

search result

Surname	Area	information	V. date
iteratec GmbH Munich	Accounting / financial reports	Annual financial statements for the business year from 01/01/2019 to 12/31/2019	11/19/2020

iteratec GmbH**Munich****Annual financial statements for the business year from 01/01/2019 to 12/31/2019****MANAGEMENT REPORT****I. Company basics**

iteratec is a technology company and offers its customers the right solutions for complex problems - from a flash of inspiration to digital products. Iteratec employees are passionate technologists and want to create added value for people with high-quality software.

iteratec develops individual software systems, designs large system landscapes and takes on technological leadership. Trend-setting companies have entrusted iteratec with challenging agile projects for over 20 years. The company was founded in 1996 by Klaus Eberhardt and Mark Goerke. You still run the company today. Iteratec has grown continuously since it was founded and has continuously expanded its range of experience. Over 364 colleagues at seven locations relieve customers from medium-sized and large companies. The company is not a number-driven company. There were and are no 3 or 5 year targets derived from a business plan. The goal of the owner-managed company is to relieve his customers and entrust their colleagues with interesting and challenging tasks. This has resulted in a corporate culture that is completely people-oriented.

The hierarchy is deliberately kept flat with two levels in order to maintain a rapid flow of communication as well as the flexibility and speed of the processes. The operationally steering committee is the management, which includes the managers and the business unit managers and branch managers. The only additional level are project areas in which iteratec has partially combined customer and project responsibility and which are managed by a project area manager.

Many well-known customers such as Audi, BMW, Daimler, Deutsche Bahn, Lufthansa, Otto, Red Bull, Tchibo or Zalando entrust the excellent team with challenging and diverse projects. That is the basis for economic success and steady growth.

Customers praise the quality of work, which is far above average. In the case of a service provider, the quality noticeable for the customer automatically results from the competence of the colleagues deployed, iteratec selects new employees very selectively, taking into account competencies and especially potential, and is therefore the software and IT service provider with the highest competence density today = Competence / number of employees. The density of competencies paired with an extraordinary willingness to lead the customer to success with his tasks is a unique selling point of iteratec.

Iteratec's core service is digitization. In addition to innovation management, technology consulting (such as the setting up of an innovation lab) and IT operations, this is essentially software development.

The three main business areas are:

- Understand & Create: Trying out ideas and creating innovations
 - Experience new technologies: e.g. understand the opportunities of IoT, AI and blockchain in innovation workshops
 - Conceive design sprints: create and test proofs of concept
 - Develop minimum viable products to get quick feedback from users
- Build & Launch: Design pioneering digital solutions with agile methods
 - Use expert knowledge: Improve software through modern technologies and reviews of existing structures
 - Implement innovations: Develop stable software solutions that create immediate added value
 - Establish an agile approach to improve organization and collaboration and increase flexibility
- Mature & Expand: Develop leading digital products and services
 - Design and implement cloud strategies. Efficient and high-performance operation that is based on customer requirements
 - Implement DevOps structures: Business success through continuous development
 - Realize microservice architectures: replace legacy systems with efficient architectures that can be operated easily and cost-effectively

Software development is an essential core competence. iteratec develops exactly the individual software that its customers need. This requires top performance in all disciplines: from project and requirements management through architecture design and programming to security, DevOps, quality management, testing and deployment.

Digitization would be impossible without software. But the technologies on which mobile applications, cloud computing, the Internet of Things and Co. are based are constantly changing. Today more than ever it is important to develop reliable systems that can be adapted quickly and flexibly.

Iteratec has been working with agile and iterative process models for 20 years. The company has the skills to flexibly relieve customers with the system that best suits them. Iteratec not only relies on a clearly structured and effective approach, but also on intuitive, manageable solutions. Regardless of whether SCRUM, Kanban or the V-Modell XT, iteratec develops and modulates software in a wide variety of topics and industries. Customers can rely on the highly qualified and experienced project teams. So that digitization is not a risk but an opportunity for companies, iteratec offers its customers tailor-made software solutions, such as: B.:

- Web applications
- Apps for mobile devices
- Multi-layer client-server solutions
- Micro-architectures
- Portals, eCommerce platforms and much more

Digitization & customer experience

Digitization is a challenge. It changes life not only on a social, but also on an economic level. Thanks to disruptive technologies, business model innovations are increasingly coming into focus. Consumers are often far ahead of companies in the digital world and accordingly have high expectations. But what do you do when your core systems are not yet able to cope with the increased expectations of web, mobile, data-driven and real-time approaches? iteratec competently relieves the company with tailor-made evolutionary solutions, thereby ensuring that all systems are not only contemporary and functional, but also innovative, intuitive and effective.

