CAPSENSIXX
FINANCIAL ADMINISTRATION AS A SERVICE

Annual report 2018

This is a translation of the German annual report. If there are variances, the German version has priority over the English translation.

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FINANCIAL ADMINISTRATION AS A SERVICE

Annual report 2018

Introduction of the Management Board

Dear Shareholders,

For the capsensixx Group, the financial year 2018 was a very successful but also a special year in which we were able to master the challenges in terms of the market environment and new regulatory guidelines and celebrate another milestone in the company's history: the IPO of the capsensixx Group capsensixx AG in June 2018.

In the past fiscal year, revenues of more than EUR 115.7 million were almost at the previous year's level. The EBITDA of the capsensixx Group improved by € 0.7 million to € 8.84 million in 2018, adjusted for one-time effects (costs of the IPO and high investments in the new subsidiary coraixx).

June 21, 2018 was a special day for us, and marks an important milestone in the history of capsensixx AG: the listing of capsensixx shares in the Prime Standard of the Frankfurt Stock Exchange. We have been preparing intensively for the successful IPO for over 6 months. A fully placed capital increase as part of the IPO has given our company a gross funding of around EUR 5.3 million, which we are investing in our technology start-up coraixx. As a result, we are able to continue to successfully expand our „Digitization & IT Services" segment. This market promises strong growth, which is why we also assume our investments in coraixx will promptly deliver corresponding returns.

In a first step, coraixx's corporate structure was created and built and key positions were hired. For example, we have strengthened the top management with additional IT specialists. We are particularly proud that we were able to fill these vacancies in a very short time despite the highly competitive recruiting environment, especially in the IT area. But also operationally, we were able to successfully advance the market penetration and market positioning of coraixx. Here, for example, the acquisition of an international auditing firm, with which we have concluded a cooperation agreement. The course for future growth and the acquisition of new customers has already been set in 2018.

Beside this, we are very satisfied with the business performance of our two other subsidiaries, Axxion and Oaklet. Despite a difficult market environment, triggered by the significant uncertainty on the national and international capital markets, the assets managed by Axxion in 2018 were reduced by only 4.57%. This gratifying development in our „Fund Management, Administration & Accounting" segment contrasts sharply with the industry trend. Axxion's assets under management totaled more than EUR 8.51 billion at the end of 2018 - a clear sign of its successful market positioning.

In the Capital Markets & Corporate Services segment, which is managed by our third subsidiary, Oaklet, we were able to report pleasing developments that further strengthen our market position in this segment as well. With the expansion of the „Third Party" business in the area of corporate services, we have successfully expanded our service platform. Third parties can now use our service offer. Beside the very successful securitization offering, we offer comprehensive structuring, back-office and compliance services for the so-called „non-existing customers" too.

To summarize, we continued to make good progress across all three divisions in 2018, enabling us to successfully expand our market position and set the course for further profitable and sustainable growth.

The success of capsensixx AG would not have been possible in 2018 without the outstanding efforts of our employees. We would like to take this opportunity to thank our employees for their commitment and the services provided. My thanks also go to our business partners for their trust. We look forward to continuing to work together in the future. Last but not least, I would like to thank you, dear shareholders. I am very pleased that you are accompanying the successful path of capsensixx AG and I would be very happy if you continue to be in the forefront of capsensixx AG in the future.

With kind regards

Sven Ulbrich
CEO

Frankfurt am Main, April 17th, 2019

Supervisory Board Report

The fiiscal year 2018 was marked by the implementation of the strategic agenda and the IPO of capsensixx AG. In the course of the 2018 financial year, the Supervisory Board carefully monitored the management of capsensixx AG and performed the duties incumbent on it by law and the Articles of Association. We are in continuous dialogue with the company's management board. We were briefed by the Management Board in the Supervisory Board meetings as well as by additional written and verbal reports on all relevant issues of corporate planning and strategic development, the earnings, assets and financial position as well as the current business policy, the risk management system and the risk situation , This happened regularly, promptly and comprehensively. The Supervisory Board was involved immediately and in good time in all decisions that were of fundamental importance to the company. In the period under review, a total of eight meetings of the Supervisory Board were held at regular intervals, in which all members of the Supervisory Board participated. In doing so, the Supervisory Board discussed the business situation of the company, the strategic orientation as well as the development opportunities and business risks in detail with the Management Board. The Supervisory Board approved the measures that require the approval of the Supervisory Board in accordance with the Articles of Association and / or the law. As the Supervisory Board consists of only three persons, no committees were formed. In the course of the financial year 2018, the Supervisory Board dealt, among other things, with the following matters:

Decisions during the year

The organizational structure of the company was the content of several meetings. The Management Board and the Supervisory Board have discussed how revenue can be increased and efficiency can be increased. On 21st of June 2018, the IPO of capsensixx AG was processed accompanied with its listing. The Supervisory Board unanimously approved the reports of the Management Board on the business transactions incurred.

Annual Financial Statements and Management Report

The annual financial statements and management report of capsensixx AG prepared in accordance with German accounting standards and the consolidated financial statements and group management report for the period from January 1, 2018 to December 31, 2018 prepared in accordance with International Financial Reporting Standards (IFRS) and have been audited by Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Frankfurt / Main, providing an unqualified audit opinion. The corresponding auditor's reports were submitted to the Supervisory Board at its balance sheet meeting.

The auditor attended the meeting of the Supervisory Board and reported on the key findings of his audit, including his independence. The Supervisory Board acknowledged and approved the report of the auditor.

The Supervisory Board

- has not raised any objections after concluding its own audit and has endorsed the findings of the auditors.
- approved the annual financial statements and the consolidated financial statements
- at its meeting on April 17, 2019, and thus approved the annual financial statements.
- agrees with the proposal of the Management Board to carry forward the net loss for the year of capsensixx AG of € 1,085,058.11 to new account.

The Supervisory Board would like to thank the Management Board, the officers and the employees for their dedication. The Supervisory Board thanks the customers and shareholders of capsensixx AG for the trust they have placed in the Supervisory Board.

Frankfurt, April 17th, 2019

Martin Stürner

Axxion – the special fund management company

Axxion stands for flexibility, customer proximity, competence, independence, experience and successful growth. Headquartered in Grevenmacher, Luxembourg, Axxion is one of three subsidiaries of capsensixx AG and forms the business unit „Fund Management, Administration & Accounting". The Axxion S.A. was founded in 2001, operates bank-independent, now employs approx. 50 employees and manages fund assets of over € 8.5 billion. Despite the difficult market environment, Axxion was again able to hold its assets under management virtually stable (-4.57%) in 2018 - a sign of the quality of its services. In doing so, Axxion relies on efficient operational processes, which are constantly being optimized by increasing digitization.

Tailored full-service from a single source

Axxion accompanies its customers throughout the product lifecycle of a fund. As a partner, Axxion, assists its clients, namely asset managers and investment professionals, in the foundation of a fund and carries out the entire formation process. This includes, for example, advice on topics such as the choice of the legal form of the fund or the desired distribution license. Axxion also co-ordinates and provides its customers with coordination and communication with service partners, such as brokers and public authorities, in the creation of a new fund and the preparation of the legally required documents for this.

Axxion also manages the day-to-day management business as well as providing advice and support for the ongoing fund business for its clients. These include, above all, fund accounting as well as detailed reporting but also the preparation and coordination of so-called accountability reports. To do this, Axxion uses its own subsidiary navAXX in-house. Since 2011, navAXX has been offering such services as a regulated IT service provider for financial services. The company uses modern technology solutions such as so-called virtual private networks or virtual private desktops. Furthermore, navAXX has two own data centers, which the company also makes available to its customers to set up the necessary IT infrastructure for funds.

Another focus of Axxion is sales support for customers, the so-called portfolio management services. For example, Axxion handles the distribution of fund data to databases and platforms, supports customers in the creation of marketing materials, and handles public relations work in the digital and print sectors as well as in business networks for customers. But the planning and organization of joint trade fair appearances and workshops is also part of Axxion's range of services.

Axxion´s bespoke solutions provide customers with a fully integrated infrastructure for the entire life cycle of mutual funds. The quality of Axxion is rewarded: In early 2019, the Axxion was selected by the rating agency FUNDCLASS in cooperation with several European newspapers to be the best fund company in Luxembourg in the 41-70 rated fund category. The European Funds Trophy is an award for outstanding achievements in the fund industry, which is awarded annually.

Axxions service offerings include:

Oaklet

To bring the securitization business to a new level, Oaklet has set itself the goal and achieved further success in 2018. With a strategic expansion of the corporate services business, the service platform was significantly expanded in 2018.

Under the Corporate Services & Capital Markets division, the activities of capsensixx holding Oaklet and its Luxembourg subsidiary Oaklet S.A. summarized. Oaklet GmbH, founded in 2006, has a very strong market position in German-speaking countries as a specialist for securitization and other financial services.

Employees at Oaklet in Frankfurt and Wasserbillig (Luxembourg) convince banks, insurance companies or asset managers with a holistic advisory approach. From product design, to issuance consulting, to after-sales service, Oaklet, as a service provider, covers all the key aspects of securitization. The focus of the services is securitization of alternative assets. Digitzation, as in the entire capsensixx Group, also plays an important role at Oaklet. Significant reporting and controlling functions in the context of securitizations were automated through a proprietary developed software solution. With a view to sustainable business practices, Oaklet also carries out Carbon-neutral securitizations to promote the issuance of so-called green bonds.

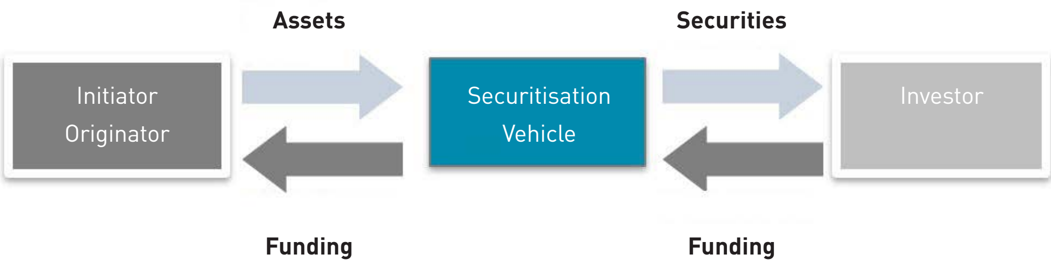
One-Stop-Shop Solution

With the expansion of the Corporate Services business unit, Oaklet has responded to the high demand from the market and has taken the important strategic step in 2018 towards a one-stop shop solution. By accessing the services offered to third parties, Oaklet further strengthens its market position. To date, Oaklet has been a corporate servicer for existing securitization clients only. For the first time since 2018, non-customers have access to the services provided through Oaklet S.A.. Its services include, among others, the formation and domiciliation of special purpose vehicles, the assumption of management mandates, the execution of financial accounting and the preparation of tax documents, as well as the preparation and publication of financial statements, correspondence with the supervisory and tax authorities and auditors. Oaklet believes that this market has great potential, so Oaklet is confident that it will have acquired a double-digit number of corporate service customers by 2020.

The securitization business

As a securitization expert, Oaklet has been successfully active on the market for more than 12 years. Securitization is a conversion of non-tradable assets into tradable securities. Examples include the traditional securitization of loans. Oaklet´s focusses on alternative assets. Together with its customer, Oaklet designs a suitable product, acts as a service provider to found and domicile the special purpose vehicle and also handles the communication and reporting with authorities involved in the process.

Simplified overview of a securitisation:



CORAIXX

With CORAIXX, capsensixx AG has a technology start-up in its portfolio that takes accountancy to a new level. The software, developed jointly by the Fraunhofer Gesellschaft and INQUENCE GmbH, is based on artificial intelligence. With the product range of CORAIXX, capsensixx successfully expanded its range of services in the „Digitization and IT Services" business unit in 2018. By investing in CORAIXX, capsensixx's value chain will be strategically expanded, opening up new customer groups with high growth potential.

How artificial intelligence optimizes financial accounting from the ground up

CORAIXX software, which optimizes customers' business processes through intelligent and fully automated document capture, takes a disruptive approach. In addition to cost reduction in document processing, the resources of customers using the software are also optimized. Since the software is based on artificial intelligence, erroneous bookings are automatically reduced and customer effort is reduced. Assuming an average cost of manual entry of a document in the financial accounting of (on average) 14 euros, with the help of the CORAIXX software, this effort can be reduced by 50-60%.

At the same time, the data quality and quantity of digitized documents increases.
A purely digital recording of documents is no longer a rarity these days. However, what differentiates CORAIXX software from others is that it correctly recognizes non-standardized documents and automatically creates additional links, which in turn generates added value for other applications of the customer. Using artificial intelligence, the software automatically identifies, systematizes and organizes the individual contents on a receipt and then posts them in the respective systems and archives of the customer.

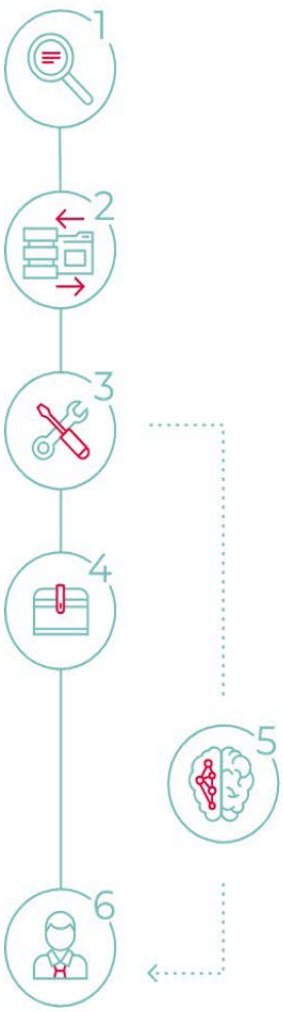
In the case of document processing, the software takes a logical recognition and no rule-based formulas, as is often the case with conventional products. In this way, the software processes up to 3,000 documents per hour, without the need for a customer to spend extra training, since this is self-learning software.

The € 5.3 million gross proceeds from the initial public offering, which will be used to create and expand CORAIXX, will finance the Company's strong growth. As a first step, both administrative and technical infrastructure were implemented in 2018. Personnel expansion in the areas of technology, programming, sales and administration was the focus of management's attention in the past financial year. The top management was successfully strengthened by IT specialists.

The main focus in the past financial year was on hiring the management. The top management has been successfully amplified by IT specialists.

After the end of the reporting period, CORAIXX opened a new location in Dresden. The development center will soon be reinforced by additional IT specialists, mathematicians, project managers and other specialists. This has already set the course for future growth: the expansion of the operating business. The software has been in use by customers as a so-called Software-as-a-Service (SaaS) offer since 2017, for example at an international tourism group. In a next step, additional customers will use the digitization solution from CORAIXX. The focus is on companies that process more than 500,000 receipts per year.

