR -737 and is 165% below the previous year (TEUR 1,135). The EBIT margin fell to -5% (previous year: 9%).

Interest expenses decreased by 12% to TEUR 94 (previous year: TEUR 107). This mainly includes interest for the existing loan as well as the interest portion from the leasing instalments per IFRS 16.

Taxes on income and earnings show a total amount of TEUR 807 (previous year: TEUR 614). On the one hand, this includes tax expenses of TEUR 117 for taxes on profits of the companies InVision Software AG, Zürich, Switzerland, InVision Software SAS, Paris, France, InVision Software Ltd., London, United Kingdom, and InVision Software B.V., Utrecht, Netherlands. On the other hand, expenses for the release of deferred tax assets of TEUR 690 were recognised in the income statement. This was mainly based on the intra-group sale of software licences for workforce management from InVision Software AG, Zürich, Switzerland, to InVision AG, Düsseldorf, in the amount of TEUR 11,500. In 2019, the transaction led to the capitalisation of intangible assets in the financial statements of InVision AG, Düsseldorf, and thus to a temporary difference between the consolidated balance sheet and the commercial/tax balance sheet, for which deferred tax assets of TEUR 3,450 had to be recognised. These will be reversed pro-rata temporis up to and including 2024 in line with the corresponding useful lives of the licenses.

In the financial year 2021, the consolidated net loss amounts to TEUR 1,634 (previous year: consolidated net profit of TEUR 372). Earnings per share amount to EUR -0.73 (previous year: EUR 0.17), based on an average of 2,235,000 shares (previous year: 2,235,000 shares).

Overall, business performance in 2021 was in line with expectations.

Net assets and financial position

The liquid funds decreased by 19% to TEUR 6,338 as of 31 December 2021 (previous year: TEUR 7,791). As of the balance sheet date, trade receivables were at TEUR 1,310, and thus 32% above the comparable prior-year figure (previous year: TEUR 995). Income tax refund claims exist for InVision AG, Düsseldorf, Germany, and InVision Software SAS, Paris, France, and decreased to TEUR 287 (previous year: TEUR 367). Prepaid expenses and other current assets amounted to TEUR 206 (previous year: TEUR 240). Intangible assets increased by 11%

to TEUR 275 (previous year: TEUR 247). Property, plant, and equipment totalled TEUR 8,285 (previous year: TEUR 8,573). The rights of use for leased office space in Leipzig and Paris recognised following IFRS 16 amount to TEUR 1,180 (previous year: TEUR 1,384). Deferred tax assets decreased by 25% to TEUR 2,104 (previous year: TEUR 2,794). The intra-group sale of software licenses in the fiscal year 2019 led to the capitalisation of intangible assets in the financial statements of InVision AG, and thus to a temporary difference between the consolidated balance sheet and the commercial/tax balance sheet, for which deferred tax assets had to be recognised. These will be reversed pro-rata temporis up to and including 2024 in line with the corresponding useful lives of the licenses. As in the previous year, other non-current assets exclusively comprise security deposits paid for rented office space.

Trade payables amount TEUR 152 on the balance sheet date (previous year: TEUR 94). The provisions of TEUR 204 were on the previous year's level (previous year: TEUR 209). Income tax liabilities amount TEUR 173 on the balance sheet date (previous year: TEUR 817) and are primarily related to InVision Software AG, Zürich, Switzerland, InVision Software Ltd., London, United Kingdom, and InVision Software B.V., Utrecht, Netherlands. Customer contract liabilities and other current liabilities increased by 48% to TEUR 1,256 (previous year: TEUR 849). The loan taken out in 2019 to refinance investments and to carry out further investments was repaid in the 2021 financial year with a total of TEUR 480. From the third quarter of 2021, repayment was suspended up to and including 30 March 2025. Thus, at the end of the financial year, liabilities due to credit institutions are solely long-term and amount to TEUR 5,040 (previous year: total liability of TEUR 5,520).

Reserves amounted to TEUR 1,204 at the end of the reporting period (previous year: TEUR 1,191). The increase of TEUR 13 corresponds to the fair value of the stock options issued as of the balance sheet date. The consolidated balance sheet result amounts to TEUR 8,840 (previous year: TEUR 10,474).

As of 31 December 2021, the balance sheet total equalled TEUR 19,988 (previous year: TEUR 22,398). Equity capital was at TEUR 11,870 (previous year: TEUR 13,413), and the equity ratio equalled 59% (previous year: 60%).

Risk Report

Principles of risk management and accounting-related internal control system

For the InVision Group, a comprehensive and self-contained risk management program is a significant component of the Group's corporate strategy. A company-wide monitoring system ensures the systematic identification and assessment of risks regarding any likelihood of occurrence or the possible quantitative effects on corporate value.

Risk management is intended to identify, at an early stage, specifically any risks which threaten the Company's very existence to launch effective counter-measures for avoiding the risks. Another goal is to minimise the possible adverse effects, which all risks could have on the net assets, financial position, and results of operation, while largely preserving the corresponding opportunities.

Potential counter-measures for dealing with risk include, for example, avoiding high-risk activities, reducing individual areas of potential risk by utilising commercial alternatives with a lower potential for risk, diversifying and limiting individual risks, and shifting risks onto insurance carriers or contracting parties.

The Executive Board is responsible for administering the risk management. A fundamental review of all risks is made once each year, at least. There are standardised accounting rules used in the Group's companies, the compliance with which is continuously monitored. This also guarantees that the accounts conform to the standard accounting rules applicable from time to time. An internal ad hoc report is prepared if there are significant changes or newly emerged risks. All risk-relevant topics and the then-current economic situation over time are constantly monitored. If necessary, operational teams or external experts are called in to participate.

Risk management is described and determined in a group risk management policy.

Significant risks related to the business

InVision depends on seasoned and well-trained teams of employees. The success of InVision will also depend on finding and retaining, on a long-term basis, highly qualified employees. The competition for employees with scientific, technical, or industry-specific expertise is quite intense. It is, therefore, possible that the Company will be unable to promptly recruit new staff on the open labour market and that this may give rise to additional costs. The loss of qualified staff or long-term difficulties in hiring suitable employees could result in InVision's inability to successfully implement important decisions and courses of action, which in turn would impair its business operations. This particularly applies in the case of a zombie apocalypse.

Since the beginning of 2021, InVision has been investing significantly in the expansion of its business activities to achieve total Group revenues of EUR 50 million in 2025. An essential part of the investment programme is the expansion of the workforce to 500 employees in the Group. This will lead to a negative result and a negative operating cash flow in the short and medium term. If it is not possible to increase turnover as planned and to achieve a positive overall result again, this can have a considerable negative impact on the equity and the financing situation of the company and thus have a lasting negative effect on the business activity.

In favour of the introduction of new product categories, InVision has given only secondary priority to the support of existing customers in recent years. This has had a negative impact on the overall satisfaction of these customers. It is thus possible that existing customers switch to products from InVision's competitors, meaning that the previous sales streams are drying up sustainably. Unless InVision succeeds in stabilising customer satisfaction at a high level, this can have a permanent negative effect on the business activities.

The methods, processes, and technologies used by InVision to date for introducing workforce management products had resulted in disproportionately long introduction cycles and often incompletely used functionality. This can result in customers experiencing only limited value from continuous use during or after the product launch, and subsequently deciding to discontinue the use of the product, so that existing revenue streams dry up sustainably and the possibility of establishing new revenue streams is restricted. If InVision does not succeed in changing the methods, processes, and technologies used to date to introduce products to customers in such a way that customers quickly and permanently achieve a high value from the use of the products, this could have a lasting negative impact on its business activities.