iteratec offers:

- Customer journeys in requirements elicitation
- Data analysis & reviews
- Integration of functionality via lightweight web applications
- Intermediate layers for real-time connections
- UX labs

In addition to the development of individual IT systems on the common platforms and operating systems, the technological core competence lies in the following areas:

- Web applications, mobile applications & portals (responsive web design, web performance, ...)
- Technologies
 - Blockchain and Distributed Ledger Technologies
 - Artificial Intelligence and Machine Learning
 - Augmented reality
 - Real time search
 - ...
- IT security
- Health check and project fire department
- Agile project management
- Business Navigation / Enterprise Architecture Management

II. Economic report

1.) Macroeconomic and industry-specific framework conditions

1.1) Overall view of the German economy 2019 ¹

The international trade conflicts, a troubled and structural change car industry and the Brexit chaos had a negative impact on the German economy in 2019.

The German economy grew by just + 0.6% in 2019. Since 2013 (+ 0.4%) this is the lowest value in six years. It is positive that the German economy has grown for the ninth year in a row. However, the low growth rate is a clear sign of an impending recession that will initially be averted in 2019.

Growth in 2019 was mainly supported by consumption: after adjustment for prices, private consumer spending was 1.6% higher than in the previous year, while government consumer spending rose by 2.5%. Private and government consumption expenditure thus grew faster than in the two previous years (private consumption expenditure in 2017 and 2018 + 1.3% compared to the previous year; government consumption expenditure in 2017 + 2.4% and 2018 + 1.4% compared to the previous year) ¹.

According to the Federal Statistical Office, the economic development in 2019 was divided into two parts on the production side of GDP: On the one hand, the service sectors and the construction industry recorded predominantly strong growth. On the other hand, the economic output of the manufacturing industry (excluding construction) has collapsed. The construction industry recorded the strongest growth with an increase of 4.0%. The service areas information and communication as well as the financial and insurance service providers also developed above average with + 2.9% each. In contrast, there were strong declines in large parts of industry: economic output in the manufacturing sector excluding construction, which makes up a good quarter of the overall economy, fell by 3, 6% back. In particular, weak production in the automotive industry contributed to this decline ¹.

The good economic development from the past few years cooled off significantly in 2019. Multiple forecasts by the major German economic institutes about an imminent and almost complete recession reflect the overall picture.

The increase in price-adjusted gross value added at 2.9% (previous year + 3.7%) in the information and communication service area is well above the overall economic development. Iteratec's activities are fully assigned to this service area. But here, too, there is a clear reduction compared to the previous year. In addition, it should be noted that the economic development of iteratec depends to a large extent on the development of the industries of its main customers.

Despite the weak overall economic growth, the labor market developed very positively in 2019. In 2019, the number of people in employment reached a new high since reunification. The economic output was achieved on an annual average in 2019 by around 45.23 million employees who work in Germany. That was approx. 400,000 more than a year earlier with 44.86 million employed. The number of unemployed fell by an average of 73 thousand in 2019 compared to the previous year to 2.27 million. This corresponds to an unemployment rate of 5%. In the previous year it was 0.2 percentage points higher.

¹ Source: Federal Statistical Office, 2019 gross domestic product for Germany, January 2020

1.2) Overall view of the German ICT industry and software market in 2019 ²

According to statistics from the industry association BITKOM, total sales in the ICT industry increased by 1.5% to around € 172.2 billion compared to 2018 (compared to an increase from 2017 to 2018 of also 1.5%). Information technology (€ 95.4 billion) remains the most important pillar of growth with a share of 55% in the ICT market and an increase of around 2.7% compared to 2018.

The total turnover in the area of information technology breaks down as follows:

- The software sector with € 27.6 billion. (+ 2.7% compared to the previous year)
- The market for IT services, including project business and IT consulting, with € 41.9 billion (+ 6.4% compared to the previous year)
- The IT hardware market with € 25.9 billion (- 0.4% compared to the previous year)

Iteratec's range of services is largely in the area of IT services and thus in the market segment with the greatest increase compared to the previous year.

According to statistics from the industry association BITKOM, the number of employees in Germany in the ICT industry rose by around 42 thousand to 1.2 million in the reporting year compared to 2018 as a result of digitization.