This is how the intelligent software from CORAIXX works:



1. Recognition
- Fully automized OCR – no manual definition of „rules“
- Complete recognition of graphic and textual information

2. Systemization
- Information are sorted by content
- Pattern recognition, missing elements are filled in

3. Integration
- Relevant data are filtered for accounting
- Data are transferred in existing clients systems (SaaS-solution)

4. Booking
- Audit acceptability
- Maschine learning to improve performance continuously

5. Interaction
- Creation of data relations independant of its localisation
- Human interactions are registered, adapted and will change aiccountings future output

6. Reporting
- All extracted information could be stored
- Systemized data for further analytics

Interview with the Management Board

In 2018 you performed an initial public offering. What were the reasons?
The year 2018 was a special year for us. On June 21, we rang the stock market bell for capsensixx AG´s first listing in the Prime Standard of the Frankfurt Stock Exchange. We deliberately opted for a listing on the Prime Standard because we feel committed to the highest levels of transparency on an international level.

With the IPO, we have raised the necessary funds for capsensixx in order to implement our expansion strategy, especially in our subsidiary coraixx. Overall, the IPO brought a gross cash inflow of around EUR 5.3 million to our company. We are very satisfied with the result - as well as with the IPO as a whole - and would make the decision again at any time.

Yours three subsidiaries, Axxion, Oaklet and Coraixx, have different thematic priorities. Why did you decide exactly for a combination of these areas and what connects all three companies?
Under the umbrella of capsensixx AG, we offer our institutional clients and shareholders a broad range of financial-related services, with the digitization of processes being of great importance to us in all areas. Specifically, we talk about an integrated infrastructure for funds set up by Axxion, oaklet assists clients in the structuring and securitization of alternative assets, and coraixx digitizes the financial accounting of companies at a very high level of automation and quality. Artificial intelligence plays an important role in this. By outsourcing administrative processes in the financial environment to us, customers can focus on their core competencies.

What are the drivers of your business and where do you see the greatest potential for the future?
We have several drivers that have a positive impact on our business. Ie. the increasing regulatory complexity can be mentioned. As a result, the administrative burden increases significantly, which most of our customers are exposed to. In general, companies are under constant pressure to cut costs and increase efficiency. Coupled with increasingly complex regulatory requirements, we see a clear trend of outsourcing corporate governance activities. And this is exactly where we can help with our technologies and services. The alternative assets market, which we serve for example with oaklet, is also playing an increasingly important role in diversifying portfolios and improving the performance of investments.

We therefore see significant potential for the future in each of our divisions. The market drivers described above will not diminish, on the contrary, the pressure to boost efficiency and the administrative burden will continue to rise.

Your group is quite dependent on the financial market environment with their business. This was challenging in 2018, and developments in the markets are uncertain. How do you assess the situation?

In fact, the year 2018 was challenging from a stock exchange perspective. And it is also clear that one can not really predict future price developments. But what makes me optimistic? 2018 has been a very successful year for us. Not only have we successfully completed the step to the stock market, we have grown operationally. Assets under management in the fund industry are rising steadily, external studies also show. For sure, we will be able to profit from this development in reverse. Globally, according to a study by Pricewaterhouse Coopers, assets under management worldwide are set to rise to $ 145.4 trillion by 2025. By comparison, in 2016 they were $ 84.9 trillion.

Your business can be classified in the fintech industry. How do you concretely implement topics such as digitization in the individual areas of your company?

capsensixx as a whole combines FinTech, traditional finance and capital market business in a virtually unique way. On the one hand, we can put the long-standing market experience and the track record of a financial service provider on the scales and, on the other hand, the innovative power and disruptive energy of a fintech. We integrate digitization at different levels in our company. For example, we have our own technology service provider who is a wholly owned subsidiary of our Axxion. To be more specific: we work with fully automated reporting lines, for example. But also typical cloud solutions and so-called shared networks are an integral part of our everyday work. With the help of these technologies, our own processes are already very efficient. And, of course, artificial intelligence also plays a major role. The accounting solution offered by coraixx as an IT service is based on artificial intelligence. There is no more digitization than this....

What is your focus for 2019?

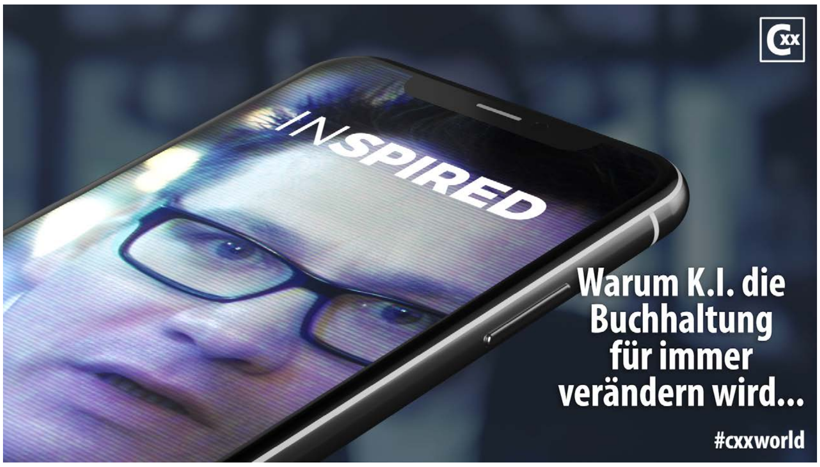
We are on a dynamic growth course. We want to continue this in 2019. For example, Axxion has grown very much in recent years. We would like to continue this trend. In general, of course, we would like to further increase the number of customers across all business units. We are always working on our products and possible new products. This will be the case in 2019 as well. Among other things, we are using the funds from the IPO to finance growth at coraixx - with a first major tourism customer, which coraixx already has. Conquering the market further will be one of our big goals for 2019. The stable cash flows from Axxion´s and Oaklet´s business form a very stable basis for any expansion.

Another look beyond the year 2019 ...
How do you position yourself in terms of a possible dividend payment in the future?

We are aware of the attractiveness of a dividend to shareholders and would also like to position ourselves as a dividend payer. We had already communicated this during the IPO. Of course, we always have our growth ambitions in mind, so we will find a good compromise.

Corporate Communications

Capsensixx AG is committed to transparent and continuous communication with the capital market and its shareholders. At roadshows with investors and analysts, the Management Board explained the business model of capsensixx and presented its business prospects. As part of a web-based conference with a virtual presentation in December 2018, the Management Board of capsensixx AG also invited institutional investors, analysts and media representatives to explain the company's current business development. The Company also prepares quarterly and half-year interim reports as well as annual reports and provides information on the course of business via corporate news and ad-hoc announcements.
Further information can be found on the Investor Relations homepage at: https://www.capsensixx.de/11-ir.html
In addition, the company also intensively uses the common social media platforms and, with cxx.world, has an own broadcasting infrastructure. Editorial contributions and interviews on the subjects of „financial services, innovation, start-ups, digitization and administration" are usually broadcasted weekly via facebook, twitter, LinkedIn and other channels in various formats.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Warum K.I. die Buchhaltung für immer verändern wird...
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Kann eine Blockchain mehr Vertrauen schaffen?
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news
Prof. Dr. Matthias Busse
Institutsleiter
Fraunhofer IFAM, Bremen
#cxxworld

Consolidated Financial Statements and Annual Report of capsensixx AG

contents

Operations

capsensixx AG ("capsensixx") is domiciled in Frankfurt am Main. The company holds shares on corporations which provide banking services, financial services, software development and other administrative services of all kind.

Business segments

The capsensixx Group focuses on various products and services within the financial industry. It offers „Financial Administration as a Service", which allows initiators and decision-makers to focus on their individual performance goals, while capsensixx specialists cover all administrative tasks, risk management, monitoring, controlling, reporting, registration and other regulatory tasks. Cross-Assets, Cross-Border and Cross-Products: The capsensixx Group offers decision-makers a „single point of entry" platform. State-of-the-art technology, innovative developments and the know-how of the employees support the customer to use his core competencies and to better provide his services. Our products and services include:

Fund Management, Administration & Accounting:

Axxion S.A. (including its Luxembourg subsidiary navAXX S.A. and its German subsidiary Axxion Deutschland Investmentaktiengesellschaft mit Teilgesellschaftsvermögen) (together "Axxion") provides a fully integrated infrastructure for the entire product life cycle of investment funds: starting with issuance and required authorizations or listings, its day-to-day administrative business until final redemption or liquidation of a fund. Axxion also provides portfolio management services.

Capital Markets & Corporate Services:
Oaklet GmbH, together with its Luxembourg subsidiary Oaklet S.A. (together "Oaklet"), provides advisory services on financial engineering helping initiators to fit with their individual, economic, regulatory and tax requirements. Oaklet arranges and coordinates all contractors and servicers during the issuance, the phase of capital expenditure and the redemption phase. Additionally, Oaklet S.A., as a regulated corporate service provider, provides directorship and administrative services to its corporate clients.

Digitization & IT-services:
capsensixx intends to set-up and invest into start-up companies and to engage in further acquisitions in order to increase its service offerings within digitization & IT-services, dedicated to disruptive technologies reducing operating efforts, automation of individual workflows and self-learning and self-adjusting software using artificial intelligence. These services offer cost savings and increased efficiency, and will also enable clients to tailor their data-analysis in line with their data requirements.

Alternative Performance Measures (APM)

The management report and the financial statements of the capsensixx Group are prepared in accordance with the applicable accounting standards. In addition to the disclosures and ratios required by these standards, capsensixx publishes Alternative Performance Measures (APM) that are not subject to these regulations and for which there is no generally accepted reporting standard. capsensixx determines the APM with the aim to enable comparison of key performance indicators over time or in a sector comparison. This is done by making certain adjustments to the balance sheet or income statement items prepared in accordance with the applicable accounting standards. The adjustments may result from different calculation and valuation methods, non-uniform business activities as well as special effects that affect the informative value of these items. The aAPM thus determined apply to all periods and are used both internally to control the business and externally to assess the performance of the company by analysts, investors and rating agencies.
The capsensixx Group determines the following APMs:
- EBITDA
- Assets under Administration

Earnings Before Interest, Taxes, Depreciation and Amortization (**EBITDA**) represents earnings before interest, taxes, depreciation, impairments and reversals. In addition to the financial result, this performance indicator also neutralizes distorting effects on operating activities resulting from different methods of depreciation and valuation margins. EBITDA is calculated on the basis of the result from ordinary activities (before income taxes) plus depreciation and amortization recognized in profit or loss or the reversal of reversals of impairment of intangible and tangible assets and securities, plus interest expense and deduction of interest income.

Reconciliation of EBITDA

Result of normal business activity
(before income taxes)
+ Depreciation securities
+ Depreciation and amortization intangible assets and property, plant and equipment
- Reversals of intangible assets and property, plant and equipment
+ Depreciation / impairment of investments, shares of associated companies
- Interest income
+ Interest expenses
= EBITDA

The **Assets under Administration** (AUA) are based on the total administered volume of the Funds Management, Administration & Accounting division on a specific determination date. On the basis of the development of the total volume, forecasts can be derived for the current income and the development of the segment. Market-related changes (price gains and losses) as well as inflows and outflows are included in this development.

Non-financial performance indicators played no role in 2018.

Economic conditions

Capital markets and world economy

Overall, the investment year 2018 provided little cause for delight. After an encouraging start to the year, the markets became negative, while volatility increased by much.

Uncertainty of investors was caused by a tighter US monetary policy, and most important the US foreign policy. Despite the risk of higher costs for US consumers and businesses, the Washington administration has fired the trade dispute with Europe and China over and over again. This led to increasing pessimism about the global economic outlook.

German shares experienced a very bad year in 2018. The DAX lost -18.3% in the reporting year, putting it in last place within Europe's major stock exchanges. Overall, European titles, measured by the EuroStoxx50, lose -12%. While initially only the cyclically sensitive auto stocks were affected by the global trade conflict and declining demand from China, the bear market reached all sectors by the end of the year. Even the basic consumer and capital goods stocks, which have been stable so far, collapsed and in some cases marked new 2-year lows.

By the end of 2018, European bank stocks, with -33.3% (EURO STOXX Banks Index), auto stocks -28.8% (EURO STOXX Automobiles Index) and capital goods stocks -12.2%, are among the biggest losers. Internal European issues, such as BREXIT and Italy's expanding public debt, have overruled any good news, such as the continued positive development of the European labor market.

China's shares, as measured by the Shanghai Composite Index, lost around -23% in the wake of the US customs dispute, putting them in the forefront of Asia's loss-making emerging markets.

US stocks, especially technology stocks, posted a positive performance into the fall thanks to the generally stable US economy. But in the last few weeks American stocks were struggling and in December alone the Dow Jones Industrial Index, which tracks the 30 largest US companies, lost 10% of its value. For the year as a whole this means an annual loss of -5.6% (USD). The US Tech-Stock Index NASDAQ is down -3.9% (USD). The reason for the price collapse was sudden fears of weaker economic growth in 2019.

Looking back on this challenging stock market year, it seems that confidence in the economy and politics has been shattered. On the stock exchanges, there was sometimes a sell-off sentiment, as rarely seen and similar with the major crises of 2007 (US housing crisis) and 2012 (Euro crisis).

Developments within the Industry
Very little asset managers succeeded in 2018 to escape the negative trend. Apart from a few active asset managers and asset classes that are not subject to periodic growth (illiquid investments), the sometimes persistently high inflows of funds did not lead to higher net assets in the administration, since (for the year as a whole) the inflows of funds were often eroded by performance losses.

In addition, the economic conditions in the financial services industry have become more demanding compared to the previous year. In particular, the ongoing expansion of regulatory measures requires considerably more effort. In addition, disruptive technologies are creating persistent margin and competitive pressures in the industry.

Earnings

The following explanations are related to the Annual Financial Statements for 2018 of the capsensixx consolidated financial accounts.
The profit and loss account provides a complete overview for the financial year 2018.

Assets under Administration fell in the financial year 2018 from € 8.919 billion (as at 31.12.2017) to € 8.511 billion (as at 31.12.2018). This represents a decline of only 4.57% despite the much stronger market decline.

The EBITDA of the capsensixx Group was negatively impacted in 2018 by the one-time effects of the IPO of T€ 802 and additionally by the high investment in the founding and business development of coraixx GmbH & Co. KGaA in the amount of T€ 739.
EBITDA decreased from € 8.17 million in the previous year by € 0.34 million to € 7.83 million in 2018. Adjusted for one-off effects, EBITDA nevertheless improved positively by € 0.7 million to € 8.84 million.

Due to the decline in Assets under Administration (in particular towards the end of the fourth quarter of 2018), the Group generated slightly lower “Sales Revenue” (-0.4%) of € 115.7 million. At the same time, “Cost of Materials” in the same period fell 3% to € 93.7 million.
Due to the expansion of the growing business areas of Funds Management, Administration & Accounting and Capital Markets & Corporate Services, “Wages and Salaries” increased significantly by 17.2%.

