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Staffbase GmbH

Chemnitz

Annual financial statements for the financial year from January 1st, 2020 to December 31st, 2020**Management report from January 1 to December 31, 2020****1. Basics****business model of the company**

Staffbase GmbH develops and sells a SaaS platform for mobile employee communication.

Business areas and goals of the company

Staffbase GmbH operates in the business area of internal employee communication.

Staffbase GmbH has sales offices in Dresden, Cologne, Munich and Leipzig, Berlin as well as subsidiaries in the USA, Great Britain and the Netherlands.

In 2020, the two basic products Employee App and Employee Experience Intranet were sold, and a lightweight entry-level product, Staffbase Now, was launched at the beginning of 2020. The scope of services of the basic products can be individually adapted to the needs of the customer by means of optional standardized function extensions (plugins). The entire product portfolio is geared towards comprehensively supporting customers in improving internal communication within the company.

Staffbase GmbH is characterized by global market coverage. The geographical sales markets are divided into the following 4 sales regions:

DACH (Germany, Austria, Switzerland)

US (United States, Canada)

UKI (UK, Ireland, Malta, Gibraltar)

ROW (all other countries unless excluded)

The sales regions UKI and ROW are also collectively referred to as NEMEA, as most of the business in ROW is done with companies from the UK or Ireland.

On December 31, 2020, 235 people were employed at Staffbase GmbH (previous year: 188 employees).

The growth of Staffbase GmbH is influenced by various factors. Central external factors are the global economy, particularly in the large markets of Europe and North America, and the development of the global IT market. How these factors affected the business of Staffbase GmbH in the 2020 reporting year is shown in the Overview of the Opportunities & Risks Report.

In addition, macroeconomic uncertainties and currency fluctuations, as with all players in the free economy, can affect the globally oriented business of Staffbase GmbH.

Research and Development

Expenditures for research and development at Staffbase GmbH amounted to more than €8 million (€5 million in the 2019 financial year) and a research rate of 55% were at a very high level compared to the industry.

These investments were made for research and development related to the company's Staffbase SaaS platform and related cloud offerings.

The costs incurred for the development of the Staffbase SaaS platform in the 2020 financial year were not capitalized.

2. Economic report**General economic conditions**

The economic situation in Germany in 2020 was characterized by negative economic growth, which is mainly due to the COVID19 crisis. According to calculations by the Federal Statistical Office, the price-adjusted gross domestic product (GDP) was 5.0% lower on average in 2020 than in 2019.

The main reason for the negative development of the German economy in 2020 was the decline in private consumer spending by 6.0%, while government consumer spending increased by 3.4% and had a stabilizing effect.

On an annual average, exports fell by 9.9% and imports fell by 8.6%. The number of people in employment fell by 1.1% on average over the year to 44.8 million.

The economic recovery that the euro area has experienced since 2013 was slowed down by the COVID19 crisis. The real gross domestic product in the euro area in 2020 fell by 6.3% compared to the previous year.

Industry-related framework conditions

The market for employee apps continued to grow strongly in 2020 and Staffbase was able to establish itself as one of the international market leaders in the field of employee apps and mobile intranets.

Furthermore, the existing core products employee app and intranet were expanded to include Staffbase NOW. This is based on the same technology and was successfully offered to new customers in spring 2020 in response to COVID19. Staffbase NOW is characterized by a very fast implementation and a slightly lighter range of features compared to the basic product app.

As a result of the development of the intranet market in 2020, the Management believes that the Staffbase TAM (Total Available Market) has grown many times over.

business development

The company was not able to achieve the sales increase of 80% compared to the previous year that had been announced for the 2020 financial year. Meanwhile, after the onset of the COVID19 pandemic and the associated economic uncertainty, the forecast was adjusted to 45-55% sales growth, which could be achieved (46%).

This is due to a strong focus on the acquisition of major customers and the further development of the existing customer base. Compared to the previous year, an increase in annual fees of over 20% was achieved for existing customers.

The growth in the number of employees by a further 25% compared to the previous year should also be emphasized. The higher number of employees serves to further develop the products and further penetrate the market. They thus form the basis for successful company growth in the coming financial years.