According to a current BITKOM study, the shortage of IT experts has risen sharply again. According to the BITKOM study, at the end of last year around 124,000 positions were vacant for IT experts. In 2018 there were 82 thousand - an increase of 51% within one year.

According to the BITKOM President Achim Berg, the problem of skilled workers is the brake on the digital industry and thus also on the entire German economy. To counteract this trend, BITKOM has designed a digital strategy for 2025. The Digital Strategy 2025 is a critical inventory of the status quo and proposes specific measures as to how Germany can fundamentally and massively increase its digitization capability. It identifies four main areas of activity:

1. The federal government needs more educational competence, further training needs more recognition
2. Creating the best infrastructures for the Smart Country
- 3rd Our state - digital by design
- 4th Rethinking data policy

(for details see: <https://www.bitkom.org/Digitalstrategy2025>)

2.) Course of business and situation

2.1.) Company development

iteratec has been growing continuously since it was founded in 1996 and has been generating profits every year since then. The positive economic development continued in the year under review. The increase in total output from 2018 to 2019 was 12.3% (compared to the increase from 2017 to 2018 of 18.1%). The gross profit increased by 20.2% (compared to the increase from 2017 to 2018 of 14.4%). The level of growth depends primarily on the recruitment of new, highly qualified employees and the acquisition of new and follow-up projects.

² Source: BITKOM

The use of external partners in projects is not iteratec's business model. The focus is on the customer's requirements. Certain special skills are required in individual cases, which is not fulfilled by our own employees. Personnel requirements in the projects often have to be met at very short notice. Due to increasing competition from other larger system houses and user companies, recruiting employees was made even more difficult in the year under review; overall, the requirements from the projects were higher than the available permanent employees. However, this gap was significantly reduced compared to 2018 and more internal employees could be deployed on a percentage basis. The share of external services in total output therefore decreased in the reporting year to 11.1% compared to 16.9% in the previous year. The total share of sales in 2019 was around € 5.5 million compared to € 7.4 million in 2018, around € 2 million lower (- 27%), with the cost of purchased services (third-party services) being approx € 1.5 million in sales of the subsidiary iteratec Sp. Z oo based in Breslau (Wrocław / Poland) are included.

The business figures in detail:

In 2019, sales amounted to € 50,967 thousand compared to € 43,147 thousand in 2018 (plus 18.1%). Taking into account the change in inventories of finished and unfinished products, the total output in 2019 was € 49,779 thousand compared to € 44,327 thousand in the previous year (plus 12.3%). The gross profit in the reporting year was € 44,299 thousand compared to € 36,863 thousand in 2018.

The annual turnover is broken down into the three business areas as follows:

IT management consulting:	1,529 thousand €;	3%	(2018: € 1,726 thousand)
Technology consulting:	€ 3,058 thousand;	6%	(2018: € 3,452 thousand)
Implementation of IT projects:	46,380 thousand €;	91%	(2018: 37,969 thousand €)

and by country:

Germany	47,119 thousand €	(2018: € 40,750 thousand)
Austria	3.848 Th. €	(2018: € 2,397 thousand)

2.2.) Financial position

The balance sheet total as of December 31, 2019 was € 25,375 thousand (2018: € 23.589 thousand). Of this amount, € 2,709 thousand is attributable to fixed assets, € 22,435 thousand to current assets and € 231 thousand to prepaid expenses. The ratio of fixed assets to total assets is around 11% (2018: 11%).

Investments in fixed assets amounted to around € 1,157 thousand (2018: € 1,161 thousand).

In addition to equity of € 10,738 thousand (2018: € 8,875 thousand), the liabilities side consists of provisions of € 9,027 thousand and liabilities of € 5,610 thousand. Of the provisions, € 1,721 thousand related to pension provisions, € 111 thousand to tax provisions and € 7,195 thousand to other provisions. Own funds account for 42.3% of the balance sheet total (2018: 37.6%). No deferred taxes are reported.

The trade payables amount to 4.1% of the balance sheet total and are completely covered by liquid funds.

Against the background of the future planned development of business operations, adequate equity capital remains a goal of the shareholders.

2.3.) Financial position

The company's financial position in the year under review is in order. The cash flow from operating activities: € 3,370 thousand (2018: € 4,783 thousand), netted with the cash flow from investing activities: € - 1,088 thousand (2018: € - 1,159 thousand), resulted in a change in cash and cash equivalents of + 2,282 thousand. € (2018: + € 624 thousand).

2.4.) Profit situation

The 2019 annual surplus was € 1,863 thousand compared to € 1,858 thousand in 2018. The EBIT rate was 7.9% compared to 8.1% in 2018.

As of December 31, 2019, iteratec employed 341 permanent employees (excluding students) compared to 315 employees as of December 31, 2018. The number of employees according to commercial law (Section 267 (5) and 285 (7) HGB) was 431 in 2019 384 in the previous year.

Personnel costs increased to € 31,465 thousand in 2019 compared to € 26,655 thousand in the previous year. The appropriate return on equity expected by the shareholders is guaranteed.

III. Branch report

Iteratec has branches in Frankfurt, Hamburg, Stuttgart, Düsseldorf and Vienna as well as a subsidiary, iteratec Sp. Z oo, based in Breslau (Wroclaw / Poland).

IV. Forecast report

In view of a global economic crisis, which is leading to massive economic consequences as a result of the COVID-19 health crisis, all economic forecasts from January 2020 are now obsolete. A serious statement about the effects of this economic crisis on the ICT market in Germany and also on the business development of iteratec up to the end of 2020 is not feasible, assessments are rather speculative. This is therefore not done at this point.

In summary, only those measures are described (under V. Opportunities and Risks) that counteract a decline in sales in 2020 and that have already been applied or may still be applied.

Overall, it can currently be assumed that sales and operating profit will decrease significantly compared to 2019.

V. Opportunities and risks of future development

1.) Risk report

Risks from the general market situation

According to current estimates by BITKOM (as of June 2020), the global, EU and ICT market in Germany will shrink in 2020.

The BITKOM study from May 2020 states that every third ICT company (31%) uses short-time work (overall economy: 50%). Every fifth ICT company (19%) resort to job cuts, i.e. layoffs or non-renewal of employment contracts. Four out of ten (39%) postpone investment projects, one in eight (12%) has completely canceled them.

The effects on the ICT market are very different depending on the market segment. The overall development of the ICT market is therefore relevant for IT service companies. Much more decisive, however, is the market development of the industries for which these service companies are mainly active. The economic crisis hits all industries, but with varying degrees of severity.

Iteratec's sales breakdown by industry in the reporting year was as follows:

• Automotive	42%
• Transport & logistics	13%
• Public authorities / municipal administration	8th %
• Finance & Insurance	8th %
trade	7%
■ energy	4%
■ IT	3%
• Aviation	3%
• rest	12%

The sectors: aviation, automotive, transport & logistics and trade are currently particularly hard hit by the economic crisis. In the 2019 reporting year, iteratec's total revenue share in these industries was 65%.

It is to be expected that this sector orientation will have an above-average negative impact on iteratec's business development. According to the current forecast, this will probably only take place in the second half of 2020 and the first half of 2021.

Operational risk

In addition to the fact that project budgets are being cut or projects are being stopped completely, current overcapacities in the IT service market are leading to an intensified competitive situation. This in turn leads to extremely tough price wars when applying for project contracts.

Due to the extremely high quality of iteratec services as well as the enormously good reputation on the market and the very good economic development plus the high equity, iteratec is ideally equipped to keep up in this extreme competitive situation. However, this inevitably leads to falling yields.

The following measures are currently being implemented to reduce the current operational risks:

- Increased investments in marketing and sales
- Increased networking in social media such as B. the implementation of online webinars and the consistent implementation of the iteratec influencer concept
- Motivation and mobilization of the sales cooperation of all colleagues
- Regular status meetings about business changes and measures in the management (two to three times a week), thereby
 - Better coordination of mutual assistance in acquisition and staffing
 - Better planning of short-term project risks
- Regular information on news and discussions / exchanges with the entire company (meetings, intensive use of internal collaboration and communication tools)
- Generating new business ideas: e.g. IT solutions and concepts that contribute to the core brand
- Cost cutting:
 - Preparation of the possible use of short-time allowance
 - Far-reaching reduction in new hires
 - Avoidance of business travel
 - Reduction of the proportionate internal administration costs through increasing IT process support
- Expansion of acquisitions in new industries (such as pharmaceuticals, public health)
- Development of strategies in order to position oneself best in an extremely price-driven competitive situation
- Targeted further investment in promising topics such as B. Machine learning, blockchain technology, IOT, cloud computing, ...