“Other Operating Expenses” rose disproportionately high at a rate of 39.2%, due to (in particular) the costs of the IPO.

As a result, “Earnings before Taxes” (unadjusted) fell by 12% in the reporting period.

Extract of the Profit and Loss Statements of capsensixx AG as of 31. December 2018

	12 month ending		Change	
in €	31. Dec 18	31. Dec 17	nominal	prozentual
Revenues	115,700,176.44	116,200,228.74	-500,052.30	-0.4%
Cost of material	-93,689,170.01	-96,583,127.34	2,893,957.33	-3.0%
Wages and salaries	-6,250,841.16	-5,331,363.77	-919,477.39	17.2%
Other operating expenses	-7,563,890.61	-5,433,092.14	-2,130,798,47	39.2%
Profit before tax	6,349,600.54	7,217,537.50	-867,936.96	-12.0%

Financial Position

All material assets and liabilities are in Euro. Hedges against fluctuations of foreign currencies on assets or liabilities are not used. Derivative financial instruments are generally used only in exceptional cases. As of the balance sheet date, the company did not hold any derivative financial instruments.

The Equity amounted to € 17.66 million at the end of the financial year 2018 and was increased by € 6.07 million, mainly due to the contribution of in kind of shares in affiliated companies and the capital increase carried out in the course of the Initial Public Offering (IPO).

The balance sheet total decreased significantly in the financial year 2018, as due to the negative market environment - at Axxion in the Funds Management, Administration & Accounting segment, "Trade receivables" (-77.1%) on the asset side and "Other short-term liabilities" (-79.5%) on the passive side decreased substantially (mainly due to the elimination of performance-dependent commission payments). The equity to debt ratio is 53%.

In the course of the IPO, the parent company PEH Wertpapier AG acquired the shares in Oaklet GmbH and Axxion S.A. in the course of a capital increase in kind by € 3 million. As part of the IPO, an additional 330,000 new shares were issued and placed.

The share capital was increased by € 3,330,000 compared to the 2017 annual financial statements - it amounts to € 3,430,000.

Segment Results

Segment Results in the consolidated financial statements is carried out in accordance with IFRS 8. According to this, the segmentation should reflect the group's internal organizational and reporting structure (management approach), since this structuring represents the various opportunities and risks associated with the operating segments.
The three segments Funds Management, Administration & Accounting, Capital Markets & Corporate Services and Digitization & IT Services are structured according to the operative business segments.

The Funds Management, Administration & Accounting segment includes Axxion S.A. (including its Luxembourg subsidiary navAXX S.A. and its German subsidiary Axxion Deutschland Investmentaktiengesellschaft mit Teilgesellschaftsvermögen and the Axxion Revolution Funds - One).

The growth of Assets under Administration in Funds Management, Administration & Accounting was hampered by negative capital market developments. Nevertheless, the number of administered funds continued to increase.

EBITDA in the Funds Management, Administration & Accounting segment increased by 14.2% year-on-year to € 7.5 million. Assets under administration fell in the financial year 2018 from € 8.919 billion (as at 31.12.2017) to € 8.511 billion (as at 31.12.2018) due to market conditions. This corresponds to a decrease of 4.57%.

Despite this decline, sales revenues were kept almost the same with a decline of only -0.074%, while the Cost of Materials (cost of sales) was reduced by about 3%.

Personnel expenses increased by almost 12% year-on-year due to the growth of the segment. The segment result (before taxes and minority interests) increased by 15.7% to € 6.475 million.

The Capital Markets & Corporate Services segment includes Oaklet GmbH and its Luxembourg subsidiary Oaklet S.A.

Despite the burdens and associated losses of planned emissions in the second half of December due to the Luxembourg implementation of the anti-tax avoidance directive, Capital Markets & Corporate Services was further expanded in 2018. For example, new employees were gained at the Frankfurt and Wasserbillig (Luxembourg) offices in order to further promote the high quality of service and the growth of the division.

EBITDA in the Capital Markets & Corporate Services segment increased by 13.3% year-on-year to € 1.841 million.

Revenues in the Capital Markets & Corporate Services segment increased by 6% compared to the 2017 calendar year to € 3.76 million.

Personnel expenses increased by almost 21% year-on-year due to the growth of the division. The segment result (before taxes and minority interests) increased by 15.2% to just under € 1.87 million.

Coraixx GmbH & Co KGaA forms the Digitization & IT Services segment.

From the successful placement of the capital increase, capsensixx has exercised its call option with INQUENCE GmbH in order to transfer the application and existing customers of its artificial intelligence-based accounting solution to coraixx GmbH & Co KGaA ("coraixx"). Coraixx offers fully automated document processing as Software as a Service Provider. In 2018, the foundation was processed and the first steps to formate a team for operational business operations and a successful recruitment of employees for the Dresden location was announced.

As business has only started in 2018, the high costs could not compensated by income. EBITDA in the Digitization & IT Services segment is negative at T€ -222.

Selected Segment Information

	Funds Management	Capital Markets & Corporate Services	Digitization & IT Services	Funds Management	Capital Markets & Corporate Services	Digitization & IT Services
	2018			2017		
Revenues	111,873	3,764	63	112,651	3,549	0
Cost of material	-93,689	0	0	-96,533	-50	0
Personnel expenses	-6,055	-1,605	0	-5,412	-1,327	0
Segment result	6,475	1,866	-739	5,598	1,619	0

Outlook

Capital markets and the world economy
Fundamentals in general draw a positive picture. We can not economically locate recession fears, which most recently developed out of an initial economic skepticism. The global economy, and especially the US economy, is in solid shape, which also justifies the monetary policy of the US Federal Reserve, which has recently moderated its interest rate policy somewhat. The European Central Bank (ECB) is also stepping out of its expansionary monetary policy (QE = quantitative easing) in the context of slowly rising inflation, taking into account the different economic dynamics in the eurozone. The central banks played an important role in 2018 and will do so again in 2019.

In the current environment, many risks appear priced in and the price declines pressed the stock markets to a relatively lower valuation level. The MSCI World's price-earnings ratio, at 15, is slightly below the average of the last ten years, giving investors real opportunities in this situation. However, we expect a similarly tense and nervous environment for 2019, as we saw in the past year. Volatility is unlikely to diminish in 2019 - on the contrary, as long as the major areas of conflict, such as Brexit, the European budget dispute and the erratic US trade policy, are not resolved, market volatility will remain high.

Reliable long-term forecasts about the future development of individual countries, sectors and companies are hardly realistic against this background. Forecasts, as the past has impressively shown, are based on assumptions that reflect today's level of knowledge and experience.

For the remainder of the year, however, the uncertainty factors are likely to increasingly influence decisions and uncertainty for investors will increase. Geopolitical risks could also temporarily increase and volatility could rise again significantly. However this may also offer opportunities to capsensixx.

Industry
capsensixx believes that several major developments are currently taking place in the fund, investment and asset management industries, in which it operates:

- Asset managers are playing a progressively larger role in providing capital to the economy, taking advantage of bank retrenchment due to regulatory and capital constraints.
- Low interest rates are causing a shift from unmanaged assets, such as cash and deposit accounts, into managed portfolios.
- Asset managers are developing new digital distribution capabilities as a way of accessing retail / direct-to-consumer channels, such as robo-advisory, particularly among younger customers.
- Increasing regulatory complexity and the continuous cost pressure contributes to the consolidation of the industry and the growth of companies providing the administration to the fund, investment and asset management industry.
- On the back of increased regulatory complexity, outsourcing has increased as small to medium size portfolio and asset managers have no longer the time, expertise, resources or risk appetite to perform the required services in-house.
- Evolving client needs require a shift towards consultation of clients to offer solution-based services tailored to the client's needs.

- Digitization and technical evolution provide additional transparency to portfolio managers, regulators and ultimately the investors. The provision of back-office functions in the asset management industry will become more automated and easier to perform.

Clients are redefining the benefits of outsourcing by asking their service providers to add value beyond cost cutting, such as providing new performance indicators, adding capacity and improved functional capabilities.

Corporate outlook

Strategy
capsensixx has a core organic growth strategy that is augmented with a focused acquisition growth strategy, both of which are reflected in the Group's successful growth track record in recent years. New businesses driving economic growth are sourced both from increasing revenues from existing clients setting up additional and new structures with the help of the Group and tend to use the Group for additional services as well as from new client relationships which we plan to continue to develop on the basis of our strong people led service philosophy.

Organic growth strategy
The key drivers of the Group's organic growth strategy include:
- Building out the Group's market presence in existing asset classes.
- Development of core products related offerings to drive increased revenue opportunities through targeted entry into new products and structures.
- Market share increase by deepening and expanding existing client relationships by offering the most comprehensive product and jurisdictional range.
- Cross-selling to existing clients and delivering new client wins through direct referrals, intermediary referrals and direct targeting.
- Expansion of existing suite of services available to clients to ensure that the Group can continue to provide a 'one-stop-shop' solution to clients in each product class, as well as differentiating the Group from its competitors.

As the Group has been able to successfully use economics of scale and built its reputation, in particular with a focus on product class related businesses, the Group expects it to be able to more easily establish new client relationships either by directly approaching new clients or by way of direct or indirect referrals by other clients or service providers.

The **Funds Management, Administration & Accounting** segment aims to grow organically by generating new clients and net inflows. Due to its ability to manage funds domiciled in Germany and the (absolute) growth rate of German funds compared to Luxembourg funds, Germany remains an important growth region for Axxion.

With the fund industry expected to consolidate in Luxembourg over the next few years, Axxion also plans to offer its back-office services (ie transfer agency, accounting, NAV calculation, etc.) to fund management companies and administrators and even competitors for outsourcing purposes.

In the **Capital Markets & Corporate Services** segment, Oaklet has launched two major projects to improve the offer and attract new customers:
- Oaklet received its "Carbon neutral" certification for the first time in autumn 2017 and has since been distributing its "carbon neutral securitization". Green bonds could play a key role in financing investment needed to meet the EU's climate change targets and the United Nations Sustainable Development Goals. The annual global investment

needed to build infrastructure in a low-carbon scenario amounts to billions of euros that are unlikely to be met in the near future. Oaklet allows initiators and originators to conduct their product development and emissions with a "green" service provider.
- As part of the Anti-Tax-Avoidance Directive implementation in Luxembourg, Oaklet will also use securitization funds for the first time in 2019 and, as one of the first service providers in Luxembourg, has also successfully issued so-called "fiduciary notes".

Following the successful laying of the foundation stone and personnel acquisition at coraixx 2018, the **Digitization & IT Services** segment is expanding its business and activities in the coming months. The focus is on integrating more customers into the automated accounting solution and increasing the number of invoices processed. With the Software-as-a-Service offering, customers can process their accounting data at a fraction of the cost and manual efforts.

Acquisition Strategy

Our organic growth strategy is complemented by our acquisition strategy, with a strong track record of founding, implementing and integrating acquisitions. capsensixx takes a very selective and disciplined approach to acquisitions to generate capital value for the Group and avoid negative impact on existing business. It evaluates the long-term strategic justification for an acquisition opportunity based on a set of indicators, including:

- The ability to strengthen capsensixx's existing service delivery platform and provide operational capacity to support the growth story of capsensixx.
- The ability to acquire skilled workers to support capsensixx's People's Business approach; and
- Exploit synergies (rationalization of systems and key functions) and cross-selling opportunities within the combined business.

capsensixx sees the expected further consolidation in the industry, accelerated by increasing regulatory requirements and the continued withdrawal of global accounting firms, law firms and industry banks, as an opportunity for future acquisitions. capsensixx is therefore constantly reviewing acquisition opportunities.

capsensixx aims to improve its performance through complementary strategic acquisitions in a consolidating market and to maintain a healthy pipeline of opportunities. capsensixx is focusing its attention on acquisition opportunities that enable it to deepen and expand existing asset capabilities and expand its product offering.

Outlook

capsensixx sees opportunities to grow organically and to participate in the consolidation of the industry through selective acquisitions. capsensix's subsidiaries will continue to focus on providing high quality and innovative services, adhering to high standards of compliance and customer analysis, improving employee development and maintaining strong customer relationships.

Given the strong net flows (net inflows) of alternative and multi-asset solutions, global managed assets are expected to increase significantly in the medium term as wealthy individuals and institutional investors seek transparent, sustainable solutions. With its ability to offer multi-asset solutions on the one hand, and alternative investment structures through its subsidiaries, capsensixx is well positioned to increase its market share in light of these growth trends in the industry.

The digital capabilities support the distribution of new products and services in the fintech industry and also limit the impact of increasing regulatory costs and competitive momentum.

Capsensixx's outlook for full-year 2019 is positive, supported by stable net-cash inflows, the strong pipeline of projects and new products (described above) at the subsidiaries levels in the areas of Fund Administration & Accounting and Capital Markets & Corporate Services, despite the negative market trend in 2018 and supported by its improved visibility and agility after the initial public offering of capensixx.

Assuming that the environment continues to develop without serious disruptions, we are planning with a slight increase in net income before income taxes (after minority interests) of the capsensixx Group for 2019 with rising sales revenues in all three segments. As part of this market scenario, we expect a slight increase in assets under administration of 3-5% and anticipate a slight year-on-year increase in EBITDA.

The risks to the outlook for capsensixx include the global development of net assets, the development of capital markets and continuing political uncertainty worldwide. In addition, unforeseen regulatory costs and potential delays in implementation may adversely affect our costs and future income.

Risks

Our Board of Directors has overall responsibility for setting up and monitoring our risk management.

The framework identifies four risk categories:
- Strategic and business risks: disruptive technologies, margin and competitive pressures, changes in demand for our products, negative global development of net assets, capital market trends and continuing political uncertainty worldwide
- operational risks: loss of employees in critical positions, failures and disruptions in our information technology and operational systems
- Risks from Reporting / Finance: Incorrect or timely reporting due to qualitatively and quantitatively insufficient resources or fraudulent actions
- Compliance risk: Risk of non-compliance with all legal and regulatory requirements, legal disputes, unfavorable changes in corporate and tax regulations as well as possible implementation delays

In addition, we are exposed to the following main risks from our financial assets: credit risk, liquidity risk and market risk (including currency risk and interest rate risk). Therefore, we have implemented policies and procedures for measuring, managing, monitoring and reporting risks, which are regularly reviewed by our Board.

We have introduced a three-step model to monitor and control our risk:
- The first level of risk management is carried out by the company. The primary responsibility for strategy, performance and risk management lies with the Management Board and the subsidiaries. Subsidiaries must comply with the regularly updated guidelines for operational management and a regularly updated risk management policy.

