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Staffbase GmbH

Chemnitz

Annual financial statements for the financial year from January 1st, 2019 to December 31st, 2019**management report****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, as well as subsidiaries in the USA, Great Britain and the Netherlands.

In 2019, the two basic products Employee App and Employee Experience Intranet were sold. 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

On December 31, 2019, 188 people were employed at Staffbase GmbH (previous year: 110 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 2019 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

With a research rate of 50.6% in relation to sales, the expenses for research and development (EUR 5,148 thousand) at Staffbase GmbH were again at a very high level compared to the industry sector (EUR 2,169 thousand in the 2018 financial year).

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 2019 financial year were not capitalized.

2. Economic report

General economic conditions

The economic situation in Germany in 2019 was characterized by solid economic growth, even if it was significantly weaker than in the previous year. According to calculations by the Federal Statistical Office, the price-adjusted gross domestic product (GDP) was 0.6% higher on average in 2019 than in 2018.

In 2019, too, private and government consumer spending was decisive for the positive development of the German economy. With price-adjusted increases of 1.6% and 2.5%, they also exceed the growth of the last two years. On average for the year, exports continued to increase by 0.9%, albeit significantly less than in previous years. The number of people in employment in Germany also increased by 0.9% to 45.3 million.

The economic recovery that the euro zone has been experiencing since 2013 continued in the year under review. Due to the steady growth of all associated countries, the real gross domestic product in the euro area increased by 1.2% in 2019 compared to the previous year. The EU-wide unemployment rate was only 6.3% at the end of the year and was thus below the pre-crisis level of 2007 (7.1%) for the first time.

Industry-related framework conditions

The market for employee apps continued to grow strongly in 2019. In summary, not only could the self-imposed sales targets be achieved, Staffbase has also proven and established itself as the international market leader in the field of employee apps.

Furthermore, the existing core product, the employee app, was expanded to include an intranet product. This is based on the same technology and was already successfully offered to new and existing customers in 2019. The expansion of the product range leads to further differentiation, as Staffbase offers the world's only intranet that was designed mobile-first and reaches all employees with the "Bring-Your-Own-Device" approach. Management expects to be able to replace some of the largest intranet installations on the German market in the coming quarters, which will increase the staff base TAM (Total Available Market) many times over.

business development

The company was able to achieve the set growth targets. Sales increased by 105.12% compared to the previous year. 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, the average annual fee for new customers has doubled and the annual fee for existing customers has increased by 20%. The growth in the number of employees by 103.88% is also noteworthy. 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.

earnings situation

The management notes that the net assets, financial position and results of operations of the company have developed very positively in the 2019 financial year.

	12/31/2019	12/31/2018	change
	€	€	€
revenues	10,177,936.40	4,961,856.54	5,216,079.86
cost of materials	300,392.05	172,774.85	127,617.20
personnel costs	11,788,837.62	4,790,159.89	6,998,677.73
Scheduled depreciation	211,403.20	113,810.82	97,592.38
Other operating expenses (balance)	7,554,013.00	2,199,063.15	5,354,949.85
operating result	-9,469,010.62	-2,258,568.40	-7,210,442.22
income taxes	0	0	0
other taxes	0	0	0
Loss for the year (-)	-9,571,778.29	-2,258,568.40	-7,313,209.89

Sales increased by €5,216 thousand in 2019.

The increase in sales 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 300 thousand in the 2019 financial year after EUR 173 thousand in the 2018 financial year. The cost of materials ratio fell slightly by 0.53 percentage points to 2.91% in the reporting period, as the expenses for purchased external services are reduced by existing economies of scale could.

The increase in personnel costs was driven in particular by increased hiring of employees.

The increase in other operational applications was driven by the sharp increase in business volume (new branches, increased advertising, etc.).

asset and financial position

Due to the continued positive business development, the asset and financial position is sustainably strengthened. The company has sufficient financial resources and a solid equity base.

On the day the management report was prepared, there were significant changes in the asset, financial and earnings situation.

	12/31/2019	12/31/2018	change
	€	€	€
A. Fixed assets	6,045,105.77	2,220,346.38	3,824,759.39
Tangible and intangible assets	579,064.92	202,179.92	376,885.00
financial assets	5,466,040.85	2,018,166.46	3,447,874.39
B. Current Assets	17,346,907.78	8,311,620.82	9,035,286.96
Receivables and other assets	2,606,555.48	2,242,882.05	363,724.11
Cash and bank balances	14,740,301.62	6,068,738.77	8,671,562.85
C. Prepaid expenses	573,289.62	319,885.55	253,404.07
total assets	23,965,252.49	10,851,852.75	13,115,193.42

The area of fixed assets, there were two main factors that have contributed to the development. On the one hand, there was increased investment in office and business equipment (change by €377 thousand) and on the other hand, financial assets changed by €3.4 million as a result of a capital increase by the American subsidiary Staffbase Inc.

