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d.velop AG	Accounting/	Annual financial statements for the financial year	01/17/2022
Surname	**Area**	**information**	**V. date**

d.velop AG

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Annual financial statements for the financial year from January 1st, 2020 to December 31st, 2020

management report

1. Fundamentals of the company

d.velop AG (hereinafter also d.velop) positions itself as a leading provider of software and services for the continuous digitization of business processes and industry-specific specialist procedures in the market for content services platforms.

In addition to an established portfolio of ECM (Enterprise Content Management) products for all aspects of integrative information management, document management, archiving and workflow management, d.velop also offers products for the digital delivery of documents, electronic signatures, AI-based automation of processes in connection with documents such as incoming supplier invoices, digital contract management and the mobile involvement of employees in business processes.

These are distributed via an international network of more than 360 specialized partners and are also offered directly by d.velop AG for strategic major customers. The provision or delivery of the d.velop products is increasingly taking place as software-as-a-service via cloud services, or also as so-called "managed services", ie in operating models in which d.velop is used in some areas or completely takes over the operation of existing infrastructures at customers.

Due to a sophisticated compliance management system, legal security and compliance with legal requirements are guaranteed across all forms of provision.

The core element of the corporate strategy is the provision of easily obtainable products via the "d.velop platform". The company focuses on the consistent development and expansion of a platform for document management and office automation in its area of competence. With the simultaneous establishment of an app builder program, a self-reinforcing cycle has been initiated since May 2019. The more than 2.8 million users in the d.velop customer base have direct access to a large number of value-added applications, with this reach also making the platform increasingly interesting for app builders. Developments for the platform can be made by d.velop partners, the d.

In this way, d.velop helps companies and organizations to develop their full potential by providing digital services that connect people and comprehensively simplify and redesign processes and processes. Based on the self-image of being a real partner for the customer in digital change, the company also offers competent consulting services in all questions of digitization with its own team. With its portfolio, d.velop addresses many core aspects of digital transformation.

1.1. Marketing strategy (market areas)

Since it was founded, d.velop AG has successfully aligned itself with the requirements of its customers. Due to heterogeneous needs and competitive situation, eg in the branches or also individual departments of the customers, these are a decisive criterion for the d.velop AG within the scope of the customer segmentation of the ECM market. In addition, the technologies used by the customers form another decisive criterion in the context of customer segmentation.

d.velop AG therefore promotes a marketing mix for each customer segment and continuously optimizes the industry and department-specific characteristics of the price, product, communication and distribution policy.

In 2019/20, with external scientific support from the "markstones" institute at the University of Bremen under the direction of Prof. Dr. Christoph Burmann, carried out a comprehensive project on "identity-based brand management". The aim was to consolidate the company brand, to work out the core of the brand and thereby achieve an even stronger positive market perception - in order to make d.velop more successful as a company in the long term. The focus of the project is on the consistent realization of a consistent "Branded House" brand architecture across the entire group of companies. Concentrating on the brand d.

Against the background of the positioning of d.velop as a group, synergies arise between the group and the company and product brands with the aim of making company and product brands more risk-resistant through the connection to the group brand. In addition, the understanding of the brand is simplified for interested parties and the d.velop brand is strengthened in the long term across all distribution channels.

As part of the distribution policy, d.velop AG relies not only on the direct distribution channel, but also on a significant expansion of the indirect distribution channel and on strategic company investments.

The direct distribution channel of d.velop AG addresses the upper middle class as well as large customers or organizations comparable in terms of size, such as hospitals or organizations in the public sector. Market cultivation is carried out by interdisciplinary market teams, which are made up of sales staff, consultants and developers, as well as online based on the d.velop platform.

d.velop AG has been successfully investing in the expansion of the indirect distribution channel for years and is thus focusing on the continuous further development of a value-added network in the market for ECM software (d.velop competence network). More than 360 partner companies are integrated into the value-added network of d.velop AG, which market products and services of d.velop AG on the basis of corresponding partner contracts. In addition, the value-added network of d.velop AG will be expanded as part of the d.velop platform strategy to include “App Builder” partners. On the one hand, the d. velop AG company thus has the opportunity as a d.velop "App Builder" to realize additional monetization via the d.velop platform. On the other hand, the number of service offers for end customers that can be obtained via the d.velop platform is being greatly expanded.

The strategic investments of d.velop AG expand in particular the industry-specific competences in the market segments eGovernment and Health Insurance as well as the technology competence in the areas of artificial intelligence and cloud development & operations.

Based on this strategic group structure, individual, comprehensive market addressing is possible.

The customer segmentation of the ECM market of the d.velop group ensures a sustainable, customer-oriented design of the software solutions of the d.velop AG. The objective of realizing digital business processes in the respective company and organization requires a high level of industry, specialist and technological expertise. This requirement can only be successfully implemented with an appropriate focus on the respective customer segments

Customer's Industry	department of the customer	Customer's technology
Retail Media & Telecommunications	Finance Human Resources	SAP Info
Logistics	quality management	legend
Finance	Legal	Salesforce
eGovernment	Sales	MS Dynamics NAV/-AX
automotive	marketing	MS SharePoint / MS Office 365
healthcare	Production	Microsoft Dynamics 365
welfare	administration	On-premises/Hybrid/SaaS
Health Insurance	Research & Development	...
Life Sciences	...	
...		

1.2. Cross-industry market developments

In the context of increasing social digitization and against the background of constantly changing requirements for the scope of services and forms of provision of digital services, there are also increasingly profound effects on the market for enterprise content services. These are expressed, among other things, in the form of increased use of corresponding cloud-based services. These changes are expressed horizontally across all industries without having a specific focus on a special market. Even if it can be stated that heavily regulated industries and to a certain extent also public institutions, Municipalities and cities are reacting somewhat more cautiously to the general trend towards SaaS from the public cloud. However, there are alternatives and hybrid approaches for these market segments.

In 2020, the results of a regular evaluation of data and information from customer surveys by partners and employees as part of the "d.velop autumn forecast for 2021" with five main trends in the market for business software were published publicly.

The five identified core trends are: security / compliance / responsibility, platform economy, connectivity & new work, knowledge culture & knowledge management, individualization. The newly determined trends closely follow those of the previous year (platform economy / cloud and software as a service / culture of innovation and change management / artificial intelligence (AI) in application practice / compliance with regard to AI, ethics and law). However, they redefine them and are much more specific in terms of the resulting consequences for the business software industry. A focus on these challenges is recommended for companies and organizations who want to remain competitive against the background of rapidly changing markets. d.velop explicitly addresses these topics as part of its strategy.

Basically, the Corona crisis is leading to increased attention to solutions that enable end-to-end digital processes in the home office. The "Digital Office Index 2020" study by the industry association Bitkom states that in 2020 the proportion of companies that are pursuing a strategy to cope with digital change increased significantly: from 68 percent in 2018 to 75 percent in 2020. That works for many also accompanied by increased investments in digitization. Almost 4 out of 10 companies (38 percent) basically wanted to invest more money in the digitization of their office and administration processes in 2020 than in 2019.

In order to protect domestic companies from the US Cloud Act and to ensure data sovereignty in Europe, Germany and France are currently developing a digital ecosystem with GAIA-X, in which existing central and decentralized infrastructures are to be networked. This orientation should also strengthen the trust in the manufacturers and providers connected to GAIA-X in the future, even among companies that are still reluctant to do so, and reduce concerns related to data protection and data security.

According to the Statista internet portal (Statista GmbH: "Market volume of cloud computing services in Germany", accessed on September 10th, 2020), sales in Germany for 2021 will come from cloud services - SaaS (Software-as-a-Service), PaaS (Platform-as-a-Service), IaaS (Infrastructure-as-a-Service) and Storage - of 12.1 billion euros expected, from an estimated 10.1 billion euros in the current year 2020. A clear trend towards a hybrid According to a Lünendonk survey (Mario Zillmann, Lünendonk und Hossenfelder GmbH: "IT strategies and cloud sourcing in the course of digital change", October 23, 2019), the hybrid cloud already accounted for 14 percent of sourcing in 2019, 81 percent Percentage of participants attendedbuild hybrid operating models.

Basically, the software market is subject to significant and permanent changes, which d.velop actively addresses with four focus areas, which are anchored in both the development and the go-to-market strategy. These are:

- **Software as a Service (SaaS) / d.velop platform:**d.velop gives customers great flexibility, whether they want to work in the classic way with systems implemented in the company, raise their installation to the cloud, obtain targeted encapsulated services as an SaaS solution or want to use a hybrid operation. d.velop has succeeded in winning new OEM partnerships for a cloud-based document management service in addition to the further developed d.3ecm suite as an on-premises platform. In addition, dedicated integrations, for example in the cloud solutions from Sage and Salesforce, are being further developed. Here, large numbers of customers can be converted and operated with significantly less effort on the d.velop offer. Using a connector, it is also possible to map hybrid scenarios according to customer requirements, in order to ensure that the form of provision can be freely selected.
- **Compliance and legal certainty:** Independent data protection audits have shown that d.velop is well positioned for the new EU General Data Protection Regulation (EU-DSGVO) and that this results in improved unique selling points. With the publication of its own product (GDPR compliance center), d.velop also takes into account the customer's need for technological support in compliance with the GDPR.
- **Digital Workplace:** Since work processes are becoming more and more mobile and are also subject to further changes, the requirements for business software are also changing. The Digital Workplace includes collaboration functions, the context-sensitive proactive provision of information, as well as mobile apps and cloud solutions. d.velop meets this trend with its solutions, which correspond to the necessary usability and functionality innovations of IT workplaces in a digitized world.
- **Enterprise Content Services:**This further development of the classic ECM is the answer to the fact that the trend among users is increasingly towards smart apps, convenient online access and the integration of functionalities in leading applications. At the same time, the demands for mobility, degree of availability and digital collaboration across location boundaries are increasing. In view of these extended requirements, d.velop supplements the conventional ECM model with additional provision paths and now offers its d.3ecm system under the new name d.