- The second level of risk management is risk monitoring. This is done at the level of the Subsidiaries and their Compliance Officers, Tax and Legal Advisers and the Relationship Managers to ensure that the compliance procedures and policies are adhered to in terms of customer and business acceptance in accordance with a defined risk profile.
- The third level of risk management involves ensuring the effectiveness of internal controls and the overall governance of our group through our internal audit function. The goal is for our internal audit department to visit all subsidiary units at least once every three years. Our internal audit reviews each operation primarily on the quality of business processes, finance, compliance, IT, human resources and governance with a focus on improving processes and controls.

The periodic reporting in relation to the four risk categories is made on the following points:
- reporting on predefined key risk indicators;
- incident reporting; and
- Reporting on regular risk self-assessments that are being introduced and will be conducted annually in the future.

The three classes of risks:
In addition to the risks presented in connection with our business activities and those of our subsidiaries, capsensixx is subject to the following risks:

Credit risk is the risk that a counterparty will fail to meet its obligations under a financial instrument or a customer contract, resulting in a financial loss. Credit risks mainly consist of trade receivables and bank balances. Customer credit risk is very limited as our clients are either segregated funds or segregated accounts. Customer credit risk is managed by each of our companies in accordance with our clients' credit risk management policies, procedures and controls. Outstanding customer claims are constantly monitored and tracked. We take precautions when there are objective indications that we can not collect the debt (for example, if there are indications that the debtor is experiencing significant financial difficulties or insolvency, bankruptcy risk, problems in contacting customers, disputes with a client, etc.). The analysis will be performed on a case by case basis in accordance with the guidelines. We write off bad debts as soon as identified.

The cash and cash equivalents we hold are mainly held by banks that are managed by Standard & Poor's Rating Services or Fitch Ratings Ltd. be rated "BBB" or higher.

Long-term receivables amounted to T € 394 on the reporting date of December 31, 2018 (previous year: T € 562). These essentially consisted of receivables from related companies in the amount of T € 384.

Liquidity risk includes the risk of shortage of funds and the risk that we will have difficulty in meeting our obligations in relation to our financial liabilities.

We monitor our cash shortage risk through recurring cash flow planning: Global cash flow forecasts for the next 12 months, each in December.

The bank balance as at 31 December 2018 was € 11.23 million (previous year: € 4.96 million).

Our subsidiaries prepare their own cash flow forecasts and are consolidated by our Management Board. Our Management Board oversees the rolling projections of our liquidity requirements and our actual cash position to ensure that we have sufficient cash to meet operational needs, while leaving enough space for our committed credit lines to ensure that we do not exceed credit lines or alliances.

We hold the amounts required for working capital management, and our board of directors determines the best use of excess cash (repayment of loans, deposits, etc.).

Market risk (including currency risk and interest rate risk) is the risk that changes in market prices, such as Exchange rates and interest rates, our income or the value of our holdings of financial instruments. The goal of market risk management is to manage and manage market risk exposures within acceptable parameters while optimizing returns.

The currency risk mainly relates to our business activities (when income or expenses are denominated in a currency other than our functional currency). Our exposure mainly affects US Dollars (USD) and, in insignificant amounts, also Canadian Dollar (CAD) and Swiss Franc (CHF).

During the reporting period, foreign currencies denominated in USD amounting to € 28 thousand, which are attributable to receivables from bank balances. Significant risks do not arise due to the amount.

Summary of the risks for the reporting period

The business development of capsensixx AG is also influenced by risks. This is shown above. Through our systems and extensive reporting, we ensure the identification, assessment, control and monitoring of our risks of ongoing and future development. The information provided ensures timely initiation and prioritization of risk management measures. capsensixx complied in 2018 within its economic risk-bearing capacity limits. There were no risks that could threaten the continued existence of the company and, taking into account our forecasted business development, are also not given. Even with possible disruptions, a ongoing business is ensured. Our risk monitoring and control systems and the consistent alignment of our business model with our risk-bearing capacity enable us to ensure that the risks taken in our business activities are backed by appropriate risk capital. The effectiveness of our risk management is regularly reviewed by external auditors and internal auditors. The risk management and controlling system is constantly being developed, especially with regard to the development of the volume and the complexity of our business.

The risks presented were classified as "not significant" during the reporting period.

Transactions with related parties

capsensixx AG maintains business relations with related companies and persons. As part of these business relationships with these companies and individuals, we often offer and procure the same services that are also provided to customers in general. In our opinion, we conduct all business with these companies and persons under customary conditions. No transactions occurred outside market-standard or at-arms-lengths principles.

Declaration on the dependency report in accordance with § 312 (1) AktG for the financial year 2018

Final declaration of the Management Board
Pursuant to §312 (3) AktG, we as the Management Board of Capsensixx AG declare that the Company has complied with the legal transactions and measures taken or omitted in the report on relationships with affiliated companies

according to the circumstances known to us at the time the transaction or the measure was taken or omitted, was given a fair consideration in each transaction and was not penalized by the fact that the measure was taken or omitted.

Our shares

The capsensixx shares were initially quoted on June 21, 2018 at the Frankfurt Stock Exchange with an initial offering price of € 16.00. The market capitalization of capsensixx was € 54.88 million. Market capitalization is calculated as the total number of shares outstanding (€ 3.430 million) multiplied by the stated share price (€ 16.00). PEH Wertpapier AG is the majority shareholder and holds around 77.64%, while the free-float with greenshoe amounts 22.36%.

The German and international stock exchanges showed significant fluctuations in 2018. Due to the US-China trade dispute, Brexit uncertainties or the budget dispute between the European Commission and the Italian government, investors were insecure. The leading German DAX index, which comprises the 30 largest listed German companies, came under considerable pressure; for the year he posted a minus of approx. 18 percent. The technology index TecDAX was also characterized by strong price fluctuations, but only lost around the year. 3 percent, compared to the MDAX and SDAX, which lost approx. 18 percent and approx. 20 percent.

Despite the challenging stock market environment, capsensixx AG listed its shares with the Frankfurt Stock Exchange. Since 21 June 2018, the day of the first listing, the share of the leading provider of Financial Administration as a Service has been listed in the Prime Standard - the quality segment with the highest transparency requirements of the Frankfurt Stock Exchange.

The first price was € 16.00 and thus at the issue price. As a result of the IPO, the share capital of the company increased by € 330,000 from € 3,100,000 to € 3,430,000. PEH Wertpapier AG, formerly the sole shareholder, issued a total of 437,000 shares as part of the IPO, of which 30,000 shares were placed under a greenshoe option. Even after the successful IPO, PEH Wertpapier AG remains the majority shareholder of capsensixx AG with around 77.64 percent. The free float is 22.36 percent. The IPO generated gross proceeds of € 5.3 million. The listing was an important milestone for capsensixx AG and helped to further expand its position as a leading provider of "Financial Administration as a Service" and to enable investments to drive digitization of financial processes.

Despite a positive business development, the capsensixx AG share suffered significant losses over the course of the year. Especially shares from the tech sector consolidated very strongly in the second half of 2018. capsensixx was unable to avoid. The shares traded about 32 percent lower at the end of 2018 with a Xetra closing price of € 10.80 , which was also the lowest Xetra closing price in 2018. After the end of the reporting period, the share price has already recovered a bit.

During the reporting period, capsensixx AG was covered by montega - Equity Research. In an update from November 2018, the stock is recommended for purchase with a price target of € 18.00.

On average, on every German stock exchange, approx. 2,500 shares of capsensixx AG traded. The electronic trading system Xetra of the Frankfurt Stock Exchange accounted for just under 1,500 shares accounting for approx. 60 percent of the total turnover of the daily traded capsensixx shares.

Overview/Information on capsensixx shares

ISIN / WKN	DE000A2G9M17 / A2G9M1
Ticker symbol	CPX
Type of shares	3,430,000 no-par-value bearer shares
Market capitalization	as of 31.12.2018 approx. € 37 million
High / low on Xetra	€ 15.95 on 21.06.2018 / € 10.80 on 28.12.2018
Share capital	€ 3,430,000
First day of trading	21.06.2018
Trading segment	Prime Standard of the Frankfurt Stock Exchange
Designated Sponsor	ICF BANK AG

Events of the Annual General Meeting 2018

At the 2018 Annual General Meeting on May 28, 2018, the members of the Management Board and the Supervisory Board were granted discharge for the shortened financial year 2017. To the members of the Supervisory Board for the period up to the Annual General Meeting deciding on the discharge for the financial year 2022 were elected Mr. Martin Stürner, Mr. Rudolf Locker and Mr. Gregor Langer.

At the 2018 Annual General Meeting, Baker Tilly GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft, was elected as auditor for the 2018 financial year.

The resolutions were unanimous.

Board members (Management Board)

Sven-Uwe Ulbrich,
born on February 13, 1973 in Munich, is our Chief Executive Officer (CEO) and Chairman of the Management Board.

Sven is one of the founders of Oaklet GmbH, which was founded in 2006. He began his career in 1999 in the Compliance and Operations department of Hornblower Fischer AG. During 2000, Sven became a EUREX licensed trader, EUREX Supervisor, and held several series audits with the Securities and Exchange Commission (SEC) and the United States Commodity Futures Trading Commission (CFTC). Until 2002, he led the financial futures business of Hornblower Fischer AG in Germany before founding his own asset management company in Frankfurt with some partners - KMS Asset Management AG.

Sven was responsible for a structured products team, mainly equity derivatives from leading investment banks. In 2005, he designed the first bank-independent securitization transaction in Luxembourg under the 2004 Luxembourg Securitization Law. PEH Wertpapier AG acquired a majority stake in Oaklet GmbH in 2007 and Sven became a member of PEH Wertpapier AG's Management Board in 2011 and was appointed CEO of capsensixx The contract was transferred from PEH Wertpapier AG to capsensixx AG with effect from 21 June 2018 (date of first listing on the Frankfurt Stock Exchange).

Fabian Art-Ihno Föhre,
born January 22, 1974 in Las Palmas, Gran Canaria (Spain), is our Chief Financial Officer (CFO) and a member of the Management Board.

After completing his studies in Japan, Fabian joined the operations of Hornblower Fischer AG in 1999. In 2000, he joined Equinet Securities

AG as a trader assistant and later became an exchange trader at XETRA and Floor-Trader. From 2004, he worked for KMS Asset Management AG in the structuring team of Sven's unit. Together with Sven and the other founding partners of Oaklet GmbH, Fabian became one of the managing directors of Oaklet GmbH in 2006 and today is a member of the board of directors of Oaklet S.A.
Fabian was appointed CFO of capsensixx AG with effect from 21 June 2018 (date of first listing on the Frankfurt Stock Exchange).

Board members (Supervisory Board)

Martin Stürner began his career in the financial sector back in 1981 when he joined Münchinger Bank eG. In 1984 he became branch manager in Münchingen and in 1985 asset manager at Commerzbank (Munich). From 1987 until the end of 1989, he was a team leader at Bayerische Hypotheken- und Wechselbank AG, before joining M.M. Warburg & CO in Hamburg as fund manager and asset manager. In 1995 he joined PEH Wertpapier AG and became one of its shareholders.

Today he is the largest single investor of PEH Wertpapier AG and its CEO.

Rudolf Locker completed his studies in economics in Mainz in 1973. In 1974 he was admitted to Arthur Anderson as an accountant and in 1976 passed his tax consultant exam. Between 1976 and 1995 he set up his own tax consulting and accounting firm. In 1989, he was one of the founding members of the btu consultancy partner auditing firm in Oberursel and has transferred his business in kind. In 1993 he was one of the founding partners of FiRe GmbH, which went public in 1999 and is today known as Amadeus FiRe AG.

Today, Rudolf Locker is one of the major shareholders of PEH Wertpapier AG and Chairman of the Supervisory Board of PEH Wertpapier AG.

Rudolf Locker has acquired 82,000 shares of capsensixx AG and thus holds 2.39% of the share capital of capsensixx.

Gregor Langer completed his business studies in Brussels before working in various administrative and organizational positions for the Intercontinental Hotel Group. In 1989 he moved to Atlantic International Leasing GmbH - specialist for IT leasing as Financial Officer. He recognized the opportunities of such leasing and financial solutions and became an entrepreneur. He founded several leasing companies and built them up through buy & build into the AML Leasing Group, which he sold in 2007. Today, Gregor Langer acts as a private investor and so-called 'Business Angel'. Gregor Langer is a member of the Supervisory Board of PEH Wertpapier AG.

Gregor Langer has acquired 25,000 shares in capsensixx AG and thus holds about 0.73% of the share capital of capsensixx.

Compensation of the Supervisory Board and the Management Board

Each member of the Supervisory Board is entitled to € 10,000 p.a. according to the articles of association of capsensixx AG. The Chairman of the Supervisory Board receives € 20,000 p.a. The Deputy Chairman of the Supervisory Board receives € 15,000 p.a. There are no claims for the year 2018. The claim arises for the first time for the fiscal year 2019.

The expense allowances paid to the members of the Supervisory Board amounted to T € 0 in the fiscal year including VAT. The Supervisory Board waived its remuneration of T € 45.

The members of the Supervisory Board do not receive any performance-related compensation, as the company's Articles of Association are intended for a fixed remuneration only and, in addition, the absence of performance-related compensation components ensures that all decisions of the Supervisory Board are taken without taking into account any personal advantages through increased Supervisory Board remuneration.

The amount and structure of the remuneration of the Management Board is determined by the Supervisory Board. The aim of the compensation system of capsensixx AG is to provide an appropriate remuneration taking into account the personal performance of each member of the Management Board as well as the economic situation and the success of the company. In addition, the remuneration is based on industry and national standards.

The Law on the Appropriateness of Management Board Remuneration (VorstAG) came into force on 5 August 2009 and applies to all new contracts concluded after that date.

The annual remuneration of the members of the Executive Board is based on their contribution to the company's success and consists of two components: a non-performance-related remuneration and a performance-related one. The amount of the fixed salary depends on the assigned function and responsibility, the length of service with the Management Board as well as the industry and market conditions.

The employment contract of Mr Föhre was closed in 2018 until 21 November 2022. The employment contract of Mr. Ulbrich was also extended until 21.11.2022 in the context of the new contracts.

In addition to a fixed basic salary (Mr. Föhre receives € 160 thousand and Mr. Ulbrich € 240 per year), the Company pays both members of the Management Board a performance-related variable compensation (bonus). The aim of the bonus agreement is a sustainable net income. The bonus payment is made up of two components: (i) the "Income Bonus" component, which is based exclusively on the Company's net income; and (ii) the "Performance Bonus" component, which aims to achieve the medium and long term qualitative objectives of the Company Society, such as innovation, sustainability, diversity and social responsibility. The "Income Bonus" component is limited to 100% of the fixed basic salary and takes into account a corresponding minimum target achievement in order to take account of the interests of capsensixx shareholders. The "Performance Bonus" component can be up to three times the fixed base salary per year.