On the one hand, COVID19 has led to an acceleration of existing projects among interested parties, and thus to an increase in customers. On the other hand, very large intranet projects have been partially paused by COVID19 and the associated uncertainty. The management also assumes that major projects from 2020 that have been paused will be resumed in 2021. In addition, only a very small number of unplanned customer departures were recorded as a result of the effects of COVID19. After the first occurrence of the COVID19 health crisis, the company decided to make the extremely ambitious growth plans a little more conservative. The plans were then more than fulfilled. In summary, COVID19 has led to

The EBITDA of -€14 million forecast for the 2020 financial year ultimately turned out to be €1.9 million lower.

earnings situation

	12/31/2020	12/31/2019	change
	€	€	€
revenues	14,866,242.55	10,177,936.40	4,688,306.15
Other company income	119,532.40	104,931.18	14,601.22
cost of materials	2,005,089.46	300,327.72	1,704,761.74
personnel costs	14,772,022.67	11,788,837.62	2,983,185.05
Other operating expenses	14,122,871.21	7,554,013.00	6,568,858.21
EBITDA	-15,914,208.39	-9,360,375.09	-6,553,833.30
Scheduled depreciation	286,222.32	211,403.20	74,819.12
financial result	-5,689.88	0	-5,689.88
net loss	-16,206,120.59	-9,571,778.29	-6,634,342.30

Sales increased by €4,688 thousand in 2020. The ARR increased to €18.5 million. The increase in revenue and ARRs was strongly driven by two factors in particular. On the one hand through increased investments in performance online marketing and on the other hand through successful upselling with existing customers.

The cost of materials amounted to EUR 2 million in the 2020 financial year after EUR 300 thousand in the 2019 financial year and thus rose by EUR 1.7 million in the reporting period due to an increased sales volume and the associated higher expenses for purchased external services.

As a result of further new appointments, personnel expenses rose by €3 million to €14.8 million compared to the previous year.

Other operating expenses also increased by €6.6 million to €14.1 million. Various factors contributed to this, such as investments in marketing and modern software, but also higher expenses for legal and consulting services.

EBITDA fell by €6.6 million to €-15.9 million. The net loss for the year amounts to € -16.2 million.

asset and financial position

	12/31/2020	12/31/2019	change
	€	€	€
A. Fixed assets	9,058,609.62	6,045,105.77	3,013,503.85
Tangible and intangible assets	1,087,929.60	579,064.92	508,864.68
financial investments	7,970,680.02	5,466,040.85	2,504,639.17
B. Current Assets	14,120,835.96	17,346,857.10	-3,226,021.14
Receivables and other assets	5,180,288.16	2,606,555.48	2,573,732.68
Cash and bank balances	8,940,547.80	14,740,301.62	-5,799,753.82
C. Prepaid expenses	689,823.01	573,289.62	116,533.39
total assets	23,869,268.59	23,965,252.49	-95,983.90

Compared to the previous year, the balance sheet total decreased from €23,965,252.49 to €23,869,268.59.

In the area of fixed assets, there were three main factors that contributed to the development. On the one hand, investments were made in office and business equipment (€ 367 thousand) and depreciation amounted to € 276 thousand. On the other hand, intangible assets were capitalized (€ 429 thousand) in connection with the acquisition of Teambay GmbH. Furthermore, the financial assets increased by 2, €5 million changed.

In the area of current assets, a reduction of € 3.2 million can be determined.

This is due to the €5.8 million reduction in cash on hand through the purchase of Teambay GmbH, capital increases at Staffbase Inc., the expansion of round C financing and normal business activities. Furthermore, receivables and other assets increased by €2.6 million. This results from the increased number of customers and their billing cycle and receivables from subsidiaries.

	12/31/2020	12/31/2019	change
	€	€	€
Equity capital	12,233,418.59	18,438,937.18	-6,205,518.59
accruals	1,803,732.76	639,980.82	1,163,751.94
liabilities	4,121,370.91	1,107,219.83	3,014,151.08
PRAP	5,710,746.33	3,779,114.66	1,931,631.67
total assets	23,869,268.59	23,965,252.49	-95,983.90

The reduction in equity results from the capital increase of €10 million and a net loss for the year of €-16.2 million.