1.3. Innovation management - organizational development

While the digital transformation of d.velop AG opens up a number of business opportunities in the market segments described above, d.velop AG itself has successfully completed a program to focus on an agile, self-adapting and self-organizing form of organization in order to quickly adapt to the increasingly rapid market changes and to be able to anticipate. The following goals of organizational development were defined and achieved:

- Realignment of the innovation management of d.velop AG through new organizational units and teams with the aim of validating potential new markets as well as new offers and/delivery models quickly and efficiently (Lean StartUp).
- Promotion of an agile, self-adaptive and self-organizing organizational system which, among other things, cultivates flexible, independent work in market- and customer-centric teams (lean management).

In this context, new cross-functional teams were formed in 2018, which deal with market development and the provision of solutions in defined markets or service areas, and are responsible for their successful marketing. The areas of internal service provision and core services are also geared towards teamwork in self-organizing teams in order to be able to interact better with teams close to the market in a consistently customer-centric orientation. The new organization started productively and operationally in the first quarter of 2019 and was successfully established. The first completely new, innovative, Overall, the company follows the philosophy of "corporate entrepreneurship", i.e. the promotion of entrepreneurship among employees in their own company.

1.4. shareholder structure

With the contribution of the majority of shares (83.6%) of d.velop AG to a holding company (d.velop holding GmbH) at the end of 2015 and in 2016, important strategic decisions were made. In addition, a control and profit transfer agreement was concluded between d.velop holding GmbH and d.velop AG at the beginning of 2016.

In December 2020, d.velop holding GmbH sold 3% of the d.velop shares to existing and new shareholders and reduced their stake in d.velop AG to 80.6% (as of December 31, 2020).

In connection with a participation program for employees, a further 4.3% of the d.velop shares were sold by d.velop holding GmbH to employees and external parties in the first quarter of 2021.

The d.velop holding GmbH continues to hold 76.3% of the d.velop shares and thus secures a reliable basis for a successful positioning of the d.velop AG in markets that are changing significantly in terms of content and technology. d.velop AG itself still holds 1,837 shares (2.2%) and 275 shares (0.3%) are still held by the subsidiary CODIA Software GmbH. The remaining 21.2% of the shares are in free float. Currently 33% of the employees of the d.velop group are shareholders in d.velop AG.

1.5. Holdings / d.velop competence network

The d.velop group consists of d.velop AG and the strategic d.velop holdings. As of December 31, 2020, d.velop AG had a total of 11 (previous year 10) direct company investments of different corporate law characteristics (25.1% to 100%). In July 2020, d.velop AG founded Legal Analytics GmbH with four other shareholders based in Hanover. The object of the company is the development, marketing and distribution of software, particularly in the area of legal tech. d.velop AG has a 25.1% stake in the company.

This group structure enables a comprehensive, customer-oriented set-up, which enables market addressing to be tailored to the respective customer requirements. The significant country markets for the d.velop group in 2020 were again Germany, Austria, Switzerland and to a lesser extent neighboring EU countries, in particular the Netherlands, Italy and the United Kingdom.

In 2020, the adjusted turnover of the d.velop group was around €75 million (previous year: €65 million). Further increases in group sales are expected for the following years, since the market potential overall can still be significantly expanded.

In addition to the companies in which d.velop AG has a stake, more than 360 other partner companies are involved in the d.velop competence network, which market products and services of d.velop AG on the basis of corresponding partner contracts. Sector and product-specific as well as regional market segments are addressed through company investments and strategic partnerships. The strategic objective of using a network to realize a corresponding range of competences as well as customer proximity has shown itself to be very positive in the development of the network to date.

This d.velop network structure is to be consistently further developed in 2021 as part of a strategic orientation (Corporate Strategy 2021) and adapted to the changed market and technology conditions.

2. Economic report

2.1. macroeconomic situation

In its annual report 2020/21, the German Council of Economic Experts examined the overall economic development under the title: "Coping with the Corona crisis together, strengthening resilience and growth".

The corona pandemic has therefore led to one of the worst recessions of the post-war period. In various areas, a normalization of the economic situation is still not foreseeable, the Corona crisis has not yet been overcome. In view of the renewed restrictions caused by the pandemic, the recovery in Germany and many other European countries is likely to be paused at the moment. In addition, changes in the course of the pandemic, for example in individual behavior, through changing consumer preferences or through new framework conditions, could have a long-term impact on the economy.

According to the German Council of Economic Experts, the German economy was already confronted with a wide range of long-term changes before the pandemic. The structural change triggered by technological progress, demographic change and the transformation towards a climate-neutral economy is a major challenge, but at the same time offers opportunities. The Council sees the need for economic policy to overcome the crisis triggered by the corona pandemic, to increase economic resilience in Germany and Europe and to strengthen growth potential.

In Germany, the corona pandemic led to the sharpest slump in economic output in a quarter since quarterly national accounts began in 1970. Due to the strong recovery over the summer, real gross domestic product (GDP) is expected to grow by -5.1% on the for the whole of 2020 will decline at about the same rate as in 2009 during the global financial crisis. The recovery is expected to continue at a slower pace with growth of 3.7% in 2021. However, the pre-crisis level of the fourth quarter of 2019 is unlikely to be reached before the beginning of 2022.

From a European perspective, the German Council of Economic Experts expects GDP in the euro area to fall by a total of 7.0%. The large member states of Spain, Italy and France are among the hardest hit countries in the euro area. In 2021, the GDP growth rate in the euro area should be positive again at 4.9%. In view of the dynamic course of infection, however, there are considerable downside risks for the further development of the global economy.

According to a dpa report dated January 26, 2021, the International Monetary Fund (IMF) expects the global economy to recover in the current year. For Germany, however, the IMF economists are more cautious compared to the particularly dynamic regions of the world.

According to IMF calculations, the global economy will grow by 5.5 percent in the current year and then by 4.2 percent in 2022. The driving forces are the USA and China. The American economy is expected to grow by 5.1 percent in 2021. The Chinese economy will probably pick up particularly strongly. An increase of 8.1 percent is expected here.

For Germany, the IMF is lowering its forecast for the current year by 0.7 percentage points to 3.5 percent, followed by growth of 3.1 percent in 2022. For the euro zone as a whole, the IMF is reducing its forecast for 2021 by 1 percentage point an increase of 4.2 percent.

Like the German Council of Economic Experts, the IMF also sees the situation as volatile. Vaccination is the way out of the crisis, said IMF chief economist Gita Gopinath. Much depends on the race between a mutating virus and vaccines, and on the ability of politicians to provide effective support.

For the German Council of Economic Experts, the innovation process plays a central role in long-term overall economic growth. As cross-sectional technologies, digital technologies can increase productivity in large parts of the economy. In order to accelerate the diffusion of digital technologies and enable new business models, further investments in the digital infrastructure and a reduction in bureaucratic hurdles in its expansion are necessary.

2.2. industry situation

In its study “Enterprise Content Management Market - Global Forecast to 2025” (May 2020), the research company MarketsandMarkets predicts that the global ECM market will grow from USD 40.1 billion in 2020 to USD 66.9 billion by 2025 a compound annual growth rate (CAGR) of 10.8%. According to the study, the "eSignature" segment will grow the most in the solution area. A potential for further growth, also and above all with the cloud solutions of the d.velop platform, seems to be there.

The study "Digital Office in SMEs 2019" by the Bitkom industry association states that around 30% of all medium-sized companies state that they want to invest in integrated ECM software in the near future (initial, expansion and replacement investments). The proportion of companies planning to introduce integrated ECM software for the first time is very high at 23% (2017: 18%) and suggests even stronger growth in medium-sized companies than has been recorded in the last two years.

According to the "Bitkom Digital Office Index 2020" study, digital document management has become more established in German companies. 68 percent use Enterprise Content Management (ECM) solutions, i.e. digital applications that include the creation, processing and storage of documents and files. Nevertheless, the market potential for companies that are not yet digitized is still great. Specifically, 18% of the companies surveyed plan investments in archiving and document management, 18% also in the digitization of documents and 8% in the implementation of digital signature solutions.

Linda Oldenburg, Chairwoman of the Digital Business Processes working group at Bitkom, states: "ECM solutions are the most important basis for the digitization of office and administrative processes". As a result, such solutions become the basis of efficient processes in the digital office and thus a necessity to ensure competitiveness.