Personnel risks

The basis for the success and constant growth of iteratec is the excellent team and the employee-oriented corporate culture. Iteratec regularly conducts employee surveys in order to be able to further develop the further training offer, health care and social benefits in a targeted manner. The company has received several awards in various categories as the "Great Place to Work". In addition to the project business, the team is also very committed to the further development of the company and works independently on new ideas and technologies, for example as part of the Innovation Free Day.

Despite the current focus on the acquisition of new IT projects, investing in the development of new skills through new hires is still extremely important in the long term and strategically. However, in contrast to earlier in 2020, it does not represent a real significant business risk.

The existing measures will therefore be continued. This includes:

- Development, specification and strengthening of the iteratec brand
- Greater relocation of development projects to virtual teams at different iteratec locations, particularly with the involvement of the Wroclaw location
- Stronger active presence in digital media (especially Twitter, Facebook, XING, LinkedIn, kununu, ...)
- Consistent application of a stringent applicant selection process
- Appropriate and fair salary models
- Utilization of employee benefits (e.g. health care programs, allowances for meals, travel expenses, JobRad, JobTicket, ...)
- Increasing presentation of the internal corporate culture to the outside world, (e.g. iteratec website: "iteratec insight")
- Intensification of the cooperation with universities and research institutions as well as the recruitment of working students and interns and the awarding and supervision of diploma theses
- Participation in employer branding competitions such as Great Place to Work

Munich, May 15, 2020

Klaus Eberhardt, managing director

Mark Goerke, managing director

Michael Schulz, managing director

Balance as of December 31, 2019

ASSETS

	December 31, 2019	December 31, 2018
	€	€
A. Fixed assets		
I. Intangible Assets		
EDP software	95,048.92	132,026.92
	95,048.92	132,026.92
II. Tangible assets		
Other equipment, factory and office equipment	2,578,175.00	2,439,816.00
Payments on account and assets under construction	0.00	20,773.95
	2,578,175.00	2,460,589.95
III. Financial assets	35,722.00	75,722.00
B. Current Assets		
I. Receivables and other assets		
1. Trade accounts receivable	10,918,657.92	12,293,855.56
2. Receivables from affiliated companies	63,569.31	548,184.71
3. other assets	3,177,305.16	1,739,969.07
	14,159,532.39	14,582,009.34
II. Cash in hand, bank balances	8,275,035.65	5,993,263.21
	8,275,035.65	5,993,263.21
C. Prepaid expenses	231,467.85	345,960.02
	25,374,981.81	23,589,571.44

LIABILITIES

	December 31, 2019	December 31, 2018
	€	€
A. Equity		
I. Drawn capital	200,000.00	200,000.00
II. Profit carried forward	8,675,131.39	6,816,991.54
III. Annual surplus	1,863,054.44	1,858,139.85
	10,738,185.83	8,875,131.39
B. Provisions		
1. Provisions for pensions and similar obligations	1,720,766.62	933,673.27
2. Tax provisions	111,413.00	277,216.00
3. other provisions	7,194,897.00	6,124,170.00
	9,027,076.62	7,335,059.27
C. Liabilities		
1. Advance payments received	1,404,779.14	2,847,164.87

	December 31, 2019	December 31, 2018
	€	€
2. Trade accounts payable	1,032,615.68	1,052,018.42
3. other liabilities	3,172,324.54	3,480,197.49
	5,609,719.36	7,379,380.78
	25,374,981.81	23,589,571.44

Income statement for the period from 01/01/2019 to 12/31/2019

	2019	2018
	€	€
1. Sales	50,967,468.88	43,147,304.46
2. Change in the inventory of work in progress	-1,413,078.10	1,000,305.11
3. other operating income	224,826.76	179,690.34
OVERALL PERFORMANCE	49,779,217.54	44,327,299.91
4. Expenses for purchased services	-5,479,774.60	-7,463,628.04
GROSS YIELD	44,299,442.94	36,863,671.87
5. Personnel expenses		
a) Wages and salaries	-26,900,354.38	-22,865,326.33
b) social contributions	-4,565,078.97	-3,790,073.94
- of which for old age pension: € 65,025.83 (Vi.T € 125)		
6. Depreciation on intangible and tangible assets	-956,343.46	-794,057.22
7. other operating expenses	-7,921,025.53	-5,809,910.23
OPERATING RESULT	3,956,640.60	3,604,304.15
8. Interest and Similar Income	21,376.20	81,746.87
9. Interest and Similar Expenses	-689,646.00	-582,887.00
FINANCIAL RESULTS	-668,269.80	-501,140.13
EARNINGS BEFORE TAXES	3,288,370.80	3,103,164.02
10. Income taxes	-1,386,915.29	-1,241,704.57
11. RESULTS AFTER TAXES	1,901,455.51	1,861,459.45
12. Other taxes	-38,401.07	-3,319.60
13. ANNUAL PROFIT	1,863,054.44	1,858,139.85

Appendix for the 2019 financial year

I. General information

Iteratec GmbH is based in Munich and is entered in the commercial register at the Munich Local Court (Reg. No. B 113519).

The company is a large corporation i. S. v. Section 267 of the German Commercial Code.

II. General information on the content and structure of the annual financial statements

The annual financial statements were prepared in accordance with the provisions of the Commercial Code in the version of the Accounting Directive Implementation Act (BilRUG).

The financial statements include the balance sheet, the income statement and the notes. The income statement is prepared using the total cost method.

III. Accounting and valuation principles

The accounting and valuation methods used are based on commercial law.

1. Intangible assets

The intangible fixed assets acquired against payment are valued at acquisition cost and are depreciated on a straight-line basis over their normal useful life.

2. Property, plant and equipment

Tangible fixed assets are valued at acquisition cost less scheduled depreciation. For items with a limited useful life, depreciation is determined using the straight-line depreciation method.

Additions to movable fixed assets are depreciated pro rata temporis.

Low-value assets with individual acquisition costs of up to € 250.00 are written off in full in the year of acquisition. Low-value assets with acquisition costs of more than € 250.00 to € 800.00 are shown in the schedule of assets and depreciated immediately.

3. Financial assets

Financial assets are valued at acquisition cost or the lower applicable value.

4. Inventories

Work in progress is shown under inventories. The evaluation was carried out with the production costs. The down payments received are openly deducted from the inventories, exercising the option under Section 268 (5) sentence 2 HGB. Insofar as the advance payments received exceed the work in progress, these are shown as liabilities.

5. Receivables and other assets

Receivables and other assets are capitalized at their nominal values. Identifiable individual risks are taken into account by means of value adjustments, if necessary. The general credit risk is taken into account by means of a general bad debt allowance.

6. Liquid funds

Liquid funds are shown at their nominal values.

7. Active prepaid expenses

Expenditures before the reporting date are shown as prepaid expenses on the assets side, insofar as they represent expenses for a certain period of time after this day.

8. Equity

The subscribed capital corresponds to the share capital according to the articles of association as well as the entry in the commercial register and is paid in full.

9. Provisions for pensions

The pension provisions are valued according to the projected unit credit method. The interest rate on which the calculation is based is 2.71%.

If plan assets were withdrawn from access to all other creditors on December 31, 2019, they will be offset.

10. Other provisions

The other provisions have been set up for all identifiable risks and uncertain obligations based on prudent business judgment. Provisions with a remaining term of more than one year were discounted in accordance with the provisions of the BilMoG.

11. Liabilities

The liabilities are generally stated with their repayment or fulfillment amounts.

IV. Information on the balance sheet

1. Fixed assets

The composition and development of fixed assets is shown in the fixed asset schedule.

The company holds shares of at least 20% in the following shareholders:

	proportion of	Equity December 31, 2019	Annual results 2019
	%	T €	T €
iteratec Sp.z oo, Wroclaw	100	642	394

2. Inventories

The unfinished services of T € 1,683, netted with the advance payments received (T € 3,088), result in a value of T € 0. The excess advance payments are shown under Liabilities C. 1..

3. Receivables and other assets

As in the previous year, the customer receivables have a remaining term of up to one year. The other assets contain receivables with a remaining term of more than one year in the amount of T € 808 (previous year: T € 859).

4. Subscribed capital

The subscribed capital shown as share capital amounts to € 200,000.00.

5. Provisions

a) The pension provisions were valued according to the projected unit credit method (PUCM) using an actuarial interest rate of 2.71%. A legal trend is not taken into account.

The tax-recognized Heubeck RICHTTAFELN 2018 G.

Reinsurance policies that serve exclusively to meet the pension obligations and are not accessible to all other creditors (plan assets within the meaning of Section 246 (2) sentence 2 of the German Commercial Code (HGB)) have a fair value of T € 3,920 with pension obligations of T € 5,640 charged.

The discounting of the pension provisions using the average market interest rate of the past ten years results in a difference of € 927 thousand (previous year: € 927 thousand in accordance with Section 253 (6) sentence 1 of the German Commercial Code (HGB) compared to the discounting using the average market interest rate of the past seven years 979). This difference is blocked for distribution.

b) The other provisions essentially include provisions for bonuses in the amount of T € 2,890 (previous year: T € 2,543), vacation and overtime in the amount of T € 2,607 (previous year: T € 2,495) and services still to be provided in the amount of T € 1,360 (previous year: T € 767).

6. Liabilities

	As of December 31, 2019 with a remaining term		
	up to 1 year	up to 5 years	more than 5 years
	€	€	€
1. Advance payments received	1,404,799.14	0.00	0.00
	(Previous year T € 2,847)		
2. Trade accounts payable	1,032,615.68	0.00	0.00
	(Previous year: T € 1,052)		
3. other liabilities	3,172,324.54	0.00	0.00
	(Previous year T € 3,480)		
- of which from taxes:	3,045,028.19	0.00	0.00
	(Previous year T € 3,394)		
- of which in the context of social security:	18,832.11	0.00	0.00
	(Previous year T € 15)		
	5,609,739.36	0.00	0.00

The liabilities are not secured by mortgages.

7. Deferred Taxes

There are deviations between the commercial and tax valuations for pension, vacation and overtime provisions, which lead to deferred tax assets of € 172 thousand (previous year: € 166 thousand). This is based on an income tax rate of 32%. Activation does not take place due to the identification option in accordance with Section 274 (1) sentence 2 of the German Commercial Code (HGB).

V. Explanations of the income statement

I. Other operating income

The other operating income mainly includes income from car rental (T € 186).

2. other operating expenses

The other operating expenses include room costs (T € 2,695), advertising and representation costs (T € 1,188), costs for recruiting (T € 364).

3. Interest and similar expenses

Interest and similar expenses include expenses from the compounding of provisions in the amount of € 686,337.00 (previous year: € 583 thousand).

VI. Other Information**1. Contingent liabilities and other financial obligations**

The other financial obligations from rental, leasing and maintenance contracts amount to a total of T € 17,356.

2. Management

a) The managing directors in the 2019 financial year were Mr. Klaus Eberhardt, computer scientist, Oberhaching, Mark Gocke, mathematician, Munich, and Michael Schulz, computer scientist, Norderstedt.

b) With regard to the total remuneration for the members of the management, use is made of the safeguard clause in Section 286 (4) of the HGB.

3. Employees

The company employed the following employees on average in the year under review:

Salaried employees	292
Wage earners	57
students	82

4. Auditor's fee

In the 2019 financial year, fees for auditing services in the amount of T € 25 are recognized as an expense.

5. Events of particular importance after the reference date

There were no events of particular importance.

6. Supplementary report

During the preparation of the annual financial statements, the novel coronavirus (SARS-COV-2) spread in many countries. Until the completion of the annual financial statements, this had no negative financial effects on the company's assets, financial position and results of operations as of December 31, 2019. Presumably, there will be negative effects on the course of business in the second half of 2020.

Munich, May 15, 2020

Klaus Eberhardt

Mark Goerke

Michael Schulz

The annual financial statements as of December 31, 2019 were adopted by resolution of the shareholders' meeting on August 17, 2020.

Fixed asset movement schedule for the 2019 financial year

	01/01/2019	Acquisition and production costs		December 31, 2019
		Accesses	Departures	
	€	€	€	€
Intangible assets				
EDP software	312,126.87	10,348.00	83,450.27	239,024.60
II. Tangible assets				
Other equipment, factory and office equipment	4,437,540.71	1,147,113.46	561,686.16	5,022,968.01
Advance payments made, assets under construction	20,773.95	0.00	20,773.95	0.00
III. Financial assets				
Shares in affiliated companies	119,105.33	0.00	83,383.33	35,722.00
	4,889,546.86	1,157,461.46	749,293.71	5,297,714.61
		Accumulated depreciation		
	01/01/2019	Accesses	Departures	December 31, 2019
	€	€	€	€
Intangible assets				
EDP software	180,099.95	46,972.00	83,096.27	143,975.68
II. Tangible assets				
Other equipment, factory and office equipment	1,997,724.71	909,371.46	462,303.16	2,444,793.01
Advance payments made, assets under construction	0.00	0.00	0.00	0.00
III. Financial assets				
Shares in affiliated companies	43,383.33	0.00	43,383.33	0.00
	2,221,207.99	936,343.46	588,782.76	2,588,768.69
		Book values		
		December 31, 2019		December 31, 2018
		€		€
Intangible assets				
EDP software		95,048.92		132,026.92
II. Tangible assets				

	Book values	
	December 31, 2019	December 31, 2018
	€	€
Other equipment, factory and office equipment	2,578,175.00	2,439,816.00
Advance payments made, assets under construction	0.00	20,773.95
III. Financial assets		
Shares in affiliated companies	35,722.00	75,722.00
	2,708,945.92	2,668,338.87

Independent auditor's report

To iteratec GmbH

Examination Opinions

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

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 regulations applicable to corporations and, taking into account the German principles of proper bookkeeping, give a true and fair view of the company's assets and financial position as of December 31, 2019 and its earnings position for the financial year from January 1, 2019 .2019 until 31.12.2019 and
- the attached management report gives an overall 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 accurately presents the opportunities and risks of future development. Our audit opinion on the management report does not extend to the content of the above-mentioned corporate governance statement.

In accordance with Section 322, Paragraph 3, Clause 1 of the German Commercial Code (HGB), we declare that our audit has not led to any objections to the correctness of the annual financial statements and the management report.

Basis for the examination results

We carried out our audit of the annual financial statements and the management report in accordance with Section 317 of the German Commercial Code (HGB) and in compliance with the generally accepted German auditing principles established by the Institute of Auditors (IDW). Our responsibility under these regulations and principles is further described in the section "Auditor's Responsibility for the Audit of the Annual Financial Statements and Management Report" of our auditor's report. We are independent of the company in accordance with the German commercial and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. We believe

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

The legal representatives are responsible for the preparation of the annual financial statements, which comply in all essential respects with the German commercial law regulations applicable to corporations, and for ensuring that the annual financial statements, in compliance with the German principles of proper bookkeeping, give a true and fair view of the assets, finance - and the company's earnings position.

In addition, the legal representatives are responsible for the internal controls that they have determined to be necessary in accordance with German generally accepted accounting principles in order to enable the preparation of annual financial statements that are free from material - intended or unintentional - misstatements.

When preparing the annual financial statements, the legal representatives are responsible for assessing the company's ability to continue as a going concern. Furthermore, they are responsible for disclosing matters relating to the going concern of the company, if relevant. In addition, they are responsible for accounting for the going concern basis of accounting, unless actual or legal circumstances conflict with this.

In addition, the legal representatives are responsible for the preparation of the management report, which as a whole provides an accurate picture of the company's position and is consistent with the annual financial statements in all material respects, complies with German legal requirements and appropriately 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 legal regulations and to provide sufficient suitable evidence for the statements in the management report can.

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

Our objective is to obtain sufficient certainty as to whether the annual financial statements as a whole are free from material - intended or unintentional - misrepresentation and whether the management report as a whole gives an accurate picture of the company's position and, in all material matters, with the annual financial statements as well is in line with the findings of the audit, complies with German legal requirements and correctly presents the opportunities and risks of future development, as well as issuing an auditor's report that includes our audit opinions on the annual financial statements and the management report,

Adequate security is a high level of security, but no guarantee that an audit carried out in accordance with Section 317 of the German Commercial Code (HGB) in compliance with the German principles of proper auditing established by the Institute of Auditors (IDW) will always reveal a material misstatement. Misrepresentations can result from violations or inaccuracies and are regarded as material if it could reasonably be expected that they individually or collectively influence the economic decisions of the addressees made on the basis of these annual financial statements and management report.

The website of the Institut der Wirtschaftsprüfer (IDW) contains a more detailed description of the auditor's responsibility for auditing the annual financial statements and the management report at www.idw.de/idw/verlautbaren/bestaetigungsvermerk/hgb-ja-non-pie. This description is part of our auditor's report.

Among other things, we discuss with those responsible for monitoring the planned scope and timing as well as significant audit findings, including any deficiencies in the internal control system that we discover during our audit.

Munich, June 29th, 2020

OTG Ortenburg Treuhand GmbH
auditing company

Moritz Graf zu Ortenburg, auditor

If the annual financial statements and / or the management report as of December 31, 2019 of iteratec GmbH are published or passed on in a form deviating from the confirmed version, our renewed statement is required beforehand, provided that our auditor's report is quoted or our audit is referred to; we refer in particular to Section 328 of the German Commercial Code (HGB).