Based on the current analysis, the risk structure of the InVision Group has not changed significantly compared to the previous financial year. In addition to the still prevalent Covid 19 pandemic, the Ukraine conflict is, however, fundamentally a drastic event that will have significant consequences for the global economy in the medium and long term. According to estimates by the Institute of the German Economy (IDW), there will be a slower overall economic recovery, among other things, because incipient price increases will slow down consumption and weigh on the investment activities of companies as a result of the higher geopolitical uncertainties. As a result of these macroeconomic developments, the general bad debt risk of the InVision Group has increased. However, the company does not see any direct economic risk in this context, as both Russia and Ukraine do not represent relevant sales markets.

The aforementioned risks, both individually and collectively, could have adverse effects on the net assets, financial position, and results of operation of the Company and the InVision Group as a whole.

Corporate Governance Statement according to § 289f HGB and Compensation Report

The current statement according to §161 AktG, the current statements on corporate governance practices, the operating principles followed by the Executive Board and the Supervisory Board as well as the composition and operations of their committees and the latest compensation report pursuant to § 162 AktG are available on the Company's website under "Corporate Governance" at www.ivx.com/en/investors.

Forecast Report & Opportunities

Anticipated global economic development

According to the forecasts made by the International Monetary Fund, the economic output in the euro area will increase by 3.9% in 2022, whereas the economic output in the United States will increase by 4.0%. According to the forecast made by Bitkom Research GmbH, the market for information technology will grow by 5.9% in 2022.

Anticipated development of InVision

We operate a highly scalable business model, have an excellent strategic starting position, and significant untapped growth potential with numerous growth options.

We have therefore decided in 2021 to invest significantly in the expansion of our business activities over the next few years. An essential part of the investment programme is the expansion of the workforce to 500 employees. As in 2021, we will be focussing on expanding capacities in customer service and related areas also in 2022. We assume that the investments will result in a growth of injixo ARR by at least 40%, in group revenues above previous year's level and in a negative EBIT of up to minus 5 million euros in the 2022 financial year. Thus, injixo ARR, group revenues and EBIT represent the key performance indicators for 2022. In the following years, we expect a sustainable growth of the injixo ARR at a high level as well as a successive improvement of the EBIT. In 2025, we expect total revenues of more than EUR 50 million and an EBIT margin of more than 25%.

We reserve the right to examine options for a capital increase for further growth financing in the course of 2022.

Düsseldorf, 21 March 2022

Peter Bollenbeck

Responsibility Statement by the Executive Board

To the best of our knowledge and in following the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the Group's assets, liabilities, financial position, and results of operation, and the Group's management report includes a fair review of the development and performance of the business, together with a description of the principal opportunities and risks related to the anticipated development of the Group for the remainder of the fiscal year

Düsseldorf, 29 March 2022

Peter Bollenbeck

Independent Auditor's Report

"To the InVision Aktiengesellschaft, Düsseldorf, Germany

Audit Opinions

We have audited the consolidated financial statements of InVision Aktiengesellschaft and its subsidiaries (the Group) – consisting of consolidated balance sheet as at December 31, 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement for the financial year from January 1, 2021 to December 31, 2021, and the notes to the consolidated financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the group management report of InVision Aktiengesellschaft for the financial year from January 1, 2021 to December 31, 2021. In accordance with German legal requirements, we have not audited the content of those part of the group management report listed in "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit

- the accompanying consolidated financial statements comply, in all material respects with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e (1) of the Handelsgesetzbuch (HGB) and give a true and fair view of the assets, liabilities and financial position of the Group as at December 31, 2021 and of its financial performance for the financial year from January 1, 2021 to December 31, 2021, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014; hereinafter "EU-APrVO") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany - IDW). Our responsibilities under those requirements and principles ar further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial

Statements and of the Group Management Report" section of our auditor's report. We are independent of the Group Entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, we declare pursuant to Article 10 (2) (f) of the EU-APrVO that we have not provided any prohibited non-audit services pursuant to Article 5 (1) of the EU-APrVO. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those that, based on our professional judgement, were most significant in our audit of the consolidated financial statements for the financial year from January 1, 2021 to December 31, 2021. These matters were taken into account in the context of our audit of the consolidated financial statements as a whole and in the forming our opinion thereon; we have not issued a separate opinion on these matters.