The increase in provisions results from higher provisions for personnel costs.

The increase in liabilities results from the sharp increase in business volume and liabilities to subsidiaries.

The increase in deferred income is due to the increase in sales.

In the course of the capital increase, the company's liquidity is secured and planned investment projects can be carried out.

With the help of liquidity planning and analysis based on the cash flow statement, the financial situation is continuously monitored in order to be able to identify changes at an early stage.

The management notes that the net assets, financial position and results of operations of the company have developed positively in the 2020 financial year. Although the EBITDA is below the previous year and the planned value, the sales revenues have increased compared to the previous year as planned. The company continues to pursue a growth strategy and invested in market development and market expansion at the expense of EBITDA. The asset and financial position has been strengthened over the long term as a result of the capital measures that have been carried out. The company has sufficient financial resources and a solid equity base.

Financial performance indicators

The most important performance indicators of Staffbase GmbH are sales, Annual Recurring Revenue (ARR) and EBITDA. We reported on these key figures under "Earnings situation".

Non-financial performance indicators

Employees

In 2020, an annual average of 225 (previous year: 159) people were employed at Staffbase GmbH.

As an international company, we depend on qualified employees. To ensure that we continue to be perceived as an attractive employer in the competition for qualified employees, Staffbase GmbH makes targeted investments in its current and future employees. The following fields of action play a central role:

values and culture

Staffbase GmbH wants to retain its employees over the long term and offer them a motivating environment. This includes fair working conditions, attractive social benefits and offers that are adapted to the different phases of life of the employees. Fair working environments are based on the appreciation of diversity and the commitment to equal opportunities - these values are central to the corporate culture of Staffbase GmbH. The appreciation of employees through appropriate remuneration with attractive additional components is also an essential part of a fair working environment.

Development & Qualification

In order to promote the potential and individual development of employees in the best possible way, Staffbase GmbH is continuously expanding its personnel development measures and offers all employees and managers extensive internal training opportunities. In addition to numerous face-to-face training courses, the opportunities offered by digitization are also used here for our employees with learning content that can be accessed online.

health and safety

Company health management is an important element of the company's internal social policy for Staffbase GmbH. It helps to strengthen employees' personal responsibility for their health. At the same time, we are working to continuously improve our working conditions.

Whether ergonomic workplaces or accident prevention - the safety and health of our employees are our top priority.

3. Forecast Report

A positive business development is expected in 2021 with further growth in sales and ARR of 50-60% compared to the previous year.

The forecast increase in sales is due, among other things, to the takeover of the Canadian company Bananatag Systems Inc. The transaction is intended to expand Staffbase's product range with the communication channel email. The transaction closed on April 29, 2021.

In 2020, marketing and sales expenses were deliberately limited, the increasingly easing economic situation allows a renewed increase in the marketing and sales investments necessary for further organic growth.

The company will also continue to invest substantially in R&D and international market development. An improvement in EBITDA of 10-20% is expected for 2021.

All investments to be made in 2021 are planned and are being made consciously. These will be financed through the financing round completed in April 2021. In addition to the statements on the assets and financial position, the financing round contributes to the equity base being further strengthened and the company's financial resources being further improved. The financing volume, some of which was paid out to existing investors as part of a share sale and some of which flowed into the company, allows these investments to be made and also leaves considerable liquidity leeway for the next few years.

4. Opportunity and Risk Report

The company uses effective management and control systems to record existing and future risks. These include the application of uniform guidelines, the use of reliable software, the selection and training of staff, and ongoing controls and audits. The entirety of the measures puts the management in a position to identify possible risks at an early stage and to initiate appropriate countermeasures.

There are the usual general market and competition risks, in addition the Covid-19 pandemic still leads to a risk.

market risks

In 2020, the Covid-19 pandemic led to a dampening of demand from companies in sectors affected by closures. From a macroeconomic point of view, demand is expected to continue to be lower in 2021 compared to 2019. This is partly true in the Staffbase GmbH market environment, although this effect is largely compensated for by increased demand from companies that are making a particular contribution to overcoming the crisis (e.g. health care). These effects were only visible to a limited extent in 2020, since most companies were still investing extremely cautiously due to the high level of uncertainty. However, towards the end of 2020 and especially at the beginning of 2021, it has already become apparent that

Operational Risks

Staffbase GmbH is a very fast-growing technology start-up, so there are generally the usual organizational growth challenges.

In order to ensure that the organization and processes keep up with the growth, optimal process management is essential for the company.

By constantly checking our processes and optimizing our procedures, cost increases can be partially compensated for. This requires strict and consistent cost management.

personnel risk

Qualified and motivated employees are critical to the success of Staffbase GmbH. There is a risk that key experts will leave the company. At the same time, recruiting suitable people can be difficult and time-consuming. With the increasing competition for qualified experts, it is becoming more difficult to attract employees. This could inhibit staff growth.

Technological Risks

Staffbase GmbH is a very fast-growing technology start-up, so there are generally the usual technical scaling challenges.

Due to the high dependency of the business model on IT systems, including the stored information, the security of these systems represents an important foundation for the success of the company. High expenses and investments in the security and performance of the systems as well as the ongoing control of important processes should the risk gaps are closed. In addition, our employees are regularly informed about significant changes in the area of data security through information events, training courses and work instructions.

The introduction of new and up-to-date technologies ensures the security of the data and thus reduces possible misuse to a minimum. The documentation of processes, the definition of regulations and instructions as well as protection through contracts are the basis for the security of IT processes and systems.

Despite the necessary security measures, a residual risk cannot be completely ruled out.

opportunities

The importance of internal mobile employee communication has increased in 2020 not only because of, but also because of, the COVID19 crisis. This was particularly visible in the first business months of 2021, in which the increased interest from 2020 led to increased new business in 2021.

Expectations of modern internal communication are becoming significantly more demanding in terms of mobile availability, localization and agility. The Staffbase platform meets these requirements.

Chemnitz, November 4th, 2021

Managing directors

Managing directors

Balance sheet as of December 31, 2020**assets**

	12/31/2020	12/31/2019
	EUR	EUR
A. Fixed assets		
I. Intangible assets		
Purchased concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	429,061.47	10,690.92
II. Tangible assets		
1. technical systems and machines	33,920.04	38,160.00
2. Other facilities, fixtures and fittings	624,948.09	530,214.00
	658,868.13	568,374.00
III. financial investments		
Shares in affiliated companies	7,970,680.02	5,466,040.85
	9,058,609.62	6,045,105.77
B. Current Assets		
I. Receivables and other assets		
1. Receivables from affiliated companies	2,596,124.08	954,440.95
2. Receivables and other assets	2,584,164.08	1,652,114.53
	5,180,288.16	2,606,555.48
II. Cash on hand and bank balances	8,940,547.80	14,740,301.62
	14,120,835.96	17,346,857.10
C. Prepaid expenses	689,823.01	573,289.62
	23,869,268.59	23,965,252.49

liabilities

	12/31/2020	12/31/2019
	EUR	EUR
A. Equity		
I. Drawn capital	76,247.00	71,161.00
II. Capital Reserve	41,523,860.90	31,528,344.90
III. loss carried forward	-13,160,568.72	-3,588,790.43
IV. Loss for the year	-16,206,120.59	-9,571,778.29
	12,233,418.59	18,438,937.18
B. Provisions	1,803,732.76	639,980.82
C. Liabilities		
1. Liabilities to affiliated companies	2,983,080.64	529.28
2. other liabilities	1,138,290.27	1,106,690.55
- thereof from taxes: EUR 260,742.07 (previous year: EUR 420,429.91)		
- of which in the context of social security: EUR 45,067.56 (previous year: EUR 44,463.69)		
	4,121,370.91	1,107,219.83
D. Accruals and Accruals	5,710,746.33	3,779,114.66
	23,869,268.59	23,965,252.49

Profit and Loss Account for the period from January 1st to December 31st 2020

	2020	2019
	EUR	EUR
1. Raw Score	12,980,685.49	9,982,539.86
2. Personnel expenses		
a) Wages and salaries	-12,649,043.43	-10,488,861.71
b) social security contributions and pension expenses	-2,122,979.24	-1,299,975.91
- of which EUR 6,447.80 for old-age provision (previous year: EUR 1,235.86)		
	-14,772,022.67	-11,788,837.62

	2020	2019
	EUR	EUR
3. Depreciation of intangible assets and property, plant and equipment	-286,222.32	-211,403.20
4. other operating expenses	-14,122,871.21	-7,554,077.33
- of which from currency conversions: EUR 148,622.29		
5. other interest and similar income	0.04	0.00
6. Interest and Similar Expenses	-5,689.92	0.00
7. Earnings after tax/Loss for the year	-16,206,120.59	-9,571,778.29

APPENDIX for the financial year from January 1 to December 31, 2020

Staffbase GmbH Development and sales of employee apps, Chemnitz

General information on the annual financial statements

Information identifying the company according to the register court

Company name according to the register court:	Staffbase GmbH since February 08, 2017 Staffbase GmbH according to the entry in the commercial register
Registered office according to the register court:	Chemnitz
Register entry:	commercial register
Registration court:	Chemnitz
Register no.:	29196

The annual financial statements for the period from January 1 to December 31, 2020 have been prepared in accordance with the provisions of the German Commercial Code in accordance with Sections 242 et seq. and Sections 264 et seq. and the relevant regulations. The regulations for medium-sized corporations apply i. s.d. Section 267 (2) HGB. Size-related simplifications pursuant to Section 288 (2) HGB were partially utilized.

The structure of the balance sheet corresponds to Section 266 (2) and (3) HGB. The structure of the income statement follows the nature of expense method in accordance with Section 275 (2) HGB.

Information on accounting and valuation methods

Accounting and valuation principles

Intangible assets are stated at acquisition cost and, if they are subject to wear and tear, reduced by scheduled depreciation. The domains included in the intangible assets are not subject to wear and tear and are not amortized.

Property, plant and equipment are stated at acquisition or production cost and, where depreciable, reduced by scheduled depreciation.

Scheduled depreciation is carried out on a straight-line basis according to the expected useful life of the assets.

Low-value assets within the meaning of Section 6 (2) EStG up to a value of EUR 800.00 are written off in full in the year of acquisition; their immediate departure is assumed.

Financial assets, shares in affiliated companies are recognized and valued at acquisition cost. If, on the balance sheet date, a probable permanent reduction in value is to be assumed, unscheduled depreciation is carried out to the lower fair value.

Receivables and other assets as well as cash on hand and bank balances are stated at their nominal values. All identifiable individual risks are taken into account in the assessment.

The active prepaid expenses relate to expenses in the year under review that represent expenses for a specific period after the balance sheet date.

The other provisions are formed for all other contingent liabilities. All recognizable risks are taken into account. Provisions are recognized at the settlement amount required based on prudent business judgement.

Liabilities were recognized at the settlement amount.

Income before the balance sheet date is shown as prepaid expenses on the liabilities side, insofar as they represent income for a specific period after this date.

The accounting and valuation methods previously applied were adopted in the annual financial statements.

Balance sheet information

Asset schedule for the individual items of fixed assets

The development of the individual items of fixed assets can be found in the fixed asset movement schedule in the appendix to the notes.

Basics for converting foreign currency items into euros

The annual financial statements contain items denominated in foreign currencies that are converted into EUR.

Receivables and liabilities in foreign currencies are valued at the average spot exchange rate on the balance sheet date.

Information on receivables with a remaining term of more than one year

Other assets include amounts of EUR 280,434.88 (previous year: EUR 201,920.98) with a remaining term of more than one year.

Information on remaining term notes

The amount of all liabilities with a remaining term of up to one year is EUR 4,121,370.91 (previous year: EUR 1,107,219.83).

Other Information

Average number of employees during the financial year

The average number of people employed by the company during the financial year was 183. The following groups of employees were employed by the company during the financial year:

worker	0
Executives	0
Employee	183

Contingent liabilities and other financial obligations

In addition to the liabilities shown in the balance sheet, there are other financial obligations in 2021 of around EUR 1,016,861.66 from rental and leasing contracts. For the years 2022 -2025 there are other financial obligations in the amount of EUR 2,554,574.47 from rental and leasing contracts. For the period from 2026, there are other financial obligations from rental and leasing contracts in the amount of EUR 825,443.91. Such contracts, which can be terminated annually, were only taken into account with the minimum contract term, since the company is able to evade future obligations by terminating them at any time.

There are no other financial obligations from contingent liabilities.

names of directors

During the past fiscal year, the company's business was managed by the following people:

First Managing Director:	dr Martin Böhringer, businessman
Other directors:	dr Lutz Gerlach, businessman
Other directors:	Frank Wolf, merchant

The managing directors carried out their activities full-time in the year under review.

directors' remuneration

EUR 385,500.00 was granted as remuneration for the work performed in the year under review.

holdings

As of the balance sheet date, Staffbase GmbH has holdings in the following companies in accordance with Section 285 No. 11 HGB:

Surname	Staffbase Ltd.
Seat	London, United Kingdom
legal form	Limited
participation	100%
Equity capital	443,675.73 in euros
Result 2020	66,139.14 in euros
Surname	Staffbase Inc.
Seat	New York, United States of America
legal form	incorporated
participation	100%
Equity capital	1,364,492.84 in euros
Result 2020	65,502.67 in euros
Surname	Staffbase B.V
Seat	Amsterdam, Netherlands
legal form	beloten vennootschap met beperkte aansprakelijkheid
participation	100%
Equity capital	456,852.46 euros
Result 2020	147,028.11 euros
Surname	Teambay GmbH
Seat	Berlin
legal form	Limited liability company
participation	76.28% (23.72% own shares)
Equity capital	546,152.66 euros
Result 2020	553,631.11 euros

Advisory Board

According to § 10 of the Articles of Association, the company has an Advisory Board, which supports the management in strategic questions and has the right to vote and have a say in decisions of greater economic importance. The Advisory Board consisted of the following people in the financial year

- dr Martin Böhringer (CEO Staffbase GmbH)
- Teddie Benjamin Wardi (Private Equity Investor)
- Achim Berg (Private Equity Investor)
- Mathias Hornberger (Venture Capital Investor)
- Christian Knott (joined February 29, 2020, venture capital investor)
- Jonathan Lucas Becker (Venture Capital Investor)
- Jörg Binnenbrücker (leaving February 29, 2020, venture capital investor)

The company law provisions on the supervisory board do not apply to the advisory board. The Advisory Board does not receive any remuneration for its work.

Proposal or decision on the use of results

Management proposes the following appropriation of earnings:

The net loss for the year is EUR 16,206,120.59 and will be carried forward to new account.

going concern

The annual financial statements were prepared on the assumption that the company would continue as a going concern in accordance with Section 252 (1) No. 2 HGB (going concern). We have prepared a going concern forecast, according to which we assume that solvency is guaranteed on the premise that the shareholders or potential investors provide further financial resources over a forecast period of two years. For this purpose, another round of financing was completed in the first quarter of 2021.

This significantly improved the asset and financial situation. The company's liquidity is thus secured in the short and medium term. As a result of the round of financing, the company's equity base has once again increased significantly compared to the year under review.

Furthermore, the company is dependent on the successful implementation of the corporate concept and the generation of corresponding sales revenues. In this regard, there is a significant degree of uncertainty in relation to the going concern assumption.

2020 and its earnings position for the financial year from January 1, 2020 to December 31, 2020 and

- the attached management report as a whole provides an accurate picture of the company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

In accordance with § 322 Para. 3 Sentence 1 HGB, we declare that our audit has not led to any objections to the regularity of the annual financial statements and the management report.

Basis for the test results

We conducted our audit of the annual financial statements and the management report in accordance with Section 317 of the German Commercial Code, taking into account the German generally accepted auditing principles established by the Institute of Public Auditors in Germany (IDW). Our responsibilities under those requirements and standards are broadly described in the "Auditor's Responsibility for the Audit of the Financial Statements and Management Report" section of our auditor's report. We are independent of the company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe

Material uncertainty related to going concern

We refer to the "other information" in the appendix, in which the legal representatives describe that the previous loss situation can be attributed to the company's market entry and growth phase and that the company's going concern can be attributed to the continuation of financing by shareholders/investors and the successful implementation of the company concept and the generation of the planned revenues. As set out in the notes, these events and circumstances indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and pose a risk to the company as a going concern within the meaning of Section 322 Para. 2 sentence 3 HGB. Our audit opinions have been modified in this regard.

Responsibility of the legal representatives and the advisory board for the annual financial statements and the management report

The legal representatives are responsible for the preparation of the annual financial statements, which comply with the German commercial law provisions applicable to corporations in all material respects, and for the fact that the annual financial statements, in compliance with the German principles of proper accounting, give a true and fair view of the assets, financial - and results of operations of the company. Furthermore, the legal representatives are responsible for the internal controls which they have determined to be necessary in accordance with the German principles of proper accounting in order to enable the preparation of annual financial statements,

In preparing the annual financial statements, the legal representatives are responsible for assessing the company'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 preparing the accounts based on the going concern basis of accounting, provided no actual or legal circumstances conflict with this.

In addition, the legal representatives are responsible for preparing the management report, which as a whole provides a suitable view of the company's position and is consistent with the annual financial statements in all material respects, complies with German legal requirements and suitably presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) that they consider necessary to enable the preparation of a management report in accordance with the applicable German legal provisions and to be able to provide sufficient suitable evidence for the statement in the management report.

The Advisory Board is responsible for overseeing the company's accounting process for the preparation of the annual financial statements and the management report.

Auditor's responsibility for the audit of the annual financial statements and the management report

Our objective is to obtain reasonable assurance as to whether the annual financial statements as a whole are free from material - intentional or unintentional - misstatements and whether the management report as a whole provides a suitable view of the company's position and, in all material respects, with the annual financial statements and is consistent with the findings obtained in the audit, complies with German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report which contains our audit opinions on the annual financial statements and on the management report.

Adequate assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with Section 317 of the German Commercial Code, taking into account the German principles of proper auditing established by the Institut des Wirtschaftsprüfer (IDW) will always uncover a material misstatement. Misstatements may 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 made on the basis of these financial statements and management report.

During the audit, we exercise professional judgment and maintain a critical attitude. Over and beyond

- We identify and assess the risks of material - intentional and unintentional - misstatements in the annual financial statements and in the management report, plan and perform audit procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to serve as a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is greater than that arising from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- We gain an understanding of the internal control system relevant to the audit of the annual financial statements and the precautions and measures relevant to the audit of the management report in order to plan audit procedures that are appropriate in the given circumstances, but not with the aim of providing an audit opinion on the effectiveness of these systems of society.
- We evaluate the appropriateness of the accounting methods used by the legal representatives and the justifiability of the estimated values presented by the legal representatives and the related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that cast significant doubt on the Company's ability to continue as a going concern can raise. If we conclude that there is a material uncertainty, we are required to draw attention to the related disclosures in the financial statements and management report in the auditor's report or, if such disclosures are inappropriate, to modify our respective audit opinion. We base our conclusions on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- We evaluate the overall presentation, the structure and the content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in such a way that the annual financial statements, in compliance with the German principles of proper accounting, give a true and fair view of the assets, financial and earnings situation of the company.
- We assess the consistency of the management report with the annual financial statements, its compliance with the law and the view it conveys of the company's situation.
- we perform audit procedures on the future-oriented information presented by the legal representatives in the 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 provide a separate audit opinion on the future-oriented information and the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Cologne, November 4, 2021

Rödel & Partner GmbH
auditing company
tax consulting company

signed

Stramitzer, auditor

Bickman, auditor

The annual financial statements as of December 31, 2020 were approved on December 13, 2021.