Overall, numerous changing factors are affecting the ECM market. The most important developments, which will continue to apply in the future, are presented below on the basis of the "Digital Office Trend-Check 2018" study by the Bitkom industry association:

- Digital transformation of the working world: In the course of digitization, more and more data is being generated. Data growth is taking place disproportionately in the area of unstructured content. ECM, with its decades of expertise in structuring unstructured databases, is therefore of key importance in the future IT strategy of customers.
- Security and data protection: Against the background of digitization in all areas of life and work, data protection and data security are equally important for private consumers and companies. The issue of trust and security in relation to business-critical or sensitive data and documents has different facets. On the one hand, commercial and tax law require storage for 6 or 10 years (depending on the type of document). On the other hand, companies are of course well advised to keep all those documents and other documents not only for tax purposes, but also to prevent risks under civil law in such a way that that they can provide evidence in the event of a dispute. These facets have long formed the core discipline of ECM systems, but at the same time are subject to continuous change due to changing legal requirements such as the EU GDPR.
- Cooperation and networking: Business collaboration means the change in internal company communication from command & follow to transparent, interactive and open cooperation. In this cooperation, unstructured information (i.e. texts, images, videos, etc.) is usually exchanged along business processes in companies or between companies in a partner network. With ECM, the focus is above all on the joint development of documents, so that ECM systems provide functions that ensure that work is always carried out on the current content.
- Big Data and Analytics: Data is repeatedly referred to as the crude oil of the 21st century. Due to the pool of documents in ECM systems, which has often been maintained for many years, analysis of the documents opens up great potential for use. One could say that ECM has embodied Big Data for many years, but is only able to refine the crude oil with the help of new cognitive technologies, i.e. to make it available in a context-related and accessible way.
- Cloud and "Everything as a Service": The entry of new processes and technologies such as big data and artificial intelligence into the ECM application area requires a high-performance and scalable computer and network infrastructure as well as corresponding services that can only be provided via the cloud. In this respect, the cloud is the enabler for intelligent ECM.

All in all, d.velop also expects market growth for the coming financial years in the DACH region, but at the same time the provision and service models will change with increasing speed in the direction of rental/subscription models.

market perception

The 2019 gold award from the trade magazine "Cloud Computing Insider" in the Cloud ECM/DMS category underlines the company's future-oriented orientation towards alternative, cloud-based procurement and billing models.

The double award as a prizewinner in the readers' choice of the specialist magazine "Funkschau" for the ITC product of the year in 2019 (3rd place) and 2020 (2nd place) in the category DMS, ECM and EIM also proves the broad level of awareness and that Reputation of d.velop in customer and prospect circles. It should also be noted here that in 2020, with d.velop documents, a cloud solution was expressly honored by the readers.

The overall strategic orientation of the company was honored by the renowned platform "DIE DEUTSCHE Wirtschaft" with the title "Innovator of the Year 2020". This prize is intended to show and honor exemplary examples of innovative strength and renewal in all corporate areas and company sizes. d.velop AG shows with its digital document management products as well as with its own future-oriented work culture what contemporary forms of work look like.

The independent analyst firm Experton Group (ISG) named the digital d.velop document service five times in a row as "Leader" in the "Cloud Vendor Benchmark" and most recently in 2019 and 2020 in the "ISG Provider Lens" in the category "SaaS - Enterprise Cloud". Filesharing" or "Secure Enterprise Filesharing Services". According to the analysts, d.velop as a cloud provider clearly set itself apart from international players in the cloud market in terms of competitive strength and portfolio attractiveness.

The company has also received several awards as a recommendable employer, including the "Top Company" and "Open Company" seals from the employer rating portal. Furthermore, the rating portal kununu was ranked 24th in Germany in 2019 in relation to the IT and telecommunications sector and from all medium-sized companies 121st place in Germany. The company also received the awards “Top Mittelstand Employer 2018” and “Top Mittelstand Employer 2021” (Focus Business). In the latter, d.velop made it to 28th place in the ranking of all IT providers in Germany. This enabled d.velop to position itself very well as a top employer.

The market perception also does justice to the increasingly industry-oriented positioning and the ongoing internationalization. The renowned British ghp magazine named d.velop twice in a row at the ghp Technology Awards in 2018 and 2019 as "Best Healthcare ECM Solutions Provider Germany". In its 12/2020 issue, the international Mirror Review Magazine voted d.velop among the top 10 "Most Advanced Document Management Solution Providers" worldwide. The company and the business model are presented in detail in a multi-page feature.

In the case of the market research institute Diana Research Pte. Ltd./Singapore "World Technology Leader Award" 2021, d.velop was one of only 200 companies worldwide to be on the "Global Top 200 Shortlist" and thus shortlisted for the main prize.

Based on these successes, it can be assumed that d.velop AG can continue to hold its own due to its broad and innovative positioning. The proven product range of innovative solutions for administration and production optimization, the free choice of the form of provision, the extensive solution competence of the employees, as well as the broad customer base lead to a currently good market position and an excellent starting point for future development.

2.3. business development

Against the background of the overall economic situation and the sectors focused on in the current situation, d.velop AG was able to significantly expand its market position in 2020. Overall, the consistently implemented strategic measures for market development, such as the expansion of marketing, indirect sales (partner network - d.velop competence network) and direct sales as well as the establishment of further branches and coworking spaces in Salem, London and Hong Kong, showed further sustainable Effect.

The positive course of business confirms the fruitful development of the company's consistent focus on SaaS and cloud offerings, as well as specialist and industry-specific ECM solutions, which were already initiated in 2017, as a supplement to the classic on-premises portfolio. The rapidly growing d.velop platform established in 2019 also played an important role here, making it easy to book a wide range of cloud-based apps from d.velop developers, partner companies and dedicated app builders.

In total, around 2,000 new customers could be won in the entire d.velop network, so that the number of customer installations had increased to over 12,000 in the course of the year up to the publication of this report. The number of users working with d.velop solutions worldwide increased significantly by more than 400,000 to a total of 2.8 million.

The proportion of new customers acquired by d.velop partners was around 90% in 2020, almost the same as in the previous year. The new customers acquired through partners are in terms of company size in the segment of medium-sized companies, resp. to be assigned to comparable administrations, whereas the customers acquired directly by d.velop can be assigned to the segments of the upper middle class and the large customers. The partner programs and concepts that have been further developed in recent years have had a lasting positive effect in the 2020 financial year.

In addition to d.velop documents, the positions of the d.velop products d.velop documents for M365 as an ECM addon for the Microsoft SharePoint market and d.velop post for the digital delivery of documents were also significantly expanded in 2020.

With d.velop documents for M365, d.velop successfully offers powerful ECM extensions for the Microsoft SharePoint market. Well-known national and international companies also opted for Microsoft SharePoint extensions from d.velop in 2020.

Additional customers were won for the legally secure delivery services available with d.velop post.

From today's perspective, the long-term nature of the system applications, the considerable marketing potential in the existing customer environment, as well as innovative new solution components for the solutions and products, also and especially in rapidly changing markets, ensure the sustainability of strategic company growth.

Against the background of the corona pandemic, it can be stated that d.velop solutions and services were very much in demand in 2020 due to the backlog in the context of digitization and the situation led to a significant increase in new orders and sales.

The sales targets of d.velop AG were essentially achieved in the 2020 financial year and improved significantly by 14.7% compared to the previous year. The annual surplus before profit transfer amounts to EUR 7,025 thousand (previous year EUR 5,018 thousand).

2.4. situation of society

2.4.1. earnings situation

In the 2020 reporting year, sales increased by 14.7% to EUR 57.7 million (previous year: EUR 50.3 million). Compared to the previous year, service revenues increased by 19.6% and license sales by 8.9%. Recurring revenues also increased significantly by 16.1% (cloud/SaaS + 172.7%, software rental + 15.7%, software maintenance/ services + 11.5%). In terms of customer demand, there is an increasing shift from license to subscription models, which leads to recurring revenues.

As in previous years, personnel costs are the largest cost item. Compared to the previous year, personnel costs increased by EUR 3,387 thousand to EUR 32,424 thousand in 2020, in particular due to the hiring of new employees. Although the business activity was significantly expanded with the increased sales and the increase in personnel, the other operating expenses only rose by EUR 88 thousand to EUR 10,394 thousand compared to the previous year. As a result of the corona pandemic, expenses for travel, hospitality and trade fairs have fallen sharply.

In the 2020 financial year, d.velop AG was able to generate an annual surplus before profit transfer of EUR 7,025 thousand. The result is 40.0% or EUR 2,007 thousand above the previous year's figure (EUR 5,018 thousand).

2.4.2. asset position and capital structure

The balance sheet total of d.velop AG increased by EUR 246 thousand or 1.0% to EUR 23,874 thousand (previous year EUR 23,628 thousand) in the year under review.

The proportion of fixed assets in the balance sheet total is 42.9% (previous year 39.4%). Fixed assets include intangible assets of EUR 319 thousand (previous year EUR 520 thousand). Property, plant and equipment in the amount of EUR 2,042 thousand (previous year EUR 2,080 thousand) mainly relates to operating and office equipment. Financial assets are reported as of the balance sheet date in the amount of EUR 7,879 thousand (previous year EUR 6,713 thousand). Shares in affiliated companies and participations amount to EUR 6,024 thousand (previous year EUR 5,412 thousand). The increase is mainly due to the final sales and earnings-related purchase price shares from the acquisition of the shares in Codia Software GmbH in 2018. Loans to affiliated companies and participations are reported in the amount of EUR 1,855 thousand (previous year EUR 1,300 thousand). The increase results from the share of earnings in d.velop campus GmbH & Co. KG and a loan to the newly founded Legal Analytics GmbH.

Current assets fell by EUR 885 thousand to EUR 12,752 thousand in the year under review and accounted for 53.4% (previous year: 57.7%) of the balance sheet total. Inventories were reduced by EUR 165 thousand in the year under review and amounted to EUR 1,243 thousand on the balance sheet date (previous year: EUR 1,408 thousand). Receivables and other assets fell by EUR 175 thousand to EUR 11,312 thousand (previous year: EUR 11,138 thousand). This includes receivables from tenant loans in the amount of EUR 1,847 thousand (previous year EUR 1,629 thousand). Liquidity in the form of bank deposits was EUR 197 thousand as of the balance sheet date (previous year: EUR 1,092 thousand).