The bonus agreement includes an obligation to acquire capsensixx shares for a minimum holding period of 4 years. The beneficiary of the annual bonus payment is required to spend 40% of the portion of the annual bonus payment exceeding the amount of the basic fixed salary for the acquisition of capsensixx shares.

There are no provisions for severance pay in the event of early dismissal or retirement benefits for members of the Management Board. Share-based compensation or stock option plans do not exist.

Mr Föhre receives a compensation from Oaklet GmbH, which is offset against the base salary at capsensixx. Annual bonus payments to Mr. Föhre are subject to approval by the Supervisory Board of capsensixx AG.

Mr. Ulbrich continues to be active on the Management Board of PEH Wertpapier AG, but has received his compensation (fixed base salary + annual bonus, with the exception of the annual bonus for 2018) since 1.6.2018 exclusively from capsensixx AG. Capsensixx AG calculates T € 20 (+ VAT) per annum for the corresponding offsetting of the services rendered to PEH Wertpapier AG.

In the financial year, non-performance-related remuneration of € 12 thousand (+ €) thousand (previous year € 0 thousand) was paid to Mr. Fabian Föhre and € 142 thousand (previous year € 0 thousand) to Mr. Sven Ulbrich for non-performance-related remuneration. On the level of capsensixx AG are no income related bonusses for neither Mr Föhre nor Mr Ulbrich in 2018.

Relevant information on takeover

The company has issued only one class of shares. The subscribed capital amounts to € 3,430,000. It is divided into 3,430,000 bearer shares (no-par value shares).

All shares grant the same rights.

There are no shares with special rights.

There are no shares that have voting rights controls or that do not directly exercise their control rights.

There are no restrictions affecting voting rights or transfers of shares.

On the balance sheet date, capsensixx AG did not hold any of its own shares.

PEH Wertpapier AG directly holds 77.64% of the shares. The Company has no knowledge of other shareholders holding more than 3% of the voting rights.

The appointment and dismissal of the members of the Management Board takes place in accordance with the Articles of Association by the Supervisory Board. The board consists of one or more persons. Otherwise, the Supervisory Board determines the number of members of the Management Board. The Supervisory Board may appoint a Chairman of the Management Board and a Deputy Chairman of the Management Board. Deputy board members can be appointed. If only one board member is appointed, it represents the company alone. If the Management Board consists of several persons, two members of the Management Board each represent the company or a member of the Management Board together with an authorized officer. The Supervisory Board may determine whether individual members of the Management Board are authorized to represent the company and / or conduct legal transactions with them as representatives of a third party (exemption from the prohibition of multiple representation of § 181 BGB). By unanimous decision, the Board of Directors adopts rules of procedure which regulate the distribution of business among the members of the Management Board as well as the details of the decision of the Management Board. Rules of procedure of the Management Board require the approval of the Supervisory Board.

To make amendments to the Articles of Association, a resolution of the Annual General Meeting is required. Unless the law requires otherwise, the simple majority of the votes cast in accordance with § 17 (2) sentence 1 of the Articles of Association of the Company is sufficient. Furthermore, pursuant to Section 17 (2) sentence 2 of the Articles of Association, in cases where the law requires a majority of the share capital represented at the passing of the resolution, the simple majority of the represented share capital shall suffice, unless required by the law by a larger majority is prescribed.

In accordance with the Articles of Association, the Management Board, with the approval of the Supervisory Board, authorizes the share capital to be increased once or several times up to a total of € 1,220,000 by issuing new bearer shares (shares without nominal value) in return for cash and / or non-cash contributions until March 20, 2023.

Significant agreements that are subject to a change of control as a result of a takeover bid have not been made.

Compensation agreements that are made in the event of a takeover bid with the members of the Management Board or employees do not exist.

Forward looking Statements

This interim report contains forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts or events or to facts or events as of the date of this interim report. This applies, in particular, to statements in this interim report containing information on our future earnings capacity, plans and expectations regarding our business growth and profitability, and the general economic conditions to which we are exposed. Expressions such as "plan", "predict", "project", "forecast", "target", "expect", "foresee", "will", "intend", "estimate", "assume", "anticipate", "goal", "potential" or "aim" may be an indication of forward-looking statements.

The forward-looking statements in this interim report are subject to risks and uncertainties, as they relate to future events, and are based on estimates and assessments made to the best of the Issuer's present knowledge. These forward-looking statements are based on assumptions, uncertainties and other factors, the occurrence or non¬occurrence of which could cause the Issuer's actual results, including the financial condition and profitability of our Group, to differ materially from or fail to meet the expectations expressed or implied in the forward¬ looking statements. These expressions can be found in several sections in this interim report, and wherever information is contained in this interim report regarding our intentions, beliefs, or current expectations relating to its future financial condition and results of operations, plans, liquidity, business outlook, growth, strategy and profitability, investments and capital expenditure requirements, expectations as to future growth in demand for our products and services as well as the economic and regulatory environment to which we are subject.

In light of these uncertainties and assumptions, it is also possible that the future events mentioned in this interim report will not occur. In addition, the forward-looking estimates and forecasts reproduced in this interim report from third-party reports could prove to be inaccurate. Actual results, performance or events may differ materially from those in such statements due to, among other reasons:

- changes in general economic conditions in the markets in which we operate, including changes in the unemployment rate, the level of consumer prices, wage levels etc.;
- the further development in the markets in which we are operating our business;
- our ability to manage growth;
- changes affecting interest rate levels;
- changes in the competitive environment and in the competition level;
- changes affecting currency exchange rates;
- inability to attract and retain qualified personnel;
- changes to the regulatory environment that may affect our and our client's business;
- changes in taxation.

Moreover, it should be noted that all forward looking statements only speak as of the date of this interim report and that neither the Issuer nor the Underwriter assumes any obligation, except as required by law, to update any forward-looking statement or to conform any such statement to actual events or developments.

Declaration on corporate governance (§ 289f HGB)

The declaration was completely submitted by capsensixx AG and made publicly accessible on the company's website (https://capsensixx.de/11-ir.html).

Imprint

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Publication
Published on 18th of April 2019

Disclaimer regarding forward-looking statements

This report contains forward-looking statements. Forward-looking statements are statements that are not historical facts; they include statements about our beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates and projections as they are currently available to the management of capsensixx. Forward-looking statements therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events. By their very nature, forward-looking statements involve risks and uncertainties.

A number of important factors could therefore cause actual results to differ materially from those contained in any forward-looking statement. Such factors include the conditions in the financial markets in Germany, in Europe, in the United States and elsewhere from which we derive a substantial portion of our revenues and in which we hold a substantial portion of our assets, the development of asset prices and market volatility, the implementation of our strategic initiatives, the reliability of our risk management policies, procedures and methods, and other risks as described in this report.

Consolidated Financial Statements of capsensixx AG

CAPSENSIXX AG
Combined Balance Sheet as of 31. December 2018
International Financial Reporting Standards

ASSETS	Notes	31.12.2018 €	31.12.2017 €	01.01.2017 €
Goodwill	C.1.	587,316.09	43,549.36	43,549.36
Other intangible assets	C.2.	6,211,609.86	1,845,491.03	2,124,354.85
Tangible assets	C.2.	672,309.25	932,028.01	945,888.81
Financial assets accounted for using the equity method	C.3.	14,457.79	0.00	0.00
Non-current financial assets	C.4.	394,224.21	561,853.71	646,903.71
Deferred tax assets	B.6., C.5.	221,823.00	105,506.00	194,958.00
Non-current assets		**8,101,740.20**	**3,488,428.11**	**3,955,654.73**
Trade receivables	C.7.	9,834,079.95	44,526,264.20	13,139,855.16
Income tax assets	B.6., C.6.	554,818.09	138,860.07	111,611.23
Available for sale assets*1	C.7.	3,475,007.21	3,996,600.03	4,104,000.91
Cash and cash equivalents	C.8.	11,226,301.98	4,961,053.54	3,797,683.11
Current assets		**25,090,207.23**	**53,622,777.84**	**21,153,150.41**
Total assets		**33,191,947.43**	**57,111,205.95**	**25,108,805.14**

*1 „Short term financial assets" and „Availabe for sale assets" as seperately displayed before, will be combined starting 2018 as „Available for sale assets".

EQUITY AND LIABILITIES	Notes	31.12.2018 €	31.12.2017 €	01.01.2017 €
Subscribed capital	C.9.	3,430,000.00	100,000.00	100,000.00
Retained capital		4,848,213.45	0.00	0.00
Retained earnings	C.9.	1,566,263.33	83,006.26	42,115.53
Accumulated other equity				
Profit carried forward	C.9.	-1,976.59	191,510.95	-138,154.98
Net profit		1,269,241.44	2,529,413.47	2,060,148.69
Equity compensation item		0.00	2,669,892.06	2,669,892.06
Value adjustment IFRS 9		0.00	0.00	
Balancing item step acquisition		0.00	360,180.50	360,180.50
Equity excluding non-controlling interests		11,111,741.63	5,934,003.23	5,094,181.80
Non-controlling interests		6,544,356.41	5,648,015.95	4,817,663.33
Equity		**17,656,098.04**	**11,582,019.19**	**9,911,845.13**
Deferred tax liabilities	B.6., C.5.	89,870.07	108,186.05	75,788.83
Long-term liabilities	C.10	3,522,004.17	107,297.89	147,535.81
Non-current liabilities		**3,611,874.24**	**215,483.94**	**223,324.64**
Income taxes	B.6.	901,428.59	548,383.58	656,753.93
Trade payables and other operating payables	C.11.	8,708,770.47	42,516,185.12	12,024,193.11
Other short-term liabilities	C.12.	2,313,776.09	2,249,134.12	2,292,688.33
Current liabilities		**11,923,975.15**	**45,313,702.82**	**14,973,635.37**
Total equity and liabilities		**33,191,947.43**	**57,111,205.95**	**25,108,805.14**

CAPSENSIXX AG
Consolidated Profit and Loss Statement for the period of 1. January to 31. December 2018
(IFRS)

	Notes	2018 €	combined* 2017 €
1. Revenues		115,700,176.44	116,200,228.74
2. Other operating income		1,185,184.42	694,042.54
3. Cost of materials		- 93,689,170.01	- 96,583,127.34
4. Personnel expenses			
a) Wages and salaries		- 6,250,841.16	- 5,331,363.77
b) Social security, pension and other benefits		- 1,551,734.56	- 1,407,656.11
5. Depreciation and amortization on intangible fixed assets and tangible assets		- 1,539,815.60	- 976,184.17
6. Other operating expenses		- 7,563,890.61	- 5,433,092.14
7. Income of associated companies		154.97	0.00
8. Finance income		31,132.55	31,504.31
9. Other interest and similar income		43,772.21	30,661.89
10. Finance costs		- 15,368.11	- 7,476.45
11. Profit before tax		6,349,600.54	7,217,537.50
12. Taxation		- 2,140,289.10	- 2,241,207.66
13. Net profit		4,209,311.44	4,976,329.84
14. Net profit attributable to non-controlling interests		2,940,070.00	2,446,916.37
15. Net profit attributable to shareholders of capsensisxx AG		**1,269,241.44**	**2,529,413.47**
Earnings per share (undiluted)		0.53	25.29
Earnings per share (diluted)		0.53	25.29

*numbers taken of the combined financial information (A.2.)

This is a translation of the German annual report. If there are variances, the German version has priority over the English translation.

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CAPSENSIXX AG
Combined statement of comprehensive income for the period 01. January to 31. December 2018
(IFRS)

	2018 T€	combined* 2017 T€
I. NET PROFIT	4,209,311.44	4,976,329.84
II. OTHER COMPREHENSIVE INCOME		
a) Positions may not be reclassified in profit or loss		
+/- Reclassifications of liabilites to former employees after their dismissal	0.00	0.00
+/- Income tax	0.00	0.00
Subtotal	**0.00**	**0.00**
b) Positions may be reclassified in the profit or loss		
Valuation of financial instruments		
+/- Financial isntruments availabe for sale:	- 34,378.14	77,572.19
of which P&L of the year € -34.378,14 (Vj.: € 0,00)		
of which reclassification due to sale € 0,00 (Vj.: € 0,00)		
+/- Income tax	0.00	0.00
Subtotal	**- 34,378.14**	**77,572.19**
Other comprehensive income (a+b)	**- 34,378.14**	**77,572.19**
of which attributable to non-controlling interests	- 13,024.15	36,681.46
of which attributable to shareholders of capsensixx AG	- 21,353.99	40,890.73
III. Total income		
Net profit	4,209,311.44	4,976,329.84
Other comprehensive income	- 34,378.14	77,572.19
Total income	**4,174,933.30**	**5,053,902.03**
of which attributabel to non-controlling interests	2,927,045.85	2,483,597.83
of which attributable to shareholders of capsensixx AG	1,247,887.45	2,570,304.20

* numbers taken of the combined financial statements (A.2.)

Combined statement of cash flows of capsensixx AG:

	01.01.-31.12. 2018 T€	01.01.-31.12. 2017 T€ *
Net profit including non-controlling interests, receives and receipts of taxes, interest and dividends received	6,321	7,168
Depreciation on fixed assets	1,540	976
Interest paid	- 15	- 7
Interest received	44	58
Dividends received	0	0
Adjustments to the retained capital due to employee stock options	0	0
Gain/loss on disposals	0	0
Increase/Decrease of loans and advances to customers, as well as other assets that are not to associate to investment or financing activities	33,542	- 31,153
Increase / Decrease of the liabiltiies to customers, as well as other liabilities, which are not to associate to investment or financing activity	- 33,842	30,445
Cash-flow from operating activities	**5,807**	**5,232**
Payments for investmetns in intangible assets	0	0
Payments received on disposals of real assets	0	0
Payments on taking the controlling stake of subsidiaries	0	0
Payments for investments in real assets	- 145	- 383
Payments for the purchase of associated companies	0	0
Cash-flow from investing activities	**- 2,690**	**- 684**
Payments received by way of a capital incresae	5,178	0
Dividend payments to shareholders and non-controlling interests	- 2,031	- 3,385
Payments on changes in interests on subsidiaries	0	0
Payments on redemptions on financial obligations	0	0
Receive of own shares	0	0
Cash-flow from financing activities	**3,147**	**- 3,385**
Change in cash funds	6,264	1,163
Currency fluctuation to cash funds	0	0
Funds at beginning of the period	4,961	3,798
Funds at end of period	**11,225**	**4,961**

* numbers taken of the combined financial statements (A.2.)