Furthermore, at the beginning of Q4 2019, Staffbase BV was founded as a 100% subsidiary based in Amsterdam, Netherlands. This serves as a sales company with responsibility for the BeNeLux and Nordics markets.

A change of € 9,000k was recorded in current assets. This is largely due to the increase in cash on hand by €8,700 thousand. The capital increase as part of the Series C financing round contributed to this.

Receivables and other assets increased by €364 thousand to €2.6 million. This results from higher deposits and receivables from subsidiaries. Trade receivables, on the other hand, were reduced by € 250 thousand compared to the previous year thanks to improved accounts receivable management.

The balance sheet total increased in comparison to the previous year to € 23,966,252.49 from € 10,851,852.75.

	12/31/2019	12/31/2018	change
	€	€	€
equity capital	18,438,937.18	6,959,805.67	11,479,131.51
accruals	639,980.82	479,521.67	160,459.15
liabilities	1,107,219.83	652,158.65	455,061.18
PRAP	3,779,114.66	2,760,366.76	1,018,747.90
total assets	23,965,252.49	10,851,852.75	13,115,193.42

The increase in equity results from the capital increase carried out in 2019.

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

The increase in liabilities results from the sharp increase in business volume.

The increase in deferred income is also due to increased sales.

The aim of operational financial management is to ensure the company's solvency at all times and to provide funds for investment projects. Both an operational and a strategic, long-term liquidity plan are drawn up. The liquidity analysis is carried out using the cash flow statement.

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 2019, an annual average of 159 (previous year: 80) 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 the individual development of the employees in the best possible way, Staffbase GmbH is continuously expanding its personnel development measures and offers all employees and managers extensive internal further 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 - safety is paramount.

3. Forecast Report

Further positive business development is expected in 2020 and sales growth of 80% compared to the previous year.

The company will continue to invest substantially in R&D and international market development. An operating result of T€ -14,000 is expected.

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 leads to a special risk.

market risks

In the acute phase, the Covid-19 pandemic is leading to a dampening of demand from companies in sectors affected by closures. 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). In general, it can be assumed that the market for internal communication will not only recover faster than other markets as a result of Covid-19, but will also benefit particularly as a result (see opportunities).

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 is 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 is generally increasing, and this trend will continue beyond 2020. In addition, due to Covid-19, the 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, March 31, 2020

signed by the management

balance sheet

assets

	12/31/2019	12/31/2018
	EUR	EUR
A. Fixed assets	6,045,105.77	2,220,346.38
I. Intangible assets	10,690.92	10,690.92
1. other intangible assets	10,690.92	10,690.92

	12/31/2019 EUR	12/31/2018 EUR
II. Tangible assets	568,374.00	191,489.00
1. technical systems and machines	38,160.00	0.00
2. Other facilities, fixtures and fittings	530,214.00	190,301.00
3. Payments on account and assets under construction	0.00	1,188.00
III. financial assets	5,466,040.85	2,018,166.46
1. Shares in affiliated companies	5,466,040.85	2,018,166.46
B. Current Assets	17,346,857.10	8,311,620.82
I. Receivables and other assets	2,606,555.48	2,242,882.05
1. Trade accounts receivable	1,389,873.88	1,652,337.41
2. Receivables from affiliated companies	954,440.95	462,229.48
3. other assets	262,240.65	128,315.16
II. Cash on hand, Bundesbank balances, bank balances and checks	14,740,301.62	6,068,738.77
C. Prepaid expenses	573,289.62	319,885.55
Total assets, total assets	23,965,252.49	10,851,852.75
liabilities		
	12/31/2019 EUR	12/31/2018 EUR
A. Equity	18,438,937.18	6,959,805.67
I. Drawn capital	71,161.00	60,753.00
II. Capital Reserve	31,528,344.90	10,487,843.10
III. loss carried forward	3,588,790.43	1,330,222.03
IV. Loss for the year	9,571,778.29	2,258,568.40
B. Provisions	639,980.82	479,521.67
C. Liabilities	1,107,219.83	652,158.65
1. Trade accounts payable	610,503.63	399,822.73
thereof with a remaining term of up to one year	610,503.63	399,822.73
2. Liabilities to affiliated companies	529.28	29,763.11
thereof with a remaining term of up to one year	529.28	29,763.11
3. other liabilities	496,186.92	222,572.81
from taxes	420,429.91	124,125.46
of which in the context of social security	44,463.69	26,552.44
thereof with a remaining term of up to one year	496,186.92	222,572.81
D. Accruals and Accruals	3,779,114.66	2,760,366.76
Balance sheet total, total liabilities	23,965,252.49	10,851,852.75

Profit and Loss Account

	1/1/2019 - 12/31/2019 EUR	1/1/2018 - 12/31/2018 EUR
1. Revenue	10,177,936.40	4,961,856.54
2. other operating income	104,931.18	55,383.77
of which income from currency translation	63,811.48	6,777.26
3. Expenses for purchased services	300,327.72	172,774.85
4. Personnel expenses	11,788,837.62	4,790,159.89
a) Wages and salaries	10,488,861.71	4,147,620.15
b) social security contributions and expenses for pensions and for assistance	1,299,975.91	642,539.74
of that for pensions	1,235.86	0.00
5. Depreciation	211,403.20	113,810.82
a) Depreciation of intangible assets and property, plant and equipment	211,403.20	113,810.82
6. other operating expenses	7,554,077.33	2,199,063.15
of which expenses from currency translation	75,060.30	6,333.34
7. Earnings after taxes	-9,571,778.29	-2,258,568.40
8. Net Loss	9,571,778.29	2,258,568.40

attachment

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 8th, 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, 2019 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. § 267 HGB. Size-related simplifications in accordance with 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 were recognized at acquisition cost and, if they were subject to wear and tear, reduced by scheduled depreciation. The capitalized intangible assets (here in particular domains) are not subject to wear and tear and are not depreciated.

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

Scheduled depreciation was 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, were 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.

Cash and cash equivalents, receivables and other assets 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 were formed for all other contingent liabilities. All recognizable risks were 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.

Different accounting and valuation methods compared to the previous year

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 financial year depreciation for each item in the balance sheet can be found in the asset schedule.

Basics for converting foreign currency items into euros

The annual financial statements contain items denominated in foreign currencies that have been calculated in EUR.

Receivables and liabilities in foreign currencies are valued at the average spot exchange rate on the balance sheet date. If the exchange rate on the day of the transaction was lower for receivables or higher for liabilities, this is used.

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

Other assets include amounts of EUR 201,920.98 (previous year: EUR 102,144.39) with a remaining term of more than one year.

Disclosures and explanations on provisions

The other provisions item includes the following non-insignificant types of provisions. These essentially include provisions for personnel costs from annual bonuses for 2019.

Liabilities that arise after the balance sheet date

Liabilities include larger amounts that only legally arise after the balance sheet date. These are amounts that do not lead to expenditure until after the balance sheet date, but were already recognized as an expense on the balance sheet date for the purpose of determining profit on an accrual basis.

Information on remaining term notes

The amount of liabilities with a remaining term of up to one year is EUR 1,107,219.83 (previous year: EUR 652,158.65).

Other Information

Average number of employees during the financial year

The average number of people employed by the company during the financial year was 159.

The following employee groups were employed by the company during the financial year:

worker groups	number
worker	0.00
employee	156.00
executives	3.00
The total number of employees on average is thus	159.00

Contingent liabilities and other financial obligations

In addition to the liabilities shown in the balance sheet, there are other financial obligations in 2020 of around EUR 752,300.52 from rental and leasing contracts. For the years 2021 - 2024 there are other financial obligations in the amount of EUR 1,525,361.04 from rental and leasing contracts. For the period from 2025, there are other financial obligations from rental and leasing contracts in the amount of EUR 291,467.16. 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.

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. 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.

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

directors' remuneration

EUR 391,242.08 was granted as remuneration for the work performed in the year under review.

holdings

The company is a partner with unlimited liability in the following companies:

Surname	Staffbase Ltd.
Seat	London, United Kingdom
legal form	Limited
participation	100%
equity capital	£341,788
Result 2019	£41,788
Surname	Staffbase Inc.
Seat	New York, United States of America
legal form	incorporated
participation	100%
equity capital	- \$205,967.16
Result 2019	- \$4,144,275.76
Surname	Staffbase B.V
Seat	Amsterdam, Netherlands
legal form	beloten vennootschap met beperkte aansprakelijkheid
participation	100%
equity capital	EUR 12,792.28
Result 2019	EUR 12,791.28

Advisory Board

According to § 10 of the articles of association, the company has an advisory board with up to five voting members:

- Martin Bohringer, CEO
- Matthias Hornberger, Managing Director of Kizoo Technology Capital GmbH
- Jonathan Lucas Becker, Partner at e.venture
- Teddie Benjamin Wardi, Investment Professional
- Jörg Binnenbrücker (leaving February 29, 2020), Partner at Capnamic Ventures
- Christian Knott (joined February 29, 2020), Partner at Capnamic Ventures

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

In agreement with the shareholders, the management decides on the following appropriation of profits:

The net loss for the year is EUR 9,571,778.29.

- EUR 9,571,778.29 will be carried forward to new account.

Signature of the management

Chemnitz, March 31, 2020

signed
dr Martin Boehringer
dr Lutz Gerlach
Frank Wolf

fixed asset schedule

	Acquisition, manufacturing costs 01.01.2019 EUR	Additions EUR	Departures EUR	Transfers EUR	Acquisition, manufacturing costs 12/31/2019 EUR
Capital assets					
I. Intangible assets					
Purchased concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	10,690.92	0.00	0.00	0.00	10,690.92
Total intangible assets	10,690.92	0.00	0.00	0.00	10,690.92
II. Tangible assets					
1. technical systems and machines	0.00	42,400.10	0.00	0.00	42,400.10
2. Other facilities, fixtures and fittings	337,122.95	587,715.86	61,183.78	9,758.92	873,413.95

	Acquisition, manufacturing costs 01.01.2019 EUR	Additions EUR	Departures EUR	Transfers EUR	Acquisition, manufacturing costs 12/31/2019 EUR
3. Payments on account and assets under construction	1,188.00	8,570.92	9,758.92	0.00	0.00
Total property, plant and equipment	338,310.95	638,686.88	70,942.70	9,758.92	915,814.05
III. financial assets					
Shares in affiliated companies	2,018,166.46	3,447,874.39	0.00	0.00	5,466,040.85
Total financial assets	2,018,166.46	3,447,874.39	0.00	0.00	5,466,040.85
Total Fixed Assets	2,367,168.33	4,086,561.27	70,942.70	9,758.92	6,392,545.82
	accumulated depreciation 01/01/2019 EUR	Depreciation for the financial year EUR	Additions EUR	Departures EUR	accumulated depreciation 12/31/2019 EUR
Capital assets					
I. Intangible assets					
Purchased concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	0.00	0.00	0.00	0.00	0.00
Total intangible assets	0.00	0.00	0.00	0.00	0.00
II. Tangible assets					
1. technical systems and machines	0.00	4,240.10	0.00	0.00	4,240.10
2. Other facilities, fixtures and fittings	146,821.95	207.163.11	0.00	10,785.11	343,199.95
3. Payments on account and assets under construction	0.00	0.00	0.00	0.00	0.00
Total property, plant and equipment	146,821.95	211,403.21	0.00	10,785.11	347,440.05
III. financial assets					
Shares in affiliated companies	0.00	0.00	0.00	0.00	0.00
Total financial assets	0.00	0.00	0.00	0.00	0.00
Total Fixed Assets	146,821.95	211,403.21	0.00	10,785.11	347,440.05
			Book value 12/31/2018 EUR		Book value 12/31/2019 EUR
Capital assets					
I. Intangible assets					
Purchased concessions, industrial property rights and similar rights and values as well as licenses to such rights and values			10,690.92		10,690.92
Total intangible assets			10,690.92		10,690.92
II. Tangible assets					
1. technical systems and machines			0.00		38,160.00
2. Other facilities, fixtures and fittings			190,301.00		530,214.00
3. Payments on account and assets under construction			1,188.00		0.00
Total property, plant and equipment			191,489.00		568,374.00
III. financial assets					
Shares in affiliated companies			2,018,166.46		5,466,040.85
Total financial assets			2,018,166.46		5,466,040.85
Total Fixed Assets			2,220,346.38		6,045,105.77

Supervisory Board Report

There is no obligation to disclose the report of the Supervisory Board.

The company employs an advisory board. The company law provisions on the supervisory board do not apply to the advisory board.

other report components

Chemnitz, March 31, 2020

signed

dr Martin Boehringer

dr Lutz Gerlach

Frank Wolf

Information on the determination:

The annual financial statements were approved on December 11, 2020.

Independent Auditor's Report

To Staffbase GmbH, Chemnitz:

audit opinion

We have the annual financial statements of Staffbase GmbH, Chemnitz, - consisting of the balance sheet as of December 31, 2019 and the income statement for the financial year from January 1 to December 31, 2019 and the appendix, including the presentation of the accounting and Valuation methods - checked. In addition, we have audited the management report of Staffbase GmbH, Chemnitz, for the financial year from January 1 to December 31, 2019.

According to our assessment based on the knowledge gained during the audit

- The attached annual financial statements correspond in all material respects to the German commercial law regulations applicable to corporations and, in compliance with the German principles of proper accounting, convey a true and fair view of the assets and financial position of the company as of December 31, 2019 and its earnings position for the financial year from January 1 to December 31, 2019 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 Section 322 (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 appendix, 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 degree of assurance, but is no guarantee that an audit conducted in accordance with Section 317 of the German Commercial Code and in compliance with 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. Furthermore

- 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 as well as 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.
- Evaluate the overall presentation, structure and 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 German legally required accounting principles, 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, June 26, 2020

Rödel & Partner GmbH
auditing company
tax consulting company

signed

resenment, accountant

Stramitzer, auditor