Prepaid expenses increased by EUR 205 thousand to EUR 882 thousand in the year under review.

At the end of 2020, the share capital was EUR 83,422 and was divided into 83,422 no-par value shares. d.velop AG holds 1,837 treasury shares. Total equity as of December 31, 2020 is EUR 4,837 thousand. Due to the profit transfer, equity has not changed compared to the previous year. The equity ratio was 20.3% at the end of 2020 (previous year 20.5%).

The provisions fell by EUR 300 thousand to EUR 1,549 thousand in the year under review and essentially include personnel obligations, outstanding invoices, closing, auditing and consulting costs.

As of the balance sheet date, liabilities to banks amounted to EUR 1,813 thousand (previous year EUR 4,257 thousand). EUR 0 thousand (previous year EUR 3,000 thousand) of this relates to loans and EUR 1,813 thousand (previous year EUR 1,257 thousand) to short-term bank liabilities (current account). As planned, the available current account lines were only used temporarily and to a limited extent in the year under review. There are still sufficient credit lines with the banks.

As of the balance sheet date, other liabilities amounted to EUR 11,788 thousand (previous year EUR 9,653 thousand). This includes trade payables of EUR 2,735 thousand (previous year EUR 2,633 thousand) and liabilities to affiliated and associated companies of EUR 8,030 thousand (previous year EUR 5,749 thousand). Of this, the liabilities from the profit transfer to d.velop holding GmbH amount to EUR 7,025 thousand (previous year: EUR 5,018 thousand).

As of the balance sheet date, deferred income was EUR 3,888 thousand (previous year: EUR 3,033 thousand). The accrual includes payments already received from customers for software maintenance and cloud services to be provided in the 2021 financial year.

2.4.3. financial position

As of December 31, 2020, the balance of cash and cash equivalents and current bank liabilities was EUR -1,616 thousand (previous year: EUR -164 thousand). Cash and cash equivalents thus decreased by EUR 1,452 thousand in the 2020 financial year. This is due to the fact that the existing bank loan of EUR 3 million was fully repaid in 2020. At the same time, the existing current account lines were increased by EUR 4 million. All investments were financed from own funds. Solvency was secured at all times during the reporting period.

2.5. Financial and non-financial performance indicators

2.5.1. Financial performance indicators

For corporate management, the focus in the 2020 financial year was on the following financial performance indicators:

incoming orders

- sales development
- personnel expense ratio
- EBITDA before profit transfer

Order intake increased by 15% compared to the previous year. Sales also improved significantly by 14.7% compared to the previous year. In particular, recurring revenues increased by 16.1%. The biggest growth stimulus came from recurring revenues in the cloud/SaaS area, which increased by 172.7%.

Due to the excellent sales development, the personnel expenses ratio (in relation to the total output) was 56.5% despite the overall increase in personnel expenses and could therefore be improved compared to the previous year (57.9%).

Earnings before interest, taxes, depreciation and amortization of property, plant and equipment and intangible assets (EBITDA) are used as the earnings indicator. Before the profit transfer to d.velop holding GmbH, an EBITDA of EUR 8,682 thousand was generated in the 2020 financial year. Compared to the previous year's figure (EUR

6,449 thousand), a significant increase was achieved.

2.5.2. Non-financial performance indicators

Development of the workforce

The number of employees was further expanded in 2020. As of December 31, 2020, d.velop AG employed a total of 480 people. The number of employees increased by a total of 21 employees through the creation of new jobs. As in previous years, d.velop AG is also involved in the training of young people by investing further in additional, qualified training positions.

The development of available market potential and the consistent exploitation of existing market opportunities, as well as the strategic expansion of business activities, are largely dependent on the availability of suitably qualified employees. Consistent personnel management geared to these market conditions will also be one of the company's key objectives in the coming years.

Although the expenditure for further training in 2020 fell by 10% compared to the previous year, the qualification level of the employees could be further expanded thanks to targeted qualification measures. Employee turnover is still very low. As in previous years, peaks in resource requirements can be covered both by the d.cn (d.velop competence network) and by involving external development and project resources.

3. Forecast, opportunity and risk report

3.1. forecast report

economic outlook

A prognosis of the future business development against the background of the general economic development still seems difficult. However, taking into account the forecasts of the IMF and the German Council of Economic Experts, a fundamental recovery in the overall economy seems to be expected, an assumption that is also supported by the operating result in 2020.

In a detailed analysis, we continue to perceive a positive development in the market for digital process solutions that is independent of the economy and counteracts the general recession, in order to support the increasingly necessary location-independent working methods in the home office. With the continued push for digital solutions in companies and organizations caused by the pandemic, an increased demand for (cloud) products to optimize operational processes can also be expected in the future - not only in the DA-CH region.

We are therefore assuming that the economy as a whole should also recover more quickly than the experts had initially assumed. The first signals from the analyst environment confirm this assumption.

Against this background, ECM solutions are excellently positioned and suitable for solving these digitization challenges, also in international markets.

Business strategy and market opportunities

In the coming years, d.velop will continue to focus in particular on cross-industry trend topics (SaaS, compliance and legal certainty, digital workplace, enterprise content services, etc.). In order to meet the increasing demands of the markets, d.velop itself has gone through a program to focus on an agile, self-organizing and self-adaptive organizational system. This alignment has largely been completed and is beginning to show very positive effects. The promotion of an agile organizational structure pursues, among other things, the goal of cultivating flexible, independent work in market- and customer-centric teams (lean management).

In addition, the realignment of innovation management through new organizational units should ensure that potential new markets and new offers and/or delivery models are validated quickly and efficiently (lean startup). In this context, teams were formed that deal with market development and the provision of new solutions in defined markets or service areas, with the aim of being responsible for their successful marketing.

With this organizational structure and existing company participations and strategic partnerships, d.velop can address industry, solution and technology-specific market segments and corresponding competence spectrums as well as customer proximity can be realized. A targeted sharing of skills and resources predestines this network model as an expandable and sustainable model for further company growth in the core market (DA-CH) as well as in other countries.

The core regions of APAC and the USA are the focus of prospective addressing of new markets, especially since the IMF has stated that these regions have significantly stronger economic growth than the euro area. The development of these markets therefore promises special sales potential even in the Corona crisis, which has not yet been overcome.

As a result, the trend topics of the ECM market, the digitization challenges of the customers, as well as the growing legal requirements, or the demand for comprehensive process documentation and sustainable process transparency, a constantly exponentially growing data volume, a considerable rationalization pressure, as well as the development of new market segments, among others also on the basis of new system platforms/services, such as ECM cloud services can be reacted to flexibly and with the necessary competence.

It is important to recognize the marketing potential that is available both now and in the coming years and to place existing or new innovative products in rapidly growing and rapidly changing markets. Even if d.velop is already excellently positioned in many of the above areas, significant investments and inherent innovation management are still necessary to ensure long-term growth and profitability.

Sales and earnings forecast

The sales and earnings development for the following years will continue to be characterized by a very favorable market environment, due to the importance of digitization in almost all markets. In addition, new technologies open up new customer groups and new markets for ECM technologies, so that, taking into account the company's strategic orientation, a continuous expansion of business activities is expected in the medium term. The development of the earnings ratio before profit transfer is to be increased to over 15% in the coming years.

The order intake and sales development in the first quarter of 2021 also confirm the increased demand for office digitization solutions caused by the pandemic situation. However, against the background of an expected overall economic recession, the situation remains to be monitored and measures and strategies constantly reviewed.

However, the shift of larger (license) investment projects in the direction of subscription models can have a temporarily dampening effect on sales growth rates. However, subscription models offer higher long-term potential for a more steady course and an increasing sales development.

For the 2021 financial year, we expect a further increase in sales of around 18% and an increase in EBIT compared to the previous year. The basis of this assessment is the order backlog of d.velop AG, which can be described as very satisfactory, as well as the analysis of the sales pipeline and the feedback from the d.velop partner network.

The plan scenarios developed for 2021, even taking into account the most unfavorable framework conditions, only temporarily allow partial utilization of the available credit lines, so that it can be assumed that the credit line will be sufficient. The company's financial situation remains stable.

In the area of personnel, the plan is to continue to increase at a high quality level.

In general, it can be stated that various risks, which are described in the "Risk Report" section, also offer the company opportunities. Opportunities for future development lie in particular in:

- the extraordinarily good business dynamics that emanate from the digital transformation of customers
- the expansion of the d.velop network structure and the associated higher market penetration
- a stable financial situation
- Development or further development of innovative product lines

The business policy will essentially remain unchanged.

3.2. Opportunity and risk report

The previous growth of d.velop AG, the considerable market potential due to favorable technological and legal framework conditions, as well as the current market and competitive environment represent not only opportunities but also risks to be evaluated and taken into account accordingly.

The opportunities and risks of different economic developments at national and international level as well as the increasing agility of the markets, which are becoming more and more complex, cannot currently be condensed into a clear overall view. Even if a significant downturn in the overall economic development can be assumed nationally and internationally in 2020, the increasing digitization of the ECM market in German-speaking countries is simultaneously opening up considerable market potential for 2021 and the following years. The international markets, on the other hand, are very individual in terms of their requirements for solutions and compliance conditions,

With digital change, a revolutionary social and economic transformation is currently taking place. There are enormous opportunities here for d.velop to decisively support the inevitable digital transformation of companies with its solutions and many years of digitization expertise. There is considerable potential to be exploited here, especially when thinking holistically about B2B2C processes.