CAPSENSIXX AG, Frankfurt
Computation of changes to equity according to IFRS for the period of 01. January to 31. December 2018
(IFRS)

	Subscribed capital €	Retained capital €	Retained earnings** €	Available-for-sale accrual Retained valuation adjustments on financial investments * €
as of 31. December 2017	**100,000**	**0**	**2,720,924**	**83,007**
Adjustments due on changes of consolidation	0	0	-2,722,900	-83,007
01. January 2018 acc. IFRS	**100,000**	**0**	**-1,976**	**0**
Adjustments due to first-time consolidation	0	0	1,587,618	0
Total income	0	0	1,247,887	0
Contribution in kind	3,000,000	0	0	0
Costs of capital increase	0	-101,787	0	0
Capital increase	330,000	4,950,000	0	0
as of 31. December 2018 acc. IFRS	**3,430,000**	**4,848,213**	**2,833,529**	**0**

* In compliance with IFRS 9 Finanicial instruments, which were classified „available for sale" before and now reclassified belonging to IFRS 9 categories.

** The retained earnings include the total income as well as the consolidated other equity components. For the purpose of the computation of changes to the equity any accruals on value adjustments on financial investmetns are displayed separately.

see section C.9. of the notes

	Adjustments of equity due to first-time consolidaton for the purpose of combined statements €	Balancing item for step acquisition €	Consolidated other equity components €	Equity €	Non-controlling interests €	Total €
	2,669,892	**360,181**	**0**	**5,934,003**	**5,648,017**	**11,582,020**
	-2,669,892	-360,181	0	-5,835,980	-5,648,017	-11,483,997
	0	**0**	**0**	**98,023**	**0**	**98,023**
	0	0	0	1,587,618	3,617,311	5,204,929
	0	0	0	1,247,887	2,927,046	4,174,933
	0	0	0	3,000,000	0	3,000,000
	0	0	0	-101,787	0	-101,787
	0	0	0	5,280,000	0	5,280,000
	0	**0**	**0**	**11,111,742**	**6,544,357**	**17,656,099**

Development of fixed assets (direct gross value method)

Acquisition and production costs

	gross value 01.01.2018 €	+ reclassi-fications €	+ additions €	- disposals €	gross value 31.12.2018 €
I. Intangible assets					
Goodwill	43,549.36	543,766.73	0.00	0.00	587,316.09
IT-Software	2,744,846.74	95,808.22	3,108,891.52	0.00	5,949,546.48
Client base	0.00	0.00	2,071,500.00	0.00	2,071,500.00
Down payments	66,558.22	- 95,808.22	320,786.22	0.00	291,536.22
	2,854,954.32	543,766.73	5,501,177,74	0.00	8,899,898.79
II. Tangible fixed assets					
Office and business equipment	2,634,895.74	0.00	115,084.77	-5,677.38	2,744,303.13
Payments on account and assets under administration	0.00	0.00	29,953.16	0.00	29,953.16
	2,634,895.74	0.00	145,037.93	- 5,677.38	2,774,256.29
III. Financial assets					
Shareholding in associated companies	0.00	0.00	14,457.79	0.00	14,457.79
	0.00	0.00	14,457.79	0.00	14,457.79
Total:	**5,489,850.06**	**543,766.73**	**5,660,673.46**	**- 5,677.38**	**11,688,612.87**

Depreciation and amortization				Carrying amount	
Carry forward 01.01.2018 €	Depreciation €	Disposals €	Total 31.12.2018 €	31.12.2018 €	31.12.2017 €
0.00	0.00	0.00	0.00	587,316.09	43,549.36
965,913.93	927,908.91	0.00	1,893,822.84	4,055,723.64	1,778,932.81
0.00	207,150.00	0.00	207,150.00	1,864,350.00	0.00
0.00	0.00	0.00	0.00	291,536.22	66,558.22
965,913.93	1,135,058.91	0.00	2,100,972.84	6,798,925.95	1,889,040.39
1,702,867.73	404,756.69	- 5,677.38	2,101,947.04	642,356.09	932,028.01
0.00	0.00	0.00	0.00	29,953,16	0.00
1,702,867.73	404,756.69	- 5,677.38	2,101,947.04	672,309.25	932,028.01
0.00	0.00	0.00	0.00	14,457.79	0.00
0.00	0.00	0.00	0.00	14,457.79	0.00
2,668,781.66	**1,539,815.60**	**- 5,677.38**	**4,202,919.88**	**7,485,692.99**	**2,821,068.40**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

A. General Information

A.1. GENERAL INFORMATION ON THE COMPANY

capsensixx AG, Frankfurt am Main, as a holding company, was founded on 10 November 2017 and registered on 28 November 2017, with the commercial register of the Amtsgericht Frankfurt am Main (HRB 110258). Registered office of capsensixx is Frankfurt am Main, domiciled at Bettinastrasse 57, 60325 Frankfurt. The fiscal year of capsensixx and the subsidiaries is the calendar year. capsensixx AG shares are listed since 21. June 2018 on the Frankfurt Stock Exchange in the regulated market (Prime Standard) with ISIN DE000A2G0M17.

capsensixx AG is included in the consolidated financial statements of PEH Wertpapier AG. The consolidated financial statements are available at PEH Wertpapier AG, Bettinastrasse 57-59, Frankfurt am Main.

A.2. GENERAL INFORMATION REGARDING THE FINANCIAL STATEMENTS

As a capital market-oriented company, capsensixx AG prepares consolidated financial statements in accordance with section 315e (1) HGB in accordance with International Financial Reporting Standards ("IFRSs") as required by the European Union. The present consolidated financial statements are in accordance with IFRS and take into account all standards and interpretations that are to be applied on or after January 1, 2018 or thereafter ("IFRSIC"). The consolidated financial statements have been supplemented by a group management report in accordance with sections 315-315d HGB and additional explanations in accordance with section 315e (1) HGB.

The consolidated financial statements of capsensixx AG include the company and its subsidiaries (collectively referred to as the "Group"). The Group operates primarily in the area of fund administration, securitization and the provision of IT services.

The financial year for the Group and for the consolidated companies corresponds to the calendar year.

The consolidated financial statements were prepared on the basis of the going concern assumption and in euros. Unless otherwise stated, all amounts are stated in thousands of euros (T €).

The Management Board released the consolidated financial statements on 17.04.2019 for publication.

First-time Consolidated Financial Statements and First-Time Adoption of IFRS
On March 28, 2018, capsensixx AG gained control of the shares in Axxion SA and Oaklet GmbH and its subsidiaries. The shares were contributed into capsensixx AG by PEH Wertpapier AG by way of a contribution in kind against a capital increase of T € 3,000. With the change of control over the shares, capsensixx AG, Axxion SA and Oaklet GmbH and their subsidiaries form a group within the meaning of IFRS 10.

For the first time, consolidated financial statements were prepared in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards" (IFRS 1).

These consolidated financial statements were prepared on the basis of uniform IFRS accounting principles with an opening balance sheet as of 1 January 2017. None of the optional optimizations allowed by IFRS 1 were used in the consolidated financial statements.

When preparing the consolidated financial statements for the first time, the Management Board of capsensixx AG made use of the option of legal transfers of business activities from PEH Wertpapier AG to capsensixx AG as a "business combination under common control" using the book value method ("Predecessor accounting"). The prior-year comparative information required under IFRS was presented as if the business activities had already been entered in the past in order to consistently report on the previously existing economic reporting unit for all periods.

For this reason, the comparisons in the published Consolidated Financial Statements covering the financial years 2015 to 2017 were used for the comparative information for the previous year.
The consolidated financial information of capsensixx AG (hereinafter referred to as the "Consolidated Financial Statements") prepared for the financial years ending 31 December 2015, 2016 and 2017 in accordance with the International Financial Reporting Standards has been published on the homepage of capsensixx AG.

First-time Adoption of IFRS 9
The following table and accompanying notes explain the original measurement category under IAS 39 and the new measurement category under IFRS 9 as of January 1, 2018 for each class of financial assets and financial liabilities.

The effects of the first-time application of IFRS 9 on the carrying amounts of financial assets as of January 1, 2018, result exclusively from the new provisions for recognizing impairment losses.

In TEUR	see	Former category according to IAS 39	New category according to IFRS 9	Former carrying amount in acc to IAS 39	New carrying amount in acc to IFRS 9	Change
Financial assets						
Non-current financial assets	a)	Loans and Receivables	Acquisition and production costs	562	562	0
Trade receivables	b)	Loans and Receivables	Acquisition and production costs	44,526	44,526	0
Current financial assets	b)	Loans and Receivables	Acquisition and production costs	460	460	0
Financial instruments						
Mutual funds	c)	Available for sale	Fair value to profit and loss (FVTPL)	2,268	2,268	0
Profit participation rights	d)	Available for sale	Fair value to profit and loss (FVTPL)	815	815	0
Certificates linked to CLO´s	e)	Available for sale	Fair value to profit and loss (FVTPL)	375	375	0
Bearer Notes linked to a profit participation right	f)	Available for sale	Fair value to profit and loss (FVTPL)	79	79	0
Cash or cash-equivalent		Loans and Receivables	Acquisition and production costs	4,961	4,961	0
Total financial assets				54,045	54,045	0

The business model in the capsensixx Group can be outlined as follows for each group of financial assets:

- Cash and cash equivalents, trade receivables: The Group's business model is to collect the contractual cash inflows by holding these assets.

- Financial Instruments / Securities: The Group considers the Securities to realize the Securities for contractual cash flows by holding the Securities, but also to manage the liquidity of the Group through any sale of the Securities. The business model consists in holding and selling. The cash flow criterion is not met for the securities. For details, we refer to the following explanations.

A) Non-current financial assets include a loan to a related party, classified as a loan and receivable under IAS 39, and classified at amortized cost under IFRS 9.

B) Trade receivables and other financial assets classified as loans and receivables under IAS 39 are now classified at amortized cost. Changes in value adjustments as of 1 January 2018 new impairment concept was not included. From the current business model (debits and debits of customers directly from the companies of the capsensixx Group) and the analysis of the history, it has emerged that no significant effects would result from the recognition of expected losses.

C) There were no changes as of January 1, 2018 as part of the first-time adoption of IFRS 15.

D) The Group holds shares in foreign open-ended investment funds. These can be returned on any banking business day; the investor may request the redemption. These are therefore debt instruments; the cash flow conditions are not met here, as the payments not only consist of a fee for the transfer of capital, but also include net asset value in the event of the fund being redeemed.
The valuation is therefore mandatory at the fair value using the income statement (FVTPL).

E) The Group has granted profit participation capital to a company. For the transfer of capital, the Group receives an interest and a profit margin as remuneration. The Group has information rights in exchange of funding the company, but no voting rights. If the profit situation of the company does not allow it, interest may be carried forward or even canceled out the following year. The profit participation right is a debt instrument. However, the Group is exposed to volatility, since the remuneration depends on the profit situation of the company.
The valuation is made at fair value through the income statement (FVTPL).

F) Certificates: The certificates held by the Group relate to portfolios of collateralized loan obligations (CLOs). The Group receives annual interest payments for the capital lending, which are calculated as a function of income at the level of the underlying less costs. The certificate may be sold on the stock exchange or over the counter. Upon maturity of the Certificate, the Group receives a payout amount, the amount of which depends on the performance of the Underlying on the redemption date.
The certificates are debt instruments. The cash flow criterion is not met. The valuation is made at fair value through the income statement (FVTPL).

G) Bearer bond linked to a profit participation right: The bearer bond held by the Group relates to a profit participation agreement with a company. At maturity or termination, the Group receives a cash amount, the amount of which depends on the performance of the underlying on the relevant valuation date. The payout amount is the nominal value of the Certificate multiplied by the performance of the Underlying. The performance is thus dependent on the profit of the profit participation capital beneficiary. The bearer bonds are debt instruments. The cash flow criterion is not met.
The valuation is made at fair value through the income statement (FVTPL).

Impairment of financial assets

IFRS 9 replaces the model of accrued losses of IAS 39 with a model of expected credit losses ("ECL"). The new impairment model applies to financial assets measured at amortized cost, to contractual assets and debt instruments at fair value through profit or loss (FVOCI), but not to equity instruments held as financial assets.

The management of capsenixx AG has decided to apply a simplified impairment concept in accordance with IFRS 9.5.5.15 to trade receivables.

Since all trade receivables are due in the short term and thus do not contain any significant debt finance component, the expected losses are measured using a pension matrix. In principle, the risk of default occurring during the expected life of the financing instrument is estimated. The valuation of expected credit losses should be based on sound and consistent information about past events; this information may need to be adjusted to accommodate management's expectations about future developments and market conditions (forward-looking information).

In the case of estimating the expected credit losses in the area of trade receivables, the Group has determined the following matrix of precautionary measures based on its own historical data and future expectations (forward-looking information):

Receivables, overdue:

0	-	60 days:	Value adjustment	0%
60	-	180 days:	Value adjustment	5%
180	-	360 days:	Value adjustment	15%

Capsensixx AG used IFRS 9 for the first time in the financial year beginning on January 1, 2018 and, according to the simplification options, did not disclose comparative information for prior periods in terms of classification and measurement and impairment in accordance with IFRS 9. The resulting transition effects are generally recognized in retained earnings. In classification of financial assets, the securities previously valued only at the attributable unit value over other income have now been classified as at fair value through profit or loss. Overall, this resulted in a one-off effect in equity of kEUR 78 (of which kEUR 37 was attributable to minority interests), which is reclassified from the available-for-sale reserve and retained earnings.

To implement the new rules on impairment, suitable models have been developed, in particular to determine the expected default rates of trade receivables. Capsenisxx AG applies the simplified impairment model of IFRS 9 to record the expected losses over the entire term from all trade receivables and active contract items. The recognition of expected losses under the new value adjustment model results in earlier recognition of value adjustments.

Adjustments following the first time recognition of financial instruments according to IFRS:

Adjustments to the profit and loss	
Other operating income	+ 105
Income tax	+ 27
Net profit (before non-controlling itnerests)	+ 78
Net profit attributable to shareholders of capsensixx AG	+ 38

Results to the total income	
Net profit	+ 78
other results	- 78

There are no changes to the balance sheet.

First-time Adoption IFRS 15

The Group applies IFRS from 1.1.2018 using the fully retrospective method. Any conversion effects will be recognized directly in retained earnings at the beginning of the comparative period on January 1, 2017. In doing so, capsenixx AG makes use of the practical facilities granted in IFRS 15. In this connection, it is specifically envisaged that as of January 1, 2017, no revaluations will be made of such contracts that were commenced and completed within the same financial year or that have been fully fulfilled on January 1, 2017.

The implementation of IFRS 15 has no significant impact on the consolidated financial statements of capsensixx AG. Retained earnings as of January 1, 2018 did not increase, as no change in the timing of revenue for certain types of contract could be established; Changes in the total amount of revenue recognized for a customer contract did not occur in the 2017 financial year (as of the same period of the previous year).