In our view, the following key audit matters were most significant:

- Revenue recognition

We have structured our presentation of these key audit matters as follows:

1. Matter and issue
2. Audit approach and findings
3. Reference to further information

The key audit matters are presented below:

Revenue recognition

1. Revenue recognition was selected as a key audit matter because it identified a significant risk within the meaning of IDW PS 261 n.F. (including the potential risk of managers bypassing controls) and because it was also the most significant audit issue for the current reporting period. Significant risks are risks of error, which, due to their nature or the extent of possible misstatements in the financial statements, require special attention during the audit. The risk of error here lies primarily in the failure to record sales revenues in a timely manner (especially too early) and thus in the excessive reporting of results such as EBIT, EBT and consolidated net income.

2. In the course of our audit, we have, among other things, based on the sales revenues recorded by the companies included in the consolidated financial statements and for the various types of revenue, obtained evidence on a sample basis for the provision of services up to the balance sheet date. In selecting random samples, we also assumed the amount of individual sales revenues in order to achieve the greatest possible coverage of the reported sales revenues by our audit. In addition, we have selected samples and examined the appropriate recording on the basis of evidence. Where, in the case of invoices to customers covering more than one reporting date, deferrals had to be made,

we satisfied ourselves that the deferrals made were correct and that the revenues were allocated to the correct accounting period.

3. In the consolidated financial statements of InVision Aktiengesellschaft, revenues of k€ 13.691 are reported in the IFRS statement of comprehensive income. In addition, explanations are provided in the notes to the consolidated financial statements under item 43 and the results based on this in the following items.

Other Information

The legal representatives are responsible for other information. The other information comprises:

- the consolidated corporate governance statement, which is referred to in the section “Corporate Governance Statement” of the Group Management Report; this is an unaudited part of the Group Management Report,
- the remaining parts of the Annual Report, with the exception of the audited consolidated financial statements and Group management report and our audit opinion,
- the assurance in accordance with § 297 (2) sentence 4 of the HGB for the consolidated financial statements and the assurance in accordance with § 315 (1) sentence 5 of the HGB for the Group management report.

Our audit opinions on the consolidated financial statements and the Group management report do not cover to the other information, and accordingly we do not express any audit opinion or any other form of audit conclusion thereon.

In connection with our audit, we have the responsibility to read the other information and consider whether the other information

- contains material inconsistencies with the consolidated financial statements, the Group Management Report or our findings from the audit; or
- otherwise appears to be materially misstated.

Responsibilities of the Legal Representatives and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the IFRS, as adopted by the EU, and the additional requirements of German law pursuant to § 315e (1) HGB and that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German Legally Required Accounting Principles. In addition, the legal representatives are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the legal representatives as executive directors are responsible for the preparation of the group management report that as a whole provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

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 whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU-APrVO and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' 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 the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. 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 be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant ti Sec. 315e (1) HGB.
- Obtain sufficient appropriate audit evidence for the accounting information of the Companies or business activities within the Group to express audit opinions on the consolidated financial statements and the group management report. We are responsible for the direction, monitoring, and performance of the group audit. We are solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

We make a declaration to those charged with governance, that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that can reasonably be expected to affect our independence and the safeguards put in place to protect it.

From the matters that we have discussed with those charged with governance, we have identified those matters that were most significant in the audit of the consolidated financial statements for the current reporting period and are therefore the most significant audit matters. We describe these matters in our audit opinion unless laws or regulations preclude public disclosure of the matters.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Assurance report in Accordance with sec. 317 (3a) HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes

Reasonable Assurance Conclusion

We have performed an assurance engagement in accordance with sec. 317 (3a) HGB to obtain reasonable assurance about whether reproduction of the consolidated financial statements and the group management report (hereinafter “ESEF documents”) contained in the attached electronic file “invision_ka_lb_20211231.zip” and prepared for publication purposes complies in all material respects with the requirements of sec. 188 (1) HGB for the electronic reporting format (“ESEF-Format”). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither the information contained within the reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of sec. 328 (1) HGB for the electronic reporting format. We do not express an opinion on the information contained in this reproduction nor any other information contained in the above-mentioned electronic file beyond this reasonable assurance conclusion and our audit opinion on the accompanying consolidated Financial statements and the accompanying group management report for the financials year from January 1 through December 31, 2021 contained in the “Report on the Audit of the Consolidated Financial Statements and on the Group Management Report” above.

Basis for the Reasonable Assurance Conclusion

We conducted our assurance engagement on the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file in accordance with sec. 317 (3a) HGB and the IDW Assurance Standard (IDW AsS 410). Accordingly, our responsibilities are further described in the "Group Auditor's Responsibilities for the Assurance Engagement on the ESEF-Documents" section. Our audit firm has applield the IDW Standard for Quality Management in the Audit Firm (IWD QS 1).

Responsibilities Executive Directors and the Supervisory Board for the ESEF-Documents

The executive directors of the company are responsible for the preparation of the ESEF-documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with sec. 328 (1) sentence 4 Nr. 1 HGB and the tagging of the consolidated financial statements in accordance with sec. 328 (1) sentence 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF-Documents free from material non-compliance with the requirements of sec. 328 (1) HGB for the electronic reporting format, whether due to fraud our error.

The executive directors of the company are also responsible for the submission of the ESEF-Documents together with the auditor's report and the attached consolidated financial statements and audited group management report as well as other documents will be published to the operator of the German Federal Gazette (Bundesanzeiger).

The supervisory board is responsible for overseeing the preparation of the ESEF-Documents as part of the financial reporting process.

Group Auditor's responsibilities for the assurance engagement on the ESEF-Documents

Our objective is to obtain reasonable insurance about whether the ESEF-Documents are free from material non-compliance with the requirements of sec. 328 (1) HGB, whether due to fraud or error. We exercise professional judgement and maintain professional scepticism throughout the assurance engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of sec. 328 (1) HGB, whether du to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.
- Obtain an understanding of the internal control relevant to the assurance engagement on the ESEF-Documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF-Documents, i.e. whether the electronic requirements of the Delegated Regulation (EU) 2019/815 in the version applicable as of the balance sheet date on the technical specification for this electronic file.

- Evaluate whether the ESEF-Documents enable a xHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF-Documents with Inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of Delegated Regulation (EU) 2019/815 as applicable on the reporting date enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Other information according to Article 10 of the EU Audit Regulation

We were elected as the auditor of the consolidated financial statements by the Annual General Meeting on October 8, 2021. We confirmed the engagement in writing on December 31, 2021. The Supervisory Board countersigned the confirmation in writing on February 4, 2022. We have been the auditors of the consolidated financial statements of InVision Aktiengesellschaft without interruption since fiscal year 2007.

We declare that the audit opinions contained in this audit report are consistent with the additional report to the Board in accordance with Article 11 of the EU Audit Regulation (audit report).

Other matter – use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited Group management report as well as the assured ESEF-Documents. The consolidated financial statements and the Group management report converted to the ESEF format – including the versions to be published in the Bundesanzeiger (German Federal Gazette) – are merely electronic renderings of the audited consolidated financial statements and the audited Group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

RESPONSIBLE AUDITOR

The auditor responsible for the audit is Rainer Grote."

Düsseldorf, March 29, 2021

RSM GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Weyers, Wirtschaftsprüfer
Grote, Wirtschaftsprüfer