But there are also risks in this almost rapidly changing environment, which consist primarily of competitors marketing dedicated innovations for digital change more quickly, or the power of change - the speed of digital transformation at d.velop itself - is not sufficient.

While subscription models offer long-term potential for a more steady course and an increasing sales development, the shift of larger (license) investment projects in the direction of subscription models with regard to the revenue group software licenses can have dampening effects on the growth rates within short reporting periods. Ultimately, temporarily falling EBIT values can occur. Liquidity is guaranteed at all times based on the information available and the simulations carried out.

In summary, it can be said that possible sales and earnings risks cannot be completely ruled out, despite a broad market positioning and comprehensive controlling mechanisms.

Risk Management Objectives

By implementing a comprehensive risk management system, possible risks such as product, market, financial, personnel and competition risks as well as economic and legal risks should be identified and minimized at an early stage.

Implementation of risk management

Extensive controlling mechanisms have been introduced in recent years with the aim of establishing effective risk management for identifying and assessing any business risks based on product, market, project, sales, earnings or investment risks. The implementation of appropriate measures is already well advanced and already offers a comprehensive system for the quick and sustainable identification of possible hazards, which includes not only external but also internal risks.

Current status of risk management

Thanks to the measures that have already been taken, a large number of possible risks have already been significantly reduced. Alignment with the strategic guidelines is constantly verified by the respective department head in conjunction with the central controlling bodies. Central development and checking of key figures, analysis of deviations, definition of corrective measures are now fixed components of the established controlling system.

In addition, the company continues to use both its own and external experts for special issues in order to comprehensively counter the risks of outstanding issues on the basis of appropriate knowledge.

4. Other information

Research and Development Report

At the end of the 2020 financial year, 176 people were employed in development. The total amount of expenses for research and development amounts to around 18% of the sales volume in 2020.

As a software manufacturer, this division in the d.velop group consists of people who design, develop, test automate, automatically provide and monitor as well as document software and offer e-learning. This is framed in a human-centered design and engineering process, which consists of product management that measures and collects feedback (oriented on design thinking), drafts and prototypes and subsequent iterative implementation.

In 2020 there was a focus on the further development of the overarching orchestration of software development teams in line with market requirements, strategies and product definitions. This is reflected in the restructuring of the products offered on the website, along with restructured, simpler pricing models, through cross-team prioritization and planning, to cross-delivery.

In terms of content, a focus was placed on the area of collaboration features in order to be able to work seamlessly on documents in parallel with several people in Office 365 from the d.velop software, share them with people outside the organization and use them integrated into the leading chat and video conference tools be able. With the d.velop community chat there is also the option of chatting and video conferencing within the d.velop software.

Another focus was to change the migration to the SaaS offer of the d.velop platform through specific new interfaces both for fast migration from d.velop OnPrem systems to SaaS systems and to enable faster migrations from third-party providers.

In addition, the internationalization strategy is reflected more in the software so that, for example, the translatability of configuration data is supported by AI-based translation services in order to be able to quickly set up not only the software but also the customer-specific configuration data in multiple languages.

Thanks to the established and fast-growing community of external "app builders", a significantly increased number of industry-specific and cross-industry specialties for market-leading information management combined with collaboration and office automation and thus greater innovations and added value for customers can be offered at a much higher speed . Thanks to the combinability of micro-services, regardless of the place of execution, the hybrid form of provision is attractive for app builders, with which the entire installed base of d.velop can be reached.

The strategy that d.velop has created a multi-client capable, auto-scaling SaaS offer in addition to the classic on-premises offer, which is characterized by its functional and economic advantages and the rapidly growing platform offer and also a configurability and expandability of the SaaS offer enabled, continued to focus on providing customers with comprehensive ECM solutions for all types of business.

Report on existing branches

As of December 31, 2020, d.velop AG has other branches in addition to its headquarters in “Gescher”. The branches have grown steadily in recent years. There are German branches and coworking spaces in Osnabrück, Münster and Salem. There are also foreign branches and coworking spaces in London and Hong Kong.

Changes in the board of directors

In order to continue to do justice to the high market dynamics and the planned growth in the future, the AG expanded the Management Board of the AG at the beginning of 2021 with Sebastian Evers, Chief Marketing Officer, and Rainer Hehmann, Chief Technology Officer, at d.velop. In line with tried and tested company policy, the position was filled from within the company's own ranks. The endeavor to further consolidate and expand the previous progress of the d.velop group is also the background to the appointment of the long-standing CEO and board member Mario Dönnebrink as the new chairman of the board, which was planned by the founder Christoph Pliete and recently carried out.

Gescher, March 19, 2021

signed Mario Dönnebrink, CEO

Signed Christoph Pliete, Member of the Management Board

signed Sebastian Evers, Member of the Management Board

Signed Rainer Hehmann, Member of the Management Board

balance sheet

assets

	12/31/2020 EUR	12/31/2019 EUR
A. Fixed assets	10,239,969.75	9,312,859.30
I. Intangible assets	319,157.84	520,219.71
1. Purchased concessions, industrial property rights and similar rights and values, as well as licenses to such rights and values	319,157.84	520,219.71
II. Tangible assets	2,042,266.29	2,079,948.40
1. Land, land rights and buildings, including buildings on third-party land	37,898.62	46,517.04
2. Other facilities, fixtures and fittings	2,004,367.67	2,033,431.36
III. financial assets	7,878,545.62	6,712,691.19
1. Shares in affiliated companies	6,007,876.68	5,402,876.68
2. Loans to affiliated companies	980,937.33	676,357.90
3. Holdings	15,675.00	9,400.00
4. Loans to companies in which an investment is held	874,056.61	624,056.61
B. Current Assets	12,752,451.99	13,637,909.21
I. Inventories	1,243,077.59	1,407,991.62
1. Work in progress, work in progress	1,222,000.00	1,545,000.00
2. finished goods and goods	14,200.00	15,100.00
3. advance payments made	134,996.69	18,759.75
4. Advance payments received on orders, openly deducted	128.119.10	170,868.13
II. Receivables and other assets	11,312,427.78	11,137,687.53
1. Trade accounts receivable	7,700,547.39	8,082,264.45
2. Receivables from affiliated companies	1,433,986.35	1,330,683.29
3. Receivables from companies in which a participation is held	1,986,610.12	1,628,773.27
4. other assets	191,283.92	95,966.52
III. Cash on hand, Bundesbank balances, bank balances and checks	196,946.62	1,092,230.06
C. Prepaid expenses	881,959.52	677,392.45
Total assets, total assets	23,874,381.26	23,628,160.96

liabilities

	12/31/2020 EUR	12/31/2019 EUR
A. Equity	4,836,981.28	4,836,981.28
I. Drawn capital	83,422.00	83,422.00
1. Treasury shares - openly deducted from subscribed capital	-1,837.00	-1,837.00
2. Called-up Capital	81,585.00	81,585.00
II. Capital Reserve	558,271.65	558,271.65
III. retained earnings	4,197,124.63	4,197,124.63
1. other retained earnings	4,197,124.63	4,197,124.63
IV. Profit/loss for the year	0.00	0.00
B. Provisions	1,548,913.25	1,848,537.13
1. Provisions for taxes	16,593.00	0.00
2. other provisions	1,532,320.25	1,848,537.13
C. Liabilities	13,600,816.88	13,909,790.50
1. Liabilities to banks	1,813,269.60	4,256,613.96
2. Trade Accounts Payable	2,734,581.74	2,633,162.55
3. Liabilities to affiliated companies	7,998,919.86	5,706,472.15
4. Liabilities to companies in which an investment relationship exists	31,481.37	42,044.75
5. other liabilities	1,022,564.31	1,271,497.09
D. Accruals and Accruals	3,887,669.85	3,032,852.05
Balance sheet total, total liabilities	23,874,381.26	23,628,160.96

Profit and Loss Account

	1/1/2020 - 12/31/2020 EUR	1/1/2019 - 12/31/2019 EUR
1. Revenue	57,746,925.76	50,325,446.14
2. Increase or decrease in inventories of finished goods and work in progress	-323,000.00	-164,000.00

	1/1/2020 - 12/31/2020 EUR	1/1/2019 - 12/31/2019 EUR
3. other operating income	1,345,848.22	1,915,481.44
of which income from currency translation	3,274.96	1,321.56
4. Cost of Materials	8,885,598.25	7,550,405.28
a) Expenses for raw materials, auxiliary materials and supplies and for purchased goods	3,291,314.40	2,943,753.74
b) Expenses for purchased services	5,594,283.85	4,606,651.54
5. Personnel expenses	32,424,459.77	29,037,763.65
a) Wages and salaries	26,841,439.40	23,885,727.24
b) social security contributions and expenses for pensions and for assistance	5,583,020.37	5,152,036.41
of that for pensions	897,238.90	777,887.24
6. Depreciation	1,014,736.58	1,133,395.28
a) Depreciation of intangible assets and property, plant and equipment	1,014,736.58	1,133,395.28
7. other operating expenses	10,394,471.44	10,306,300.60
of which expenses from currency translation	6,008.48	5,381.46
8. Income from participations	1,617,003.73	1,266,634.29
thereof from affiliated companies	1,617,003.73	1,266,634.29
9. other interest and similar income	22,644.99	38,945.66
thereof from affiliated companies	4,237.50	4,491.09
10. Interest and Similar Expenses	158,899.11	125,917.04
thereof from discounting	56,000.00	0.00
11. Income Taxes	452,097.43	250,646.07
12. Earnings after taxes	7079160.12	4,978,079.61
13. other taxes	54,505.33	-40,072.47
14. Profits transferred on the basis of a profit pool, a profit transfer agreement or a partial profit transfer agreement	7,024,654.79	5018152.08
15. Net Income/Loss	0.00	0.00

Appendix

General information on the annual financial statements

The annual financial statements were prepared in accordance with the provisions of §§ 242 ff. HGB, taking into account the supplementary provisions for large corporations.