The following standards or interpretations newly issued or revised by the IASB, which were not yet mandatory in the present financial statements, did not voluntarily apply capsensixx AG prematurely; partly the EU implementation is still pending:

Standard	(proposed) Application date	EU-Endorsement	Amendment/change
IFRS 16: Leases (Jan. 2016)	1.1.2019	done	Principal importance / see bleow
Prepayment features with negative compensation	1.1.2019	done	the group inspects the potential effects on the accounts actually
IFRIC 23: Uncertainty over income tax treatments	1.1.2019	done	the group inspects the potential effects on the accounts actually

Long-term interests in associates and Joint Ventures	1.1.2019	done	none
Annual improvements to IFRS standards 2015-2017 cylce	1.1.2019	pending	Principal importance
Plan amendment, cutailment or settlement	1.1.2019	pending	irrelevant
Changes of references on the base concept of IFRS standards	1.1.2020	pending	Principal importance
IFRS 3: Definition of a business	1.1.2020	pending	Principal importance
IAS 1/IAS 8: Definition of material	1.1.2020	pending	Principal importance
IFRS 17: Insurance contracts (May 2017)	1.1.2022	pending	irrelevant
Annual improvements to IFRS standards 2014-2016 cycle	1.1.2017/2018	Feb. 2018	the group inspects the potential effects on the accounts actually

IFRS 16 Leases

The Group is required to apply IFRS 16 Leases as of January 1, 2019. IFRS 16 sets out the principles for recognition, measurement, presentation and disclosure of leases and requires lessees to recognize all leases on a single model similar to the accounting for finance leases under IAS 17. At the inception of the lease, the lessee recognizes a liability to pay lease payments (ie the lease liability) and an asset for the granted right to use the leased asset during the term of the lease (ie the right to use the leased asset). Lessees must separately recognize the interest expense for the lease liability and the depreciation expense for the right of use of the leased asset.

In addition, lessees are required to revalue the lease liability in the event of certain events, such as changes in the lease duration or future lease payments due to a change in the index or interest rate used to determine the lease payments. The amount of the revaluation of the lease liability will generally be recognized by lessees as an adjustment to the right of use of the leased asset.

For lessors, IFRS 16 will essentially result in no changes compared with the currently valid IAS 17. They will continue to classify all leases according to the classification principles of IAS 17 and distinguish between two types of leases, namely between operating and finance leases.

Transition to IFRS 16

Under IAS 17, capsensixx AG concluded leasing contracts primarily as an operating lessee. The application of IFRS 16 has the following effects on the presentation of the Group's net assets, financial position and results of operations:

With regard to the minimum lease payments under operating leases reported under other financial commitments, the initial application of the standard to an increase in non-current assets by the Group Accounting for usage rights. Accordingly, financial liabilities will increase due to the presentation of the corresponding liabilities (valuation of the asset at the same value as the liability, valuation of the lease liabilities as the present value of the outstanding lease payments, adjusted for accruals and prepayments). In addition, the nature of the expenses arising from these leases will change as IFRS 16 replaces the previous linear expenses for operating leases with depreciation of the rights of use and interest payable on the liabilities. In addition, according to IFRS 16, the repayment portion of the lease payments is to be shown as part of the cash flow from financing activities, so that the operating cash flow will improve.

The Group applies IFRS 16 for the first time for the financial year beginning on 1.1.2019. Management has decided not to apply the standard in full retrospectively, but to capture the cumulative effects from that standard at the time of first-time adoption.

In the application of the standard, the Group will make use of the facilitation provisions, for short-term leases with a term of no more than 12 months and for leases for low-value rental property of no more than EUR 5,000 per asset on the recognition of a right of use and a lease liability and instead treat these leases according to the rules of non-recognition of pending transactions.

The marginal interest rate used to calculate the present value of the lease payments was determined on the basis of a marketable interest rate for borrowers of medium credit standing at market maturity, supplemented by a credit spread. Supplements for country risks or lease-specific adjustments were not made.
The average borrowing rate was 1.8%.
The Group has not formed any portfolios of assets when determining lease liabilities and valuing assets.
In summary, the first effects of IFRS 16 are expected to have the following effects:

Results to the balance sheet (Increase/Decrease) as of 31.12.2018	TEUR
Real assets	
Property	+3,484
Automobiles	+201
IT-Hardware	+67
Liablities of leases	+3,751

Results to the profit and loss (Increase/Decrease) as of 31.12.2018	TEUR
Depreciation	+1,031
Leases	-1,141
EBIT	-110
Interest	+76
Total	-34

A.3. Basics of accounting and valuation

The consolidated financial statements are prepared on the basis of historical acquisition or production costs, with the exception of certain financial instruments that are reported at fair value.

Currency translation

The functional currency and the reporting currency of capsensixx AG and the relevant European subsidiaries is the euro (€). Transactions denominated in foreign currencies are recognized at the transaction date at the exchange rate prevailing at that time. Nominal foreign currency assets and liabilities are translated at the closing rate on the balance sheet date. The resulting translation differences are recognized in profit or loss.

The exchange rates of the most important currencies for the capsensixx Group are:

	Closing Price	
1 €	**31.12.2018**	**31.12.2017**
USD (USA)	1.15	1.20

Recognition of Revenue

The Group operates in the areas of Fund Management, Administration & Accounting, Capital Markets & Corporate Services and Digitization & IT Services. Revenues from contracts with customers are recognized when the power of disposal over the services is transferred to the customer. It is recognized in the amount of consideration that the Group is expected to receive in exchange for these goods or services. The Group has generally come to the conclusion that it acts as the principal in its sales transactions, with the exception of the brokerage services described below, as it usually holds control of the services before they are transferred to the customer.

Contractual obligations and methods of computation of revenues

Type of services	Type and time of performance of contractual obligations including main terms	Realisation of proceeds according to IFRS 15 since 01. January 2018	Realisation of proceed according to IAS 18 (in force until the 01. January 2018)
Fund Administration 1. Portfolio-management 2. Riskmanagement	The Group has been appointed to manage several investment funds. This includes: • Determining the investment policy of the Fund taking into account legal and other requirements • Implementing the investment policy • Managing and approving further share classes • Amending the Articles of Incorporation (with the approval of the Depositary) • Preparing and adjusting the Prospectus • Exercise and monitoring of Collateral • Monitoring of risk indicators of the Fund The Group receives a regular management fee for the activity. The billing takes place monthly; the payment will be made within one month after invoicing. Management fees are variable compensation as a percentage of the fund volume. In addition, the Group receives performance fees on some funds if the fund reaches a peak or beats a benchmark index. This is a variable remuneration as a specific share of the appreciation of the fund. The calculation of the performance fee takes place at the end of the fund's financial year. Payment will be made within one month. There are no agreements that wholly or partially provide for the repayment of performance fees.	The service rendered is time-based. The provision of services will be consistent over time. The realization of the proceeds from the management fees takes place parallel to the provision of services. The performance fee is an additional variable remuneration for the management services rendered. Performance fees are highly dependent on the assets in the fund. They are subject to market volatility; an estimate is associated with high uncertainties. We only record the performance fees if they can be assessed reliably in terms of reason and amount	Revenue recognition is in accordance with IFRS 9 for the management fees for the period for which settlement is being made. The performance fee will be recognized as revenue if the fee is finally secured.

Central Administration 1. Calculation of Net Asset Value 2. Accounting and Reporting 3. Regulatory reporting 4. Tax reporting 5. Communication with auditors	The calculation of the net assets value is performance related to the period, which is performed by the Group on a regular basis or on the valuation date. The fund accounting is a time-related service that is performed on a current basis to the customers. The focus here is on the monthly or End of year. The regulatory reporting system is a time-related service rendered on a monthly or quarterly basis. The services in the area of supporting the tax declarations and the communication with the auditor is a time-related performance with a focus on the monthly or End of year.	The compensation for the central administration consists of a fixed amount plus a fixed percentage of the (monthly) fund volume. All services are time-based. The fees are continuously collected in parallel to the provision of services. Both the fixed monthly amount and the additional variable remuneration are billed monthly and recognized as revenue.	The realization of the revenues of central administration in accordance with IFRS 9 is carried out for services provided on a regular basis for the month for which the service was provided and settled.
Registrar and Transfer Agency	The Group is the registrar and transfer agent for the Luxembourg funds under its supervision. The Group handles and continuously handles the acquisitions and sales of fund units	The variable remuneration is determined on the basis of a fixed percentage multiplied by the fund volume and a fixed annual contribution to the performance. Billing takes place on a monthly basis based on the current fund volume. The services are billed monthly or quarterly at a later date. Payment is made within the month.	Realization of the revenues of the Registrar and Transfer Agent in accordance with IFRS 9 is performed on services provided for the month for which the service was provided and settled.

Set-Up of a securitization	Contractual obligations include preparation of feasibility studies, preparation of transaction documentation and coordination between the parties concerned, such as originators, lawyers, banks, etc.	These are time-based services that are due to the setting up of a structure. The billing takes place after successful completion of the transaction. The remuneration consists of a fixed amount. The service will be provided on an ongoing basis during the launching phase. The revenue recognition takes place parallel to the service provision. Invoicing takes place after the successful start of the transaction. At the end of 2017 and 2018 there were no unfinished services. A deferral of the proceeds at the end of the year was therefore not necessary.	Realization of the proceeds from the securitization transaction in accordance with IFRS 9 is carried out for services rendered on a regular basis for the month for which the service was provided and settled.
Calculation of fair value of certificates	The performance obligation of the Group consists of the valuation of the underlyings for the certificates, the collection of the account components, the accrual of costs, the valuation of the issued certificates, the calculation of the interest charges, the calculation of the early repayment prices etc.	These are time-related services. Billing is regularly on a monthly or quarterly basis. The remuneration consists of a variable remuneration, which consists of a certain proportion of the volume. Partly, the group also receives a fi xed minimum fee for this service. The service is provided on an ongoing basis. The revenue recognition takes place parallel to the service provision. The billing takes place monthly; the payment is made within one month after the invoice.	The proceeds from the calculation of the value of certificates in accordance with IFRS 9 are realized in the case of ongoing services for the month for which the service was rendered and settled.

Ongoing administration and administration for securitization companies.	The Group provides the securitization vehicles with an infrastructure. This includes: • The provision of directors • The provision of a registered address • Investor and Noteholder relations • Registrar Services • Transaction agent	The services are time-related services that are provided on an ongoing basis. The proceeds are collected in parallel to the service provision. The remuneration for the position of the infrastructure consists of a fixed amount. The billing takes place monthly; the payment will be made within the month after invoice.	Realization of revenues for ongoing administration and administration in accordance with IFRS 9 is performed on services provided for the month for which the service was rendered and settled.

Revenues

The Group generates revenues primarily from the management of investment funds as an investment company or central administrator, as well as from consulting, set-up and ongoing support for securitization transactions.

In TEUR	2018	2017
Revenues from clients business		
Fund administration	95,051	105,455
Central administration	4,617	4,401
Registrar and transfer agency	628	618
Provisions	10,017	58
Set-up of securitisations	206	176
Calculation Agency	2,659	2,697
Administration and ongoing support of securitisation vehicles	809	563
Automized invoice processing	63	0
Other	1,650	2,232
Total of financial assets	115,700	116,200

Break-down of revenues by region:

	Business year 2018		
	Germany	Luxembourg	Sum
Fund administration	0	95,051	95,051
Central administration	0	4,617	4,617
Registrar and transfer agency	0	628	628
Provisions	67	9,950	10,017
Set-up of securitisations	206	0	206
Calculation Agency	2,671	-12	2,659
Administration and ongoing support of securitisation vehicles	0	809	809
Automized invoice processing	63	0	63
Other	24	1,626	1,650
Total	**3,031**	**112,669**	**115,700**

	Business year 2018		
	Germany	Luxembourg	Sum
Fund administration	0	105,455	105,455
Central administration	0	4,401	4,401
Registrar and transfer agency	0	618	618
Provisions	58	0	58
Set-up of securitisations	176	0	176
Calculation Agency	2,704	-7	2,697
Administration and ongoing support of securitisation vehicles	0	563	563
Other	52	2,180	2,232
Total	**2,990**	**113,210**	**116,200**

Valuation adjustments

On each balance sheet date, the capsensixx Group reviews the carrying amounts of other intangible assets and property, plant and equipment to determine whether there is any indication that impairment may have occurred. In this case, the recoverable amount of the asset in question is determined in order to determine the extent of any impairment adjustment. The recoverable amount corresponds to the fair value less costs to sell or the value in use, whereby the higher of the two values is decisive.

The value in use corresponds to the present value of the expected cash fl ow from the further use of the asset. The discount rate used is a pre-tax interest rate that reflects market conditions. If the recoverable amount for an individual asset can not be determined, the recoverable amount is determined for the smallest identifiable group of assets (cash generating units) to which the asset in question can be allocated.

Goodwill (or goodwill) resulting from business combinations is allocated to the cash-generating units that are to benefit from the synergies of the acquisition.

Such cash-generating units represent the lowest level of reporting in the Group at which goodwill is monitored by the management for internal purposes. The recoverable amount of a cash-generating unit containing goodwill is regularly reviewed annually for impairment at the balance sheet date and additionally if there are any indications of a possible reduction in value at other times.

If the recoverable amount of an asset is lower than the book value, an immediate value adjustment is made. If the impairment requirement is determined on the basis of cash-generating units that contain goodwill, the goodwill is initially impaired. If the impairment requirement exceeds the carrying amount of the goodwill, the remainder is distributed proportionally to the remaining non-current assets of the cash-generating unit.

If a higher recoverable amount of the asset or the cash-generating unit results at a later date after an impairment has been made, the asset is written-up.

The reversal of impairment is limited to the amortized cost or acquisition cost that would have resulted if no impairment had been recognized in the past. Reversals on goodwill are not permitted. All impairments are recognized in profit or loss in depreciation.

Income taxes
Deferred taxes and current taxes are calculated in accordance with IAS 12. Deferred taxes are calculated on temporary differences between the carrying amounts of assets and liabilities in the IFRS and tax balance sheets and on recoverable loss carryforwards. The calculation is based on the tax rates expected at the time of realization, which were valid at the balance sheet date or passed by law. Deferred tax assets are only recognized if the associated tax receivables are likely to be used. Tax loss carryforwards are included in the tax deferral insofar as they are likely to be realized.

Changes in deferred taxes in the balance sheet generally result in deferred tax expenses or income. If items that result in a change in deferred taxes are posted directly against equity, the change in deferred taxes is also recognized directly in equity.

Other intangible assets
Acquired intangible assets are capitalized in accordance with IAS 38 if it is probable that their use will give rise to a future economic benefit and the cost of the asset can be reliably determined.

Purchased intangible assets are stated at acquisition cost and amortized on a straight-line basis over their useful life. All intangible assets acquired against payment have a limited useful life.

in years	useful life
IT-Software	3-5
IT-Licences	3-5
Clients contracts	5

Property, plant and equipment

The entire property, plant and equipment is valued at acquisition cost less depreciable depreciation and amortization. Scheduled depreciation is based on the following useful lives:

in years	useful life
Technical plant and equipment	4 bis 6
Other property, corporate and business materials	2 bis 8

Expenses for maintenance and repairs are recognized in profit or loss, insofar as they are not capitalized

Leasing

The capsensixx Group leases as lessee. Based on an analysis of the terms and conditions of these leases, leases are classified as either operating leases or finance leases due to their economic value.

Assets held under a finance lease are initially recognized at the fair value of the leased asset subject or, if lower, the carrying amount of the minimum lease payments. The corresponding liability is recognized in the balance sheet as a liability from financing relationships. When calculating the present value of the minimum lease payments, the interest rate underlying the lease is used as the discount rate, provided that it can be determined in a practicable manner. Otherwise the borrowing rate will be used. Conditional rental payments are recognized as an expense in the periods in which they accrue.

For assets that are the subject of operating leases, the lease expenses are recognized on a straight-line basis over the lease term. The rental period begins when the lessee controls the physical use of the leased asset. Rental benefits are treated as a reduction in rental expenses and also recognized on a straight-line basis over the rental period. Contingent rent payments under operating leases are expensed in the periods in which they accrue. As lessee, capsensixx AG has leases (mainly for cars and IT) that are classified as operating leases or finance leases in accordance with IAS 17, taking into account the underlying leases.

In the financial year, a finance lease exists for a network investment of T € 61.6 (PY: T € 102.6) under property, plant and equipment. There is a purchase option for the network system after the end of the contract period. This will be exercised if the conditions are favorable.

Finance leases for lessee

Reconciliation of the minimum lease payments to be made to the carrying amount of the liability

in T€	till 1 year	1-5 years	> 5 years	Total
Minimum lease payments from finance leases	44.98	22.49	0	67.48
Discount	-1.68	-0.23	0	-1.92
Present value of debt related to finance leases	43.30	22.26	0	65.56

Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In principle, this includes primary financial instruments on the one hand and derivative financial instruments on the other.

Upon initial recognition, financial assets are classified for subsequent measurement either at amortized cost, at fair value through other comprehensive income (FVOCI), or at fair value through profit or loss (FVTPL).

For the classification of assets, the management business model and the characteristics of the contractual cash flows of the financial assets are decisive.

The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows of the financial assets and the group's business model for managing its financial assets.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, the cash flows may consist solely of repayments and interest payments on the outstanding principal amount. This assessment is carried out at the level of each financial instrument.

The Group's business model for managing its financial assets reflects how a company manages its financial assets to generate cash flows. Depending on the business model, cash flows arise from the receipt of contractual cash flows, the sale of financial assets or both.

For subsequent measurement, financial assets are classified into four categories:

- Measurement of debt instruments at amortized cost
- Measurement of debt instruments at FVOCI with reclassification of cumulative gains and losses
- Measurement of equity instruments at FVOCI without subsequent reclassification to the profit and loss account
- Measurement of Debt instruments, derivatives and equity instruments for the FVTPL For the Group, the measurement categories "amortized cost" and "FVTPL" (valuation at fair value through the income statement) are currently of relevance.

The Group values financial assets at amortized cost if the following two conditions are met:

- The financial asset is held in a business model whose objective is to hold financial assets to collect the contractual cash flows, and
- the terms of the contractual financial assets give rise to cash flows at fixed dates, which represent only repayments and interest payments on the principal amount outstanding.

Financial assets valued at amortized cost are measured in subsequent periods using the effective interest method and are to be tested for impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets measured at amortized cost include trade receivables, loans receivable and bank balances recorded under non-current financial assets and other financial assets.

The group of financial assets measured at FVTPL includes financial assets held for trading, financial assets designated as at fair value through profit or loss upon initial recognition, or financial assets that must be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of sale or repurchase in the near future. Derivatives, including separately recognized embedded derivatives, are also classified as held for trading, with the exception of derivatives designated as hedging instruments.

Financial assets with cash flows that are not exclusively repayments and interest payments are classified as FVTPL, regardless of the business model, and valued accordingly.

Financial assets at fair value through profit or loss are recognized in the balance sheet at fair value, with the changes in fair value being recognized in the profit and loss account.

Reclassifications between the valuation categories were not made in the 2018 financial year.

IFRS 9 has two categories of financial liabilities:

- financial liabilities that are measured at fair value;
- Other financial liabilities measured at amortized cost using the effective interest method.

The financial liabilities of the Group comprise trade payables and are therefore measured at amortized cost in subsequent years using the effective interest method.

Financial assets are derecognised when the contractual rights to payment have expired or the financial asset and substantially all the risks and rewards of ownership of the asset have been transferred to a third party. If capsensixx AG retains substantially all the risks and rewards of ownership of the transferred asset, the financial asset continues to be recognized.

Financial liabilities are derecognised when redeemed, i.e. if the obligation has been settled, canceled or expired.

The first-time recognition and derecognition of the financial instruments takes place on the day of fulfillment.
For all debt instruments that are not rated at FVTPL, the Group recognizes an expected credit loss (ECL).
Expected credit losses are based on the difference between the contractual cash flows that are payable under the contract and the sum of the cash flows that the Group expects to receive, discounted at an approximate value of the original effective interest rate.

Expected credit losses are recorded in two steps. For financial instruments whose default risk has not significantly increased since the first-time recognition, a risk provision is recognized in the amount of the expected credit losses that are based on a default event within the next twelve months (12-month ECL). For financial instruments whose default risk has increased significantly since their initial recognition, an entity must recognize a loan loss provision in the amount of the credit losses expected over the remaining term, irrespective of when the default event occurs (total term ECL).

For trade receivables, the Group applies a simplified method for calculating expected credit losses. Therefore, it does not track changes in credit risk, but instead recognizes risk provisions on each balance sheet date based on the total term ECL. The Group has prepared a value adjustment matrix based on its previous experience of credit losses and adjusted for future-related factors that are specific to borrowers and the business environment.

The Group assumes a default on a financial asset if contractual payments are 90 days past due. In addition, in certain cases, it may assume a default on a financial asset if internal or external information indicates that it is unlikely that the group will receive the outstanding contractual amounts in full before taking into account all credit protection it holds. A financial asset is depreciated if there are no reasonable expectations that the contractual cash flows will be realized. Due to the insignificance of the effects, the application of ECL was waived in the financial year.

Fair value measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability as part of an orderly transaction between market participants at the measurement date. All assets and liabilities for which the fair value is determined or reported in the financial statements are classified in the following hierarchy, based on the lowest level input that is significant overall for fair value measurement

- inputs at level 1 are quoted prices in active markets for identical assets or liabilities to which the entity has access at the measurement date;
- Input factors at level 2 are market price quotations other than those mentioned at level 1, which are observed either directly or indirectly for the asset or liability;
- Level 3 inputs are unobservable inputs to the asset or liability.

Cash and cash equivalents

Cash and bank balances comprise cash, cash deposits and short-termed deposits with credit institutions that have a residual maturity of up to three months and are subject to only minor fluctuations in value. They are valued at amortized cost.

Estimates and judgments

The preparation of the consolidated financial statements requires that assumptions be made and estimates used that affect the amount and disclosure of assets and liabilities, income and expenses and contingent liabilities. The estimates are based on experience and other assumptions that are believed to be correct under the circumstances. The actual values may differ from the estimates. The assessments and assumptions are constantly reviewed and adjusted if necessary.

The key estimates and assumptions set out below, as well as the uncertainties associated with the selected accounting policies, are critical to understanding the underlying risks of financial reporting and the implications that such estimates, assumptions and uncertainties may have on the consolidated financial statements:

• Revenues with customers

For its fund management services, the Group also receives variable fees in some cases as performance fees. The performance fees are usually paid in the form of a high watermark or hurdle rate, depending on the performance of the investment fund under management, at the end of the year.
In the case of the high watermark, an additional performance fee will only be paid if the share price adjusted for distributions has reached a new high at the end of the year.
In the hurdle rate, a performance fee will be payable if the share price adjusted in the distributions exceeds a predetermined threshold.
In both cases, the payment of a performance fee is dependent on the assets in the fund and therefore also subject to great fluctuations in certain circumstances.

As the performance fees depend on the assets in the fund and thus on external factors and an estimation is associated with high estimation uncertainty, the Group waives the estimate of any performance fees but only recognizes them on the date of their creation (end of the fund's accounting period).

• Goodwill

As above and under C.1. the Group reviews annually and additionally whenever there is any indication as to whether an impairment of goodwill has occurred. The recoverable amount of the cash-generating unit must be estimated. This corresponds to the higher of the fair value less costs to sell and the value in use.

The determination of the value in use includes the making of adjustments and estimates relating to the forecasting and discounting of future cash flows. Although management believes that the assumptions used to calculate the recoverable amount are reasonable, any unforeseen changes in these assumptions could result in an impairment loss that could adversely affect net assets, financial position and results of operations.

• Impairment of property, plant and equipment and other intangible assets

At each balance sheet date, the capsensixx Group must assess whether there is any indication that the carrying amount of an item of property, plant and equipment or other intangible assets may be impaired. In this case, the recoverable amount of the relevant asset is estimated. The recoverable amount corresponds to the higher of the fair value less costs to sell and the value in use. To determine the value in use, the discounted future cash flows of the relevant asset must be determined. Estimates of discounted future cash fl ows include significant assumptions, particularly those relating to future sales prices and sales volumes, costs and discount rates. Although management believes that the estimates of the relevant expected useful lives, the assumptions regarding the business environment and the development of the industries in which the Group operates and the estimates of discounted future cash flows are reasonable, could result from a change assumptions or circumstances require a change in the analysis. This could result in additional impairments or reversals of impairment in the future if the trends identified by management reverse or the assumptions and estimates prove incorrect.

• Taxes on income

At each balance sheet date, the Group assesses whether the realisability of future tax benefits for the recognition of deferred tax assets is sufficiently probable. This requires the management u. a. the assessment of the tax benefits resulting from the available tax strategies and the future taxable income as well as taking into account further positive and negative factors. The reported deferred tax assets could be reduced if the estimates of the taxable income and tax benefits achievable by the available tax strategies are reduced or if changes in current tax legislation limit the timing or scope of the realisability of future tax benefits.

• Legal risks

The group companies of the capsensixx Group are in some cases parties in legal disputes. The outcome of these cases could have a significant effect on the net assets, financial position and results of operations of the Group. The management regularly analyzes the current Information on such cases and provides provisions for probable obligations, including estimated legal costs. Internal and external lawyers are used for the assessment. When deciding on the need for a provision, management takes into account the likelihood of an unfavorable outcome and the ability to estimate the amount of the obligation with sufficient reliability. The filing of an action or the formal assertion of a claim against a company of the Specimen Group or the indication of a dispute in the annex does not automatically mean that a provision for the risk in question is appropriate.

As at 31.12.2018, no provisions were recognized in connection with legal disputes.

• Determination of the fair value
For financial instruments, the fair value corresponds in principle to the amount that capsensixx AG would receive or pay if it sold or would pay the financial instruments on the balance sheet date. If market prices are quoted and published in active markets for financial instruments, these are used. Otherwise, the fair values are calculated on the basis of the market conditions existing at the balance sheet date (for example, interest rates, foreign exchange rates, commodity prices) using the middle rates. The fair values are calculated using a recognized fi nancial model (eg option price model, DCF method).

Information on subsidiaries
capsensixx AG and its subsidiaries are included in the consolidated financial statements (list of shareholdings, see Note (E.7.)), on which they exercise control. Capsensixx AG controls a company if it has existing rights which give it the current ability to direct the relevant activities. These are the activities that significantly affect the return of the company. In addition, capsensixx AG is exposed to or has rights to fluctuating returns from its involvement with the Company and has the ability to influence those returns through its power over the Company. If capsensixx AG holds less than the majority of the voting rights, other facts and circumstances (including contractual agreements that give capsenisxx AG control over the company) may cause capsenisxx AG to control the company. Capsensixx AG reassesses the company in the event of control of companies if facts and circumstances indicate that there are changes in the factors justifying control.

The consolidated financial statements are based on the separate financial statements of capsensixx AG and the fully consolidated subsidiaries prepared in accordance with the Group's uniform accounting and valuation methods. The individual financial statements of the consolidated companies included in the consolidated financial statements are generally valid as established at 31.12.

Full consolidation of subsidiaries begins at the time when control is available and ends when such control is no longer possible. The capital consolidation is carried out in accordance with the purchase method in accordance with IFRS 3. To this end, the assets and liabilities acquired are generally recognized at fair value. A positive difference between cost and pro-rata revalued equity of the subsidiaries is reported as goodwill and regularly tested for recoverability. Any remaining negative difference is recognized in the income statement after reassessment.

Non-controlling interests are reported in proportion to their interest in the fair value of the acquired identifiable assets and obligations assumed (including contingent liabilities).
Expenses, income, receivables and liabilities between the fully consolidated companies and inter-company profits from intragroup supply and service relationships are eliminated. Deferred taxes are deferred on consolidation transactions affecting net income.

In addition to capsensixx AG, the following significant subsidiaries were included in the consolidated financial statements in the year under review:

Name	Domicilation	Nominal Capital	Share of nominal capital
Axxion S.A.	Grevenmacher, Luxembourg	1,500,000.00	50.0001%
Navaxx S.A. („navAXX")	Grevenmacher, Luxembourg	1,000,000.00	100.00%
Axxion Deutschland Investment AG mit Teilgesellschaftsvermögen („ADIT")	Frankfurt a. M., Germany	1,000,000.00	100.00%
Axxion Revolution Fund - One ("Rev. Fund")	Grevenmacher, Luxembourg	100,000.00	99.53%
Oaklet GmbH („Oaklet")	Frankfurt, Germany	63,700.00	53.86%*
Oaklet S.A. ("Oaklet S.A.")	Wasserbillig, Luxembourg	125,000.00	100.00%
coraixx GmbH & Co KG a.A. ("coraixx KGaA")	Frankfurt, Germany	62,500.00	100.00%
coraixx Verwaltungs GmbH	Frankfurt, Germany	25,000.00	50.00%

Capital increase contribution in kind by transfer of shares in Axxion S.A. & Oaklet GmbH by PEH Wertpapier AG

On 28 March 2018, capsensixx AG decided at an extraordinary shareholders' meeting to increase the share capital by contribution in kind and to conclude a contribution agreement with PEH Wertpapier AG on the same date. The capital increase became effective with the entry in the commercial register on 18 April 2018.

The contribution in kind of the parent company PEH Wertpapier AG comprises shares in Axxion S.A. and at the Oaklert GmbH at book values.

The Axxion S.A. and its subsidiaries (navAXX S.A. and Axxion Deutschland Investmentgesellschaft mit Teilgesellschaftsvermögen) offer investment funds a fully integrated infrastructure for the entire life cycle of an investment fund. Benefits start on setting up the investment structure, issuing and subscribing for fund units and obtaining the necessary approