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**softgarden e-recruiting GmbH**

Berlin

**Annual financial statements for the financial year from January 1st, 2018 to December 31st, 2018****MANAGEMENT REPORT FOR THE 2018 FINANCIAL YEAR****foundations of society****business model**

Softgarden is the contemporary solution for easy recruiting. In applicant management, employers optimize the candidate experience with the help of softgarden, optimally involve hiring managers thanks to an app and implement a fast application process. When selecting applicants, employers can use the integrated recommendation manager to reach candidates on social networks by using their employees' existing contacts. You post job offers across channels on over 300 job exchanges and can address attractive candidates via active sourcing in the softgarden Talent Network. With the Career Website module, the candidates who have been activated by the job advertisements can be received on the customer's website. The employer branding on the career website is reinforced by the applicant feedback collection through the use of the feedback solution. Employers use this to automatically generate feedback from applicants and new employees, make it visible on their own website and on kununu, thereby improving their online reputation. More than 600 companies from all sectors and sizes are already using the cloud solution, which is easy and quick to implement. make it visible on their own website and on kununu, thereby improving their online reputation. More than 600 companies from all sectors and sizes are already using the cloud solution, which is easy and quick to implement. make it visible on their own website and on kununu, thereby improving their online reputation. More than 600 companies from all sectors and sizes are already using the cloud solution, which is easy and quick to implement.

In September 2018 there was a change of ownership. Spoonbill GmbH, Berlin, acquired 100% of the shares in the company and made a payment of EUR 0.5 million to the capital reserve as part of the acquisition. softgarden e-recruiting GmbH (in short: SOFTGARDEN) has locations in Berlin, Saarbrücken and Krakow.

**strategy and control system**

The corporate strategy focuses on growth and internationalization. In order to achieve the strategic goals, SOFTGARDEN relies on technology leadership and a high pace of development in order to shape trends in the target market at an early stage. The product and technology development takes place in cooperation with customers within the framework of pilot projects.

SOFTGARDEN is pursuing a growth strategy with a new focus, with a special focus on international business. The most important target regions are the markets in Poland and Spain. For the next few years, SOFTGARDEN aims to further increase the product share of licenses in sales, expand the export share and intensify business in the geographical target markets. This creates economies of scale and thus improves the conditions for further increases in profitability.

The essential control parameters for achieving the strategic goals are the added MMR (the additional monthly recurring revenue gained) and the amount of revenue from licenses as key indicators for achieving growth. Other control parameters are:

- the development of sales as a key figure for the growth rate
- incoming orders as a key early indicator of future sales growth.

SOFTGARDEN's monthly liquidity planning and the measures derived from it ensure that the financial requirements for the operational business and investments are covered. A monthly rolling forecast with a planning horizon of twelve months is made via risk management. This minimizes bank borrowing and optimizes the financial result.

**Research and Development**

Innovative products and maintaining the technical lead are among the most important competitive advantages in the recruiting market. The development of new unique selling propositions and products therefore plays an important role for SOFTGARDEN. Their functionality and modernity are just as crucial for economic success as the use of common development platforms and the exchange of new functionalities.

When developing new products, SOFTGARDEN works closely with industry-leading pilot customers. This cooperation guarantees the customer benefit of the products right from the start. In follow-up projects, these are constantly being further developed and adapted to developments in the target markets. The resulting products form the basis for wider distribution and export.

One focus of development activities in 2018 was functional expansions of the applicant management system with extended functions for recommendation management and HR marketing, in particular the further development of the feedback solution and the continued use of performance management in recruiting.

SOFTGARDEN's expenses for research and development (costs recorded directly as expenses of 0.5 million euros and capitalized software development costs of 0.9 million euros) in 2018 were 1.4 million euros above the previous year's figure of 0.6 million euros. This did not include any relevant third-party services. In the 2018 financial year, capitalized development costs were amortized by 0.5 million euros.

**economic report****Business development and framework conditions**

The global economy continued its robust growth in 2018 at a slightly slower pace: global gross domestic product (GDP) rose by 3.6% (previous year: 3.8%) ((IMF), 2019)<sup>1</sup>. In both the advanced economies and the emerging countries, economic momentum reached a level similar to that of the previous year. However, increasing trade policy distortions at international level and geopolitical tensions caused uncertainty to rise significantly.

In the EU, solid GDP growth slowed down over the course of the year and reached 1.9% (previous year: 2.4% (Urmersbach, 2019)<sup>2</sup>. The rate of change in the majority of countries in this region decreased compared to the previous year. The negotiations on Great Britain's exit from the European Union (EU), which lasted throughout the year, and the associated questions about the future structure of relations caused uncertainty.

<sup>1</sup> <https://de.statista.com/statistics/daten/studie/197039/umfrage/veraenderung-des-weltweiten-grossdomesticproduct>

<sup>2</sup> <https://de.statista.com/statistics/data/study/156282/survey/development-of-gross-domestic-product-gdp-in-the-eu-and-the-eurozone/>

In Germany, the robust growth in GDP continued in 2018 with a good situation on the labor market, but at 1.5% the momentum slowed compared to the previous year (2.5%).<sup>3</sup> The mood of both companies and consumers clouded over the course of the year.

### industry development

Further growth is expected worldwide for the overall market for recruiting technologies. According to a study by Roland Berger, growth from EUR 400 million to EUR 1.7 billion is expected for Germany in the period from 2015 to 2020. The market is thus showing solid growth in all segments (recruiting services, marketing, technologies).

#### Growth in software continues to be significant

For a cross-industry software provider like SOFTGARDEN, the economic development of the most important products is of particular importance. In the software area in particular, the positive trend of previous years continued with stable sales growth of well over 40% annually. SOFTGARDEN was able to significantly expand the capacities in software development in order to further develop the products in their variety, functionality and quality and thus further expand the foundation for continued growth.

#### Order and revenue growth in multiposting

In 2018, SOFTGARDEN also continued the positive trend of the previous year in the area of multiposting, with both sales and incoming orders increasing significantly above the market development. The existing customer business was also further strengthened by the expansion of the media sales team.

#### Sales and earnings growth

Overall, SOFTGARDEN's sales and earnings were well above the previous year's values, the break-even point was achieved and a positive EBIT was achieved for the first time in the history of SOFTGARDEN. Incoming orders were increased to more than EUR 16 million in all areas of the company.

The internationalization was prepared with sales activities from Germany and with temporary stays abroad. The expansion in the international business of SOFTGARDEN will in future be extended beyond the markets in Austria and Switzerland that have already been supplied to Poland and Spain.

The turnover of Softgarden e-recruiting GmbH increased significantly in 2018. With an increase of EUR 368 thousand, earnings before taxes turned from a loss in 2017 to a positive value in 2018. The goals formulated for 2018 of a significant increase in sales and a moderate increase in earnings were thus achieved. The goal of increasing order intake was also exceeded.

<sup>3</sup> [https://www.destatis.de/DE/Themen/Wirtschaft/National-accounts-Inlandsprodukt/\\_Graphic/\\_Interaktiv/bip-inlandsprodukt-wachsen-jahr.html](https://www.destatis.de/DE/Themen/Wirtschaft/National-accounts-Inlandsprodukt/_Graphic/_Interaktiv/bip-inlandsprodukt-wachsen-jahr.html), no date

### earnings situation

	2018		2017		change	
	kEUR	%	kEUR	%	kEUR	%
overall performance	19,451	100	15,447	100	4,004	26
Operational Effort	-19,245	-99	-15,616	-101	-3,629	23
Investment and financial result	-19	0	-12	0	-7	58
Earnings before taxes	187	1	-181	-1	368	203
annual result	186	1	-180	-1	366	203

#### Total performance above previous year

The total output (sales revenue + other capitalized own work + other operating income) of SOFTGARDEN was 4.0 million euros in 2018 due to the expansion of sales and marketing efforts in connection with the expansion of existing customers above the previous year's value of 15.4 million euros.

#### effort increased

The cost of purchased goods and services increased by EUR 1.9 million to EUR 10.4 million as a result of the growth in the media business. Personnel expenses rose by 1.2 million euros to 5.8 million euros as a result of the increase in employee capacities.

#### Result

A positive annual result was achieved for the first time due to the disproportionate growth in total output compared to the operating expenses, in particular the sales revenues in connection with economies of scale from the further expansion of the scope of business.

#### financial position

The cash flow statement below gives an overview of the origin and use of the company's funds, in which the cash flows are broken down into the three areas of operating activities, investing activities and financing activities.

	2018	2017
Cash flow T€		
from ongoing business activities	1,303	750
from investment activity	-1,082	-712
from financing activities	516	0
Total	737	38
Cash funds T€		
at the beginning of the period	167	129
at the end of the period	904	167
change	737	38

Investment priorities of SOFTGARDEN are the further development of the products and the international expansion of the business. Both are to be financed as far as possible from the operating business. SOFTGARDEN relies on major pilot customers and reliable partnerships for both internationalization and the development of new products and functionalities.

The cash flow from operating activities increased by 553 thousand euros, in particular due to the positive earnings development in the 2018 financial year.

The cash flow from financing activities relates to a shareholder contribution of 501 thousand euros and the payment of outstanding contributions of 16 thousand euros.

Liquid funds at the end of the year rose from 167 thousand euros to 904 thousand euros.

To finance ongoing business, SOFTGARDEN had cash credit lines of EUR 1.5 million on December 31, 2018. In the previous year, the cash credit line amounted to EUR 0.5 million. As of the balance sheet date of December 31, 2018, no cash credit line had been utilized (previous year: EUR 0.4 million). SOFTGARDEN was able to meet its payment obligations at all times in the 2018 financial year.

**financial position**

	2018	2017	change
Assets T€			
Capital assets	3,016	2,535	481
Stocks	2,231	2,094	137
Short Term Claims	1,923	1,671	252
Cash and cash equivalents	904	587	317
Other Assets	332	370	-38
Total assets	8,406	7,257	1.149
Capital T€	2018	2017	change
Equity capital	1,276	573	703
accruals	1,055	1,167	-112
Liabilities to banks	0	419	-419
Payments received	2,295	1,856	439
Trade payables	1,666	1,964	-298
Current Liabilities	516	172	344
prepaid expenses	1,598	1,106	492
Total liabilities	8,406	7,257	1.149

The balance sheet total of SOFTGARDEN increased in 2018 by 15.8% to 8.4 million euros.

On the assets side, current assets increased by 709 thousand euros from 4.6 million euros to 5.3 million euros. The increase is mainly due to the change in inventories and increased trade receivables in connection with the sales development and the higher liquidity. Fixed assets increased from EUR 2.5 million to EUR 3.0 million. The increase results primarily from the capitalization of internally generated software in intangible assets.

On the liabilities side, equity increased by 366 thousand euros due to the improved result and a contribution by the shareholder to the capital reserve of 501 thousand euros. The equity ratio increased from 8% to 15%. The provisions decreased mainly due to reduced commissions by 112 thousand euros, liabilities to banks were completely reduced by 420 thousand euros. Prepayments received increased by 439 thousand euros. Trade payables fell significantly by EUR 298 thousand. Current liabilities increased by 345 thousand euros and prepaid expenses by 492 thousand euros.

**Overall assessment of the earnings, financial and asset situation**

In the 2018 financial year, the earnings situation of SOFTGARDEN improved compared to the previous year and SOFTGARDEN was able to achieve a positive annual result for the first time. The financial situation improved significantly due to the increased operating cash flow and the payment into the capital reserve. The financial position was essentially stable. SOFTGARDEN thus continues to have the financial prerequisites to realize organic growth.

**Employees**

The high qualification and motivation of the employees represents a decisive success factor for a specialized software provider like SOFTGARDEN. For this reason, SOFTGARDEN has been characterized for many years by a particularly high proportion of academics.

Personnel development and qualification of employees are of decisive importance for the functionality and degree of innovation of the products developed by SOFTGARDEN. The main focus here is on specialist training and the qualification of employees.

**management information system**

SOFTGARDEN has significantly expanded the management information system (short: MIS) in 2018. It aims to ensure the long-term success of the company.

All company processes are documented in the MIS, thus creating the basis for achieving generally binding certifications.

The MIS serves as a uniform information and control tool for all levels of the company. Regular reports, which are essentially created monthly, deliver key figures defined in the policy system from the areas:

- Development of the order situation and capacity utilization
- liquidity planning
- Development of the asset and financial position
- Forecast of the key economic figures (sales, gross profit, costs, EBIT)
- Sales forecast and market development
- Project controlling and contract management.

**Analysis of opportunities and risks**

SOFTGARDEN is exposed to a number of risks. This includes normal business risks, general economic risks, tax and financial risks. In the 2018 financial year, the risk profile changed, primarily due to the start of the internationalization of the business beyond the DACH economic area.

SOFTGARDEN was able to increase incoming orders, sales and earnings in 2018. The software area in particular developed continuously and very positively, while the business in the multiposting area lost some of its growth momentum, but was still able to grow significantly in double digits.

In the short term, there will continue to be a high demand for recruiting services in Germany due to demographics, even if companies do not grow as quickly.

In the long term, additional business potential will open up through the expansion of international business. International business may increase the need for pre-financing and cash advances.

**financial risks**

To finance the operative business, SOFTGARDEN uses instruments that essentially consist of trade receivables, liquid funds and bank liabilities. The most important risks here are default, liquidity and fair value risks. Default and liquidity risks are managed using credit lines and control procedures. For SOFTGARDEN there is no concentration of the risk of default with individual or a group of contractual partners. SOFTGARDEN strives to have sufficient liquidity and credit lines to meet its obligations.

SOFTGARDEN mainly does business that is concluded in euros. In the 2018 financial year, SOFTGARDEN did not use any transactions to hedge currency risks.

**Employees**

SOFTGARDEN succeeds, mainly supported by the use of its own software products, in hiring qualified employees, integrating them and binding them to the company in the long term. The turnover rate is low. The remuneration structure includes performance- and result-oriented components.

**Future Risks**

The focus of the SOFTGARDEN strategy for the next few years is further growth in the DACH region (Germany, Austria and Switzerland), through the further expansion of services for customers with new products and the further optimization of the functions provided as well as the Start of internationalization in other European countries.

Growth in the DACH region could be dampened by economic developments. This means that SOFTGARDEN will continue to be dependent on economic developments, especially in Germany, when it comes to achieving its growth targets.

#### forecast report

The Kiel Institute for Economics (IfW) is forecasting global economic growth of 3.4% for the current financial year <sup>4</sup>. The gross domestic product of the Federal Republic should increase by 1.7% in the same period. Overall, the economic

<sup>4</sup> <https://de.statista.com/statistics/data/studie/197039/umfrage/veraenderung-des-weltweiten-grossdomestic-product>

Development in Europe will generally lose momentum and growth is also forecast at 1.7%. <sup>5</sup>

The software market for personnel management has great potential. Currently, almost 30% of companies do not use any special software, but rather use manual methods such as spreadsheets (user study on HR trends at [www.capterra.de](http://www.capterra.de)). In addition, 62% of the companies surveyed would prefer a solution from Germany to be sure that the GDPR is taken into account. Softgarden wants to use this potential for future increases in sales and earnings.

After a 2018 financial year, which was characterized by a sharp increase in incoming orders, SOFTGARDEN started the new year with a good order situation and a renewed and expanded product base.

The trend towards further digitalization of business processes in recruiting continued in 2018 and offers additional business potential for the coming years. Important drivers are the company's personnel search, which is increasingly being designed under employer branding aspects and the associated trend towards combining the classic service of the applicant management system with the online marketing-oriented design of the career page and the introduction of a serious feedback component for applicants.

As a leading provider, SOFTGARDEN is precisely the combination of these services on the market.

In addition, SOFTGARDEN can open up further market potential through the internationalization of the business and thus significantly expand the installed base in the long term.

Against the background of the expected development, significantly higher sales and a comparable result as in 2018 are expected for the next financial year. A significant increase in sales is also expected for 2020. The increased expenses for the internationalization of the business planned for 2020 will mean that, despite the growth in sales, only a balanced result is expected for 2020 and, depending on the extent of the internationalization expenses and the speed of customer acquisition in the new markets, a slightly negative result become. The first customers in the new markets of Poland and Spain were won at the end of 2019.

Berlin, January 8, 2020

*Mathias Heese, Managing Director*

*Stefan Heinz Schueffler, Managing Director*

<sup>5</sup> <https://de.statista.com/statistics/data/studie/156282/umfrage/entwicklung-des-grossdomesticproducts-gdp-in-der-eu-und-der-eurozone/>

#### Balance sheet as of December 31, 2018

##### ASSETS

	fiscal year		Previous year
	€	€	€
A. Fixed assets			
I. Intangible assets			
1. Self-created industrial property rights and similar rights and values	2,736,421.84		2,344,120.28
2. Purchased concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	23,276.93		47,559.48
		2,759,698.77	2,391,679.76
II. Tangible assets			
Other equipment, factory and office equipment		253,892.51	140,295.51
III. financial investment			
holdings		3,000.00	3,000.00
		3,016,591.28	2,534,975.27
B. Current Assets			
I. Inventories		2,231,133.41	2,093,847.27
II. Receivables and other assets		2,191,096.21	1,936,684.55
III. Cash on hand, bank balances		903,978.37	586,932.03
		5,326,207.99	4,617,463.85
C. Prepaid expenses		63,499.64	105,317.68
		8,406,298.91	7,257,756.80

##### LIABILITIES

	fiscal year		Previous year
	€	€	€
A. Equity			
I. Drawn capital	446,113.00		446,113.00
Unclaimed outstanding deposits	0.00		-15,641.00
		446,113.00	430,472.00
II. Capital Reserve		6,569,866.19	6,069,127.00
III. loss carried forward		-5,926,331.96	-5,746,107.38
IV. Net income (previous year: net loss)		186,113.33	-180,224.58
		1,275,760.56	573,267.04

	fiscal year		Previous year
	€	€	€
B. Provisions			
Other provisions		1,055,805.37	1,167,089.35
C. Liabilities		4,476,432.87	4,411,520.95
thereof vs. Liabilities to credit institutions		0.00	419,457.80
from taxes		408,260.78	75,269.45
of which in the context of social security		90,219.60	74,474.92
D. Accruals and Accruals		1,598,300.11	1,105,879.46
		8,406,298.91	7,257,756.80

### Income statement for the financial year 2018

1. Gross Profit		9.007.105.39	6,943,234.49
2. Personnel expenses			
a) Wages and salaries	-5,083,813.61		-4,040,323.80
b) Social security contributions and expenses for pensions and for assistance	-753,762.49		-601,162.79
		-5,837,576.10	-4,641,486.59
3. Depreciation of intangible assets and property, plant and equipment		-599,096.37	-492,533.97
4. Other operating expenses		-2,364,463.18	-1,977,765.14
		-8,801,135.65	-7,111,785.70
5. Other interest and similar income	2,041.19		4,462.67
6. Interest and Similar Expenses	-21,404.60		-16,868.04
		-19,363.41	-12,405.37
7. Income taxes		0.00	1,225.00
8. Earnings after taxes		186,606.33	-179,731.58
9. Other Taxes		-493.00	-493.00
10. Annual surplus (previous year annual deficit)		186,113.33	-180,224.58

### APPENDIX for the 2018 financial year

#### I. General information

The annual financial statements of softgarden e-recruiting GmbH were prepared on the basis of the accounting regulations of the German Commercial Code from the point of view of going concern.

In addition to these regulations, the regulations of the GmbH law had to be observed.

Details that can be made either in the balance sheet, in the profit and loss account or in the appendix are listed in their entirety in the appendix.

The nature of expense method was chosen for the income statement.

According to the size classes specified in § 267 HGB, the company is a medium-sized corporation.

The company is registered under the company name softgarden e-recruiting GmbH with registered office in Berlin in the commercial register of the District Court of Charlottenburg under number HRB 114159 B.

#### II. Accounting and valuation principles

In the financial year, the accounting and valuation methods used to prepare the annual financial statements remained unchanged compared to the previous year.

Purchased and self-created intangible assets were recognized at acquisition or production cost and, if they were subject to wear and tear, amortized on a straight-line basis and pro rata temporis according to the expected useful life. Acquired intangible assets whose use is not limited in time were not amortized. Interest on borrowed capital is not included in the production costs.

Property, plant and equipment were stated at acquisition or production cost and reduced by scheduled straight-line depreciation pro rata temporis in accordance with the probable useful life.

Assets costing less than €800 were written off in full during the financial year. In the previous year, the limit was €410.

Unscheduled depreciation is carried out if a lower fair value is required in the case of a probable permanent reduction in value.

In the case of financial assets, the shares are recognized at the lower of cost or fair value.

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

Receivables and other assets are stated at nominal value. Recognizable individual risks were taken into account through individual value adjustments. The general credit risk was taken into account by means of a general allowance.

Cash on hand and bank balances were stated at their nominal value.

Expenses before the balance sheet date are shown as prepaid expenses if they represent expenses for a specific period after this date.

Equity was stated at nominal value.

The other provisions take sufficient account of all risks and contingent liabilities that were identifiable up to the time the balance sheet was prepared. They cover obligations that are identifiable in principle, but the final amount has not yet been determined. They are recognized at the settlement amount required based on prudent business judgement. Provisions with a remaining term of more than one year were discounted at the relevant interest rate determined by the Bundesbank, taking future cost and price increases into account.

The liabilities were recognized at the respective settlement amount.

Liabilities and receivables entered into in foreign currency were converted at the mean spot exchange rate as of the balance sheet date. The lower of cost or market principle was observed in the valuation on the balance sheet date if the remaining term of the receivables or liabilities is more than one year.

For the determination of deferred taxes due to temporary or quasi-permanent differences between the commercial law valuations of assets, liabilities and prepaid expenses and their tax valuations or due to tax loss carryforwards, these are valued with the company-specific tax rates at the time the differences are reduced and the amounts of the resulting Tax burden and relief not discounted. Active and passive tax deferrals are offset. A surplus of deferred taxes is not capitalized in exercising the existing recognition option. With the exercise of the right to choose pursuant to Section 288 (2) HGB, deferred taxes are not disclosed in the notes.

### III. Notes to the balance sheet

#### Capital assets

The development of the individual items of fixed assets is shown in the statement of changes in fixed assets, including the depreciation for the financial year.

Development costs of internally generated intangible assets were capitalized in 2018 in the amount of €862,677.48. In total, research and development costs of €1,438,361.21 were incurred in the financial year.

#### Shareholding information

	currency	participation	Equity capital	Result
		%	in kEUR	in kEUR
Domestic BVZ Personal GmbH, Cologne	EUR	12%	31 <sup>1</sup>	6 <sup>1</sup>

<sup>1</sup> Latest published financial statements December 31, 2012

#### Ad Quotas

This item shows the status of the advertising contingents still available on the balance sheet date based on framework agreements that have already been concluded and not yet used. These are intangible current assets that are included in the product offered by softgarden e-recruiting GmbH when the advertisements are placed. The valuation is based on purchase prices.

#### Receivables and other assets

As in the previous year, the trade accounts receivable are due within one year.

Other assets with a remaining term of more than one year amount to € 78,757.92 (previous year € 66,673.87). As in the previous year, the remaining other assets have a remaining term of up to one year.

#### Equity capital

In September 2018, the shareholders approved the sale of their shares in the company to Spoonbill GmbH, Berlin. Spoonbill GmbH now holds 100% of the company's shares.