Information identifying the company according to the register court

Company name according to the registry court: d.velop AG

Company headquarters according to the register court: Gescher

Register entry: commercial register

Registration court: Coesfeld

Registration number: HRB 4903

Information on accounting and valuation methods

Accounting and valuation principles

Acquired intangible assets were recognized at acquisition cost and, if subject to wear and tear, reduced by scheduled depreciation.

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.

Financial assets were recognized and valued as follows:

- Shares in affiliated companies at cost

- Loans at face value

- Participations at cost

Where necessary, the lower value available on the balance sheet date was used.

Inventories were recognized at acquisition or production cost. If the daily values on the balance sheet date were lower, they were used.

Work in progress for projects that have not yet been finalized are valued according to the degree of completion of the projects or at the lower fair value. In addition to the directly allocable individual costs, the production costs also include overheads and general administration costs, insofar as they can be allocated to the project creation. Interest on borrowed capital was not included in the production costs.

Advance payments made are stated at their nominal value.

Insofar as advance payments received do not exceed the value of the work in progress, they will be offset against the work in progress in the amount of the settlement amount.

Receivables were assessed taking into account all identifiable risks.

The tax provisions contain the taxes relating to the financial year that have not yet been assessed.

The other provisions were formed for all other contingent liabilities. All recognizable risks were taken into account.

Liabilities were recognized at the settlement amount.

Basics of converting foreign currency items into euros

The annual financial statements contain items denominated in foreign currencies that have been converted into euros.

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 if the receivables or liabilities have a remaining term of more than one year. In the case of a remaining term of one year or less, in accordance with Section 256a of the German Commercial Code (HGB), the mean spot exchange rate on the balance sheet date remains the same.

Different accounting and valuation methods compared to the previous year

In the annual financial statements, the previously applied accounting and valuation methods were largely adopted.

There was no fundamental change in accounting and valuation methods compared to the previous year.

Balance sheet information

Affiliation Notices

Individual facts can be assigned to several balance sheet items in the present classification scheme. For the sake of clarity and clarity, the following explanation is given:

The affiliation notes relate to the following items and circumstances:

- Receivables from affiliated companies in the balance sheet at EUR 1,433,986.35 (previous year: EUR 1,330,683.29). In the financial year and in the previous year, these were exclusively trade accounts receivable.
- Receivables from companies in which an investment is held are reported in the balance sheet at EUR 1,986,610.12 (previous year: EUR 1,628,773.27). EUR 1,846,664.76 (previous year: EUR 1,628,773.27) are receivables from tenant loans and EUR 139,945.36 (previous year: EUR 0.00) are trade receivables.
- Liabilities to affiliated companies in the balance sheet at EUR 7,998,919.86 (previous year: EUR 5,706,472.15). This relates to liabilities from profit transfers in the amount of EUR 7,024,654.79 (previous year: EUR 5,018,152.08) and in the amount of

  EUR 974,265.07 (previous year: EUR 688,320.07) for trade payables.
- Liabilities to companies in which there is a participation in the balance sheet at EUR 31,481.37 (previous year: EUR 42,044.75). In the financial year and in the previous year, this exclusively relates to trade payables.

Asset schedule for the individual items of fixed assets

The breakdown and development of the asset values can be found in the asset schedule.

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

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

The amount of receivables with a remaining term of more than one year is EUR 1,834,340.91 (previous year: EUR 2,190,607.49). This amounts to EUR 6,664.00 (previous year:

EUR 579,841.36) for trade receivables and EUR 1,827,676.91 (previous year: EUR 1,610,766.13) for receivables from companies in which an investment is held.

Information on the portfolio, acquisition and sale of treasury shares

No treasury shares were acquired during the financial year.

No treasury shares were sold during the financial year.

As of December 31, 2020, 1,837 treasury shares with a share of the share capital of EUR 1,837.00 or 2.20% were held.

As of December 31, 2020, Codia Software GmbH, Meppen, in which d.velop AG holds 77.56% of the shares, held 275 shares in d.velop AG with a share in the share capital of EUR 275.00 or 0.33%. in stock.

Information on the class of shares

The share capital of EUR 83,422.00 is divided into 83,422 no-par value shares.

The shares are registered.

Development of capital reserves

The capital reserves have not changed in the financial year.

Additional disclosures on retained earnings

The revenue reserves have not changed in the financial year.

Disclosures and explanations on provisions

The item other provisions includes the following not insignificant types of provisions:

Personnel commitments, outstanding invoices, advertising cost subsidies, annual financial statement and auditing costs and expenses for archiving business documents.

Information on liabilities

The remaining term and the collateral for the liabilities are shown in detail in the schedule of liabilities:

	total amount	of which with a remaining term of			secured	
	12/31/2020 euros	< 1 year euros	> 1 year euros	> 5 years euros	Amounts in euros	type of security
Liabilities to credit institutions	1,813,269.60	1,813,269.60	0.00	0.00	1,813,269.60	(a)
liabilities from goods and services	2,734,581.74	1,952,181.06	782,400.68	0.00	1,952,181.06	(b)
liabilities to affiliates	7,998,919.86	7,998,919.86	0.00	0.00	974,265.07	(b)
liabilities to Companies with which an investment relationship exists	31,481.37	31,481.37	0.00	0.00	31,481.37	(b)
other liabilities	1,022,564.31	1,022,564.31	0.00	0.00	0.00	
	13,600,816.88	12,818,416.20	782,400.68	0.00	4,771,197.10	

a. negative declarations

bidR retention of title

Contingent liabilities from off-balance sheet liabilities according to § 251 HGB

In addition to the liabilities listed in the balance sheet, the following contingent liabilities should be noted:

Contingent liabilities according to § 251 HGB	Euro
from guarantees, bills of exchange and check guarantees	769,952.24
from bank guarantees	13,300.00

Contingent liabilities according to § 251 HGB	Euro
	783,252.24

The above contingent liabilities are not recognized for the following reasons:

Claims arising from the contingent liabilities are not to be expected. The reasons for this are:

Due to the current creditworthiness and the previous payment behavior of the beneficiaries, we consider the probability of claims arising from the reported contingent liabilities to be low. We do not have any recognizable indications that would require a different assessment.

Contingent liabilities from other financial obligations not recognized in the balance sheet

In addition to the liabilities shown in the balance sheet, there are other financial obligations from rental and leasing contracts in the amount of EUR 10,886,733.00.

Obligations towards affiliated companies:

The total amount of other financial obligations not recognized in the balance sheet includes a lease agreement between the company and an affiliated company. The financial obligation from this amounts to EUR 6,612,000.00.

Obligations to associates:

The total amount of other financial obligations not recognized in the balance sheet includes rental agreements between the company and a company in which an investment is held. The financial obligation from this amounts to EUR 632,203.00.

Statement of Income Statement

Breakdown of Revenue

Pursuant to Section 285 No. 4 HGB, sales are broken down as follows:

areas of activity	2020 euros	2019 euros
software maintenance	23,693,604.50	21,241,478.07
Software Licenses	14,228,649.47	13,061,314.07
Services	14,002,375.95	11,708,111.90
software rental	2,132,234.43	1,843,300.94
Cloud and SaaS	1,713,167.86	628,150.78
purchased products	1,376,818.13	1,319,515.02
other income	633,807.11	571,906.23
Gross Revenue	57,780,657.45	50,373,777.01
Discounts/Bonuses	-33,731.69	-48,330.87
Revenue according to P&L	57,746,925.76	50,325,446.14

There is no breakdown according to geographical markets, since the majority of sales are made in Germany.

Other Information

Average number of employees during the financial year

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

worker groups	number
full-time employees	368
part-time employees	61
casual employees	5
The total number of employees on average is thus	434

Names of the members of the Management Board and the Supervisory Board

During the past financial year, the following persons were members of the Management Board:

Mr. Christoph Pliete (CEO until December 31, 2020)	regular occupation:	Merchant
Mr. Mario Dönnebrink (CEO from January 1st, 2021)	regular occupation:	Merchant

On January 4, 2021, Mr. Sebastian Michael Evers and Mr. Rainer Hehmann were entered in the commercial register as additional members of the Management Board.

The following persons belonged to the Supervisory Board:

Surname	regular occupation	Company in which the main professional activity is carried out
Dr. Helmut Bäumer (Chairman)	Lawyer	dr Rehse and Partner - Lawyers partnership
Mr. Christian Schroot (Deputy Chairman)	tax consultant	KRP Klaus Ribbert and Partners mbB tax consulting company
Mr. Andreas Banger (Member)	managing Director	Janus Innovation Ltd
Mr. Ole Klose (Member)	Member of the Executive Board	Bernard Krone Holding SE & Co. KG
Mr. Walter Muyres (Member)	managing Director	Change Solution Management GmbH
Prof. Dr. Klaus Niederdrenk (Member)	Professor (Department of Economics)	University of Applied Sciences in Munster

Compensation of the members of the Management Board and the Supervisory Board

With regard to the remuneration of the Management Board, we refer to the protective clause in accordance with Section 286 (4) HGB.

The Supervisory Board activities were remunerated with EUR 84,000.00.

Auditor's fee

The breakdown of the auditor's fee can be found in the consolidated notes of d.velop holding GmbH.

Information on shareholdings in other companies of at least 20 percent of the shares

According to Section 285 No. 11 HGB, the following companies are reported on:

Company name / Registered office	Share Amount	annual result	equity capital	figures out
d.velop GmbH, Vienna (Austria)	100.00%	EUR 171,448.27	EUR 320,875.94	2019

Company name / Registered office	Share Amount	annual result	equity capital	figures out
d.velop (Switzerland) AG, Zurich (Switzerland)	100.00%	-CHF7,774.04	CHF78,964.39	2019
d.velop business services GmbH, Gescher	100.00%	EUR 21,676.18	EUR 49,577.34	2019
d.velop campus GmbH & Co. KG, Gescher	100.00%	EUR 66,689.67	EUR 564,257.90	2019
d.velop campus administration GmbH, Gescher	100.00%	EUR 2,910.66	EUR 44,680.55	2019
d.velop digital solutions GmbH, Kiel	100.00%	EUR 494,039.61	EUR 794,039.62	2019
Isthimos Immobilienverwaltungsgesellschaft mbH & Co. Autovermietung KG, Mainz (a)	94.00%	EUR 1,387.27	EUR 1,056.00	2019
Codia Software GmbH, Meppen	77.56%	EUR 995,793.59	EUR 1,776,265.54	2019
Classcon Consulting GmbH, Bocholt	75.07%	EUR 120,237.69	EUR 372,845.60	2019
d.velop solutions for documents GmbH, Sulzbach	51.00%	EUR 78,012.99	EUR 386,154.46	2019
Legal Analytics GmbH, Hanover (b)	25.10%	-	-	-

a. Due to a different voting rights agreement, the company is to be considered as an associated company.

b. The company was founded in July 2020.

Group affiliation

d.velop AG was included in the consolidated financial statements of d.velop holding GmbH, Gescher.

d.velop holding GmbH, Gescher prepares the consolidated financial statements for the largest and smallest group of companies.

The published consolidated financial statements are available from the Electronic Federal Gazette (District Court Coesfeld HRB 15582).

A domination and profit and loss transfer agreement has existed with d.velop holding GmbH since April 4, 2016. This was applied for the first time in the 2016 financial year.

Disclosures on Exempting Consolidated Financial Statements

Information on the parent company that prepares exempting consolidated financial statements:

Surname	d.velop holding GmbH
Seat	shear

In the exempting consolidated financial statements, there were no deviations from German law with regard to the accounting, valuation and consolidation methods.

Information about the existence of a participation in the company according to § 20 para. 1 or 4 AktG has been communicated to the company

The following announcement was published in the company register on January 22, 2016 in accordance with Section 20 (6) AktG:

d.velop holding GmbH (formerly: CP-Vermögensverwaltung GmbH), Gescher, has made the following notifications in accordance with Section 20 AktG:

- pursuant to Section 20 (1) AktG that she directly owns more than one fourth of the shares in d.velop AG,
- pursuant to Section 20 (3) AktG that it directly owns more than one fourth of the shares in d.velop AG even without addition pursuant to Section 20 (2) AktG, and
- according to § 20 para. 4 AktG that it directly owns a majority stake in d.velop AG.

The following announcement was published in the company register on May 24, 2019 in accordance with Section 20 (6) AktG:

Mr. Christoph Pliete, Gescher, made the following notifications in accordance with Section 20 AktG:

- pursuant to Section 20 (5) AktG that he no longer directly owns an interest pursuant to Section 20 (1) AktG amounting to more than one fourth of the shares in d.velop AG.

According to the separate notification above, d.velop holding GmbH (formerly: CP-Vermögensverwaltung GmbH), Gescher, directly owns more than a fourth part of the shares in d.velop AG within the meaning of § 20 Para. 1 AktG and directly a majority stake in d.velop AG within the meaning of Section 20 Para. 4 AktG.

events of particular importance

The following events of particular importance occurred after the end of the financial year, which are not included in either the balance sheet or the income statement:

In connection with the corona pandemic, after a slowdown in the overall economic situation in 2020, its development in 2021 is not yet clearly foreseeable. Risks can arise for the company from loss of income and delays in the implementation of customer projects. It is currently not yet possible to conclusively assess these risks in terms of the probability of their occurrence and the magnitude affecting liquidity and earnings.

However, according to the current state of knowledge, the above imponderables do not give rise to doubts as to the company's ability to continue as a going concern (going concern assumption).

After the end of the fiscal year, no further events occurred that are of material importance and could lead to a different assessment of the company.

Resolution on the appropriation of profits

At an extraordinary general meeting on March 29, 2016, the general meeting of the company approved the control and profit transfer agreement dated February 18, concluded with d.velop holding GmbH (formerly: CP-Vermögensverwaltungs GmbH), Gescher (Coesfeld District Court HRB 15582) as the controlling company approved in 2016.

According to § 2 paragraph 1 of the domination and profit transfer agreement, d.velop AG undertakes to transfer its entire profit determined according to commercial law to the parent company during the contract period.

The contract became effective upon entry in the commercial register on April 4, 2016. As a result, d.velop AG has to transfer the entire profit of the 2020 financial year to d.velop holding GmbH. The right to profit transfer arises at the end of the relevant financial year of the subsidiary and is due at this point in time. It must be fulfilled no later than four weeks after the subsidiary's annual financial statements have been approved.

Signature of the management

Gescher, March 19, 2021

signed Mario Dönnebrink, CEO

Signed Christoph Pliete, Member of the Management Board

signed Sebastian Evers, Member of the Management Board

Signed Rainer Hehmann, Member of the Management Board

fixed asset schedule

	Acquisition and production costs 01/01/2020 euros	Additions euros	of which FK interest in euros	departures euros	Acquisition and production costs 12/31/2020 euros
Capital assets					
Intangible assets					
Purchased concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	7,145,388.84	111,961.49	0.00	0.00	7,257,350.33
Total intangible assets	7,145,388.84	111,961.49	0.00	0.00	7,257,350.33
Property, plant and equipment					
Land, land rights and buildings, including buildings on third-party land	169,377.97	0.00	0.00	0.00	169,377.97
Other equipment, factory and office equipment	6,832,592.20	665,443.84	0.00	21,349.92	7,476,686.12
Total property, plant and equipment	7,001,970.17	665,443.84	0.00	21,349.92	7,646,064.09
financial assets					
Shares in affiliated companies	5,402,876.68	605,000.00	0.00	0.00	6,007,876.68
Loans to affiliated companies	676,357.90	304,579.43	0.00	0.00	980,937.33
holdings	9,400.00	6,275.00	0.00	0.00	15,675.00
Loans to companies in which an investment is held	624,056.61	250,000.00	0.00	0.00	874,056.61
Total financial assets	6,712,691.19	1,165,854.43	0.00	0.00	7,878,545.62
Total Fixed Assets	20,860,050.20	1,943,259.76	0.00	21,349.92	22,781,960.04

	accumulated depreciation 01/01/2020 euros	Depreciation fiscal year euros	departures euros	accumulated depreciation 12/31/2020 euros
Capital assets				
Intangible assets				
Purchased concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	6,625,169.13	313,023.36	0.00	6,938,192.49
Total intangible assets	6,625,169.13	313,023.36	0.00	6,938,192.49
Property, plant and equipment				
Land, land rights and buildings, including buildings on third-party land	122,860.93	8,618.42	0.00	131,479.35
Other equipment, factory and office equipment	4,799,160.84	693,094.80	19,937.19	5,472,318.45
Total property, plant and equipment	4,922,021.77	701,713.22	19,937.19	5,603,797.80
financial assets				
Shares in affiliated companies	0.00	0.00	0.00	0.00
Loans to affiliated companies	0.00	0.00	0.00	0.00
holdings	0.00	0.00	0.00	0.00
Loans to companies in which an investment is held	0.00	0.00	0.00	0.00
Total financial assets	0.00	0.00	0.00	0.00
Total Fixed Assets	11,547,190.90	1,014,736.58	19,937.19	12,541,990.29

	Book value 12/31/2020 euros	Book value 12/31/2019 euros
Capital assets		
Intangible assets		
Purchased concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	319,157.84	520,219.71
Total intangible assets	319,157.84	520,219.71
Property, plant and equipment		
Land, land rights and buildings, including buildings on third-party land	37,898.62	46,517.04
Other equipment, factory and office equipment	2,004,367.67	2,033,431.36
Total property, plant and equipment	2,042,266.29	2,079,948.40
financial assets		
Shares in affiliated companies	6,007,876.68	5,402,876.68
Loans to affiliated companies	980,937.33	676,357.90
holdings	15,675.00	9,400.00
Loans to companies in which an investment is held	874,056.61	624,056.61
Total financial assets	7,878,545.62	6,712,691.19

	Book value 12/31/2020 euros	Book value 12/31/2019 euros
Total Fixed Assets	10,239,969.75	9,312,859.30

Supervisory Board Report

Dear shareholders,

d.velop AG, Gescher, **("Company")**can look back on a very positive 2020 financial year thanks to the successful work of the Management Board. The past financial year was significantly influenced by the outbreak of the so-called COVID-19 pandemic, which forced many company employees to work from home, which is why the employing companies have increasingly digitized their processes and document management. The products and services offered by the company in the area of digital archiving and the management of documents were not least for this reason again significantly more in demand in 2020, which led to a significant increase in the company's sales and earnings.

Activities of the Supervisory Board in the 2020 financial year

During the year under review, the Supervisory Board carefully reviewed and monitored the management of the Executive Board and supported it in an advisory capacity in the management of the company. The yardsticks for monitoring were, in particular, the lawfulness, regularity, expediency and cost-effectiveness of the Management Board's management as well as the performance of risk management and corporate organization.

The Supervisory Board of the company also dealt with the situation and development of the company in the 2020 financial year. He performed the duties and powers assigned to him by law and the company's Articles of Association to advise and monitor the Management Board without restriction. In the 2020 financial year, there was no reason for further audit procedures, in particular an inspection of books and documents.

The activities of the Supervisory Board were based on the regular, timely and comprehensive written and verbal reports from the Management Board on business development and the business and financial situation, the sales and earnings situation, strategic further development and corporate planning (namely investment,

Personnel and financial planning) as well as the risk situation and risk management and individual significant business transactions. The Executive Board also addressed any deviations in the course of business from the plans and targets set and explained the deviations.

Outside of Supervisory Board meetings, too, the Supervisory Board was regularly informed in writing and verbally about important business transactions and business developments. Based on the reports of the Management Board, the business transactions that were important for the company were examined and discussed in detail by the full Supervisory Board; this applies in particular to measures that require the approval of the Supervisory Board and transactions that are important for profitability and liquidity.

The Supervisory Board carefully checked the plausibility of the reports submitted and, where necessary, discussed them in detail with the Management Board. In addition, the Supervisory Board obtained additional information from the Management Board. In particular, the Management Board was available at the Supervisory Board meetings to discuss and answer the Supervisory Board's questions.

Meetings of the Supervisory Board in the 2020 financial year

The Supervisory Board meetings took place at least once every quarter. The Supervisory Board held five meetings in the 2020 financial year, on February 10, April 21, June 29, September 25 and

7 December, met. With the exception of the meeting on June 29, which was held as a video conference due to the outbreak of the COVID-19 pandemic, the meetings were held as face-to-face meetings.

The Supervisory Board meeting on February 10, 2020 took place in the presence of the Management Board, who explained the preliminary business figures for the 2019 financial year, in particular in comparison with the planned figures. In addition, the Management Board explained the budgeted figures for 2020 to 2022, the market development and personnel development and the personnel, space and liquidity planning for the 2020 financial year, which it then discussed with the members of the Supervisory Board. The Management Board and Supervisory Board also discussed the business and earnings situation of the company's affiliated companies and medium-term planning for appointments to the Company's Management Board.

The meeting on April 21, 2020 took place in the presence or with video connection of the members of the Management Board, in the presence of the company's auditor and a company employee responsible for finance. The auditor explained to those present the focus of the audit of the company's annual financial statements and stated that his audits had not led to any objections and that he issued the auditor's report without reservation. The Supervisory Board then passed the necessary resolutions to approve the annual financial statements and for the company's Annual General Meeting, which took place on June 29, 2020. The Executive Board then explained the business development in the first quarter of 2020 under the impression of the outbreak of the COVID-19 pandemic, which did not entail any economic disadvantages for the company. In addition, the Executive Board presented the changed way of working of most employees (home office) and the developments at major competitors, the order intake and possible cooperation with other companies. The situation at the company's associated companies was then discussed. In addition, the Executive Board presented the changed way of working of most employees (home office) and the developments at major competitors, the order intake and possible cooperation with other companies. The situation at the company's associated companies was then discussed. In addition, the Executive Board presented the changed way of working of most employees (home office) and the developments at major competitors, the order intake and possible cooperation with other companies. The situation at the company's associated companies was then discussed.

The meeting on June 29, 2020 took place via video conference under the impression of the COVID-19 pandemic with the participation of most members of the Supervisory Board and one of the company's employees responsible for finance. In addition to the Chairman of the Supervisory Board, another member of the Supervisory Board and the members of the Executive Board were present. The Management Board explained the company's business development to date in the first half of 2020 in comparison to the planned figures, which was significantly influenced by the COVID-19 pandemic and led to a sharp increase in sales via the so-called self-service. The Executive Board also reported on the d. velop forum and gave a positive summary. In addition, the Management Board reported on planned sales cooperations and, at the request of the Supervisory Board, on the work situation of the employees, most of whom were still working from home. The Management Board and Supervisory Board then discussed the situation regarding the company's holdings and financing issues.

The Supervisory Board meeting on September 25, 2020 was again a face-to-face meeting in the presence of the Management Board, a company employee responsible for finances and Messrs. Evers and Hehmann. The Management Board discussed the business and market development in the first eight months of 2020 as well as the financial figures as of June 30, 2020, in particular in comparison with the planned and previous year's figures. He also went into the development of subsidiaries. The previous employees of the company, Mr. Evers and Mr. Hehmann, then introduced themselves to the Supervisory Board and explained their professional careers. They then discussed with the Supervisory Board their ideas about the development of the company in the coming years towards an increasing offer of the company's products as SaaS. At the end of the discussion, Messrs. Evers and Hehmann were appointed as additional board members as of January 1, 2021 as part of the new Nextgen board structure.

The last meeting of the Supervisory Board in the 2020 financial year took place on December 7, 2020 in the presence of the Management Board. The Management Board discussed the business development in the first three quarters of 2020, in particular in comparison with the planned and previous year's figures. He also went into new deals with major customers and the development of costs. The Management Board also made a forecast for the expected figures for the full year 2020 and discussed the business development of the investments. Furthermore, the Executive Board presented the Supervisory Board with details of d.velop onemission, in the course of which the employees of the company and of group companies should be given the opportunity to acquire shares in the company from d.velop Holding on preferential terms. The Supervisory Board then passed the necessary resolutions for this. The Supervisory Board then discussed Management Board and personnel matters.

Personnel changes. committees

The Management Board of the company in the 2020 financial year were unchanged Messrs. Christoph Pliete and Mario Dönnebrink. The composition of the Supervisory Board in the reporting period also remained unchanged with Dr. Helmut Bäumer (Chairman),

Christian Schroot (Vice Chairman), Oie Klose, Walter Muyres, Prof. Dr. Klaus Niederdrenk and Andreas Banger. No committees of the Supervisory Board were formed in the 2020 reporting year.

Audit of the annual financial statements for the 2020 financial year

The general meeting of the company on June 29, 2020 has KRP audit GmbH

Wirtschaftsprüfungsgesellschaft, Ahaus, was elected auditor for the 2020 financial year. Based on this resolution, the Supervisory Board commissioned the audit of the 2020 annual financial statements. The auditor has issued a declaration of independence. After the final result of the audit of the annual financial statements and the management report, no objections were raised by the auditor. The annual financial statements were given an unqualified audit opinion by the auditor.

The annual financial statements and the management report for the 2020 financial year were prepared by the Management Board in accordance with the provisions of the HGB, checked by the auditor and the Supervisory Board was happy to do so. Section 170 AktG submitted for review.

The audited annual financial statements and the management report for 2020 were presented to the members of the Supervisory Board in good time before the accounts meeting on April 26, 2021, so that the members of the Supervisory Board had sufficient time to examine the submissions. The annual financial statements and the management report were comprehensively examined by the Supervisory Board and discussed in detail in the presence of the Management Board and the auditor. The auditors reported in detail on the focal points of their audit and the results of their audits. He also informed about his findings on internal control and risk management related to the accounting process.

After its final examination of the company's annual financial statements and management report, the Supervisory Board determined that there were no objections to be raised. **In its meeting on April 26, 2021, the Supervisory Board approved the annual financial statements and the management report of the company for the 2020 financial year. The annual financial statements are thus adopted,** Section 172 sentence 1 AktG. The Supervisory Board approved this report of the Supervisory Board in a resolution outside of a meeting on June 2, 2021.

The Supervisory Board would like to thank the Management Board for the constructive cooperation and the Management Board and all employees of the company and its associated companies for their extraordinary commitment and their great work in the 2020 financial year, which they did in the difficult times of the COVID-19 pandemic.

Gescher, June 2, 2021

signed Dr. Helmut Bäumer, Chairman of the Supervisory Board

other report components

Information on the determination:

The annual financial statements were approved on April 26, 2021.

INDEPENDENT AUDITOR'S REPORT

To d.velop AG

audit opinions

We have the annual financial statements of d.velop AG - consisting of the balance sheet as of December 31, 2020 and the income statement for the financial year from January 1, 2020 to December 31, 2020 and the appendix, including the presentation of the accounting and Valuation methods - checked. In addition, we have audited the management report of d.velop AG for the financial year from January 1, 2020 to December 31, 2020.

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

- The attached annual financial statements comply in all material respects with the German commercial law provisions 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, 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 responsibility under those requirements and standards is further 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

Responsibility of the legal representatives and the supervisory authority 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. Also responsible 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 have deemed necessary to enable the preparation of a management report in accordance with the applicable German statutory provisions,

The Supervisory Board is responsible for monitoring 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 § 317 HGB, taking into account the German principles of proper annual auditing established by the Institute of Public Accountants (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 or 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 this information is inappropriate, to modify our respective audit opinion. We base our conclusions on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to 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 significant unavoidable risk

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.

Ahaus, May 21, 2021

KRP audit GmbH
auditing company

signed Bachelor of Laws Thomas Terhaar, Chartered Accountant

Signed Dipl.-Betriebswirt (FH) Jörg Brands, auditor