The share capital has not changed in the year under review. The capital reserve increased by € 500,739.19 to € 6,569,866.19 (previous year: € 6,069,127.00) due to payments made by the new shareholders.

The capitalization of self-created intangible assets (software) results in a profit distribution block of € 1,915,495.29 in accordance with Section 268 (8) HGB.

#### Other provisions

Other provisions break down as follows:

	reporting year	Previous year
	€	€
personnel costs	589,079.76	650,479.71
Annual accounts and auditing costs	62,820.00	70,000.00
retention obligations	23,600.00	21,200.00
Warranties	8,700.00	8,700.00
Miscellaneous	371,605.61	416,709.64
	1,055,805.37	1,167,089.35

#### liabilities

As in the previous year, there are no liabilities with a remaining term of more than five years. All liabilities are unsecured.

As in the previous year, all liabilities and the advance payments received on orders have a remaining term of up to one year.

### IV. Other mandatory information

#### contingent liabilities

Contingent liabilities i. s.d. § 251 HGB does not exist.

#### Other Financial Obligations

Other financial obligations from rental and leasing contracts amount to EUR 1,767,084.93. The rental and leasing contracts end between 2019 and 2024.

There are further financial obligations, which only legally arose after the balance sheet date up to the preparation of the annual financial statements, amounting to EUR 433,262.31. The rental and leasing contracts end between 2019 and 2024.

#### Off-Balance Sheet Transactions

The Company has operating leases and leases for office space. The advantage of these off-balance sheet transactions is that the liquid funds are not tied up in the purchase of fixed assets. There are no significant risks from these transactions.

#### Managing directors

The following are or were appointed as managing directors of the company:

- Stefan Heinz Schueffler, Managing Director
- Mathias Heese, Managing Director

With regard to the disclosure of directors' salaries, use was made of the protective clause of Section 286 (4) HGB.

#### Employees

The average number of employees during the financial year is 75.

#### Appropriation of earnings

The management proposes to the shareholders' meeting to offset the annual surplus of € 186,113.33 against the loss carryforwards.

#### corporate relationships

Consolidated financial statements are prepared by Investcorp BSC, Manama/Kingdom of Bahrain, and published on the company's website.



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

#### **Basis for the test results**

We conducted our audit of the annual financial statements and the management report in accordance with Section 317 of the German Commercial Code, taking into account the German generally accepted auditing principles established by the Institute of Public Auditors in Germany (IDW). Our responsibilities under those regulations and standards are 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

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

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

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) they have deemed necessary to enable the preparation of a management report in accordance with the applicable German statutory provisions and to be able to provide sufficient suitable evidence for the statements in the management report .

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

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

Adequate assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with Section 317 of the German Commercial Code, taking into account the German principles of proper auditing established by the Institut der Wirtschaftsprüfer (IDW) will always uncover a material misstatement. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements and management report.

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

- We identify and assess the risks of material - intentional 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 give away systems of society;
- we evaluate the appropriateness of the accounting methods used by the legal representatives as well as the reasonableness of the estimated values and related disclosures presented by the legal representatives;
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that cast significant doubt on the Company’s ability to continue as a going concern can raise. If we conclude that there is a material uncertainty, we are required to draw attention to the related disclosures in the financial statements and management report in the auditor’s report or, if such disclosures are inappropriate, to modify our respective audit opinion. We base our conclusions on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern;
- We evaluate the overall presentation, the structure and the content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in such a way that the annual financial statements, in compliance with the German principles of proper accounting, give a true and fair view of the assets, financial and results of operations of the company;
- Evaluate the consistency of the management report with the annual financial statements, its compliance with the law and the view it gives of the company’s situation;
- we perform audit procedures on the future-oriented information presented by the legal representatives in the management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not provide a separate audit opinion on the future-oriented information and the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

**Berlin, January 8, 2020**

**Ernst & Young GmbH**  
**auditing company**

*Diederichs, auditor*

*Weinberg auditor*

#### **Text block statement**

The annual financial statements were approved by resolution of the shareholders’ meeting on February 14, 2020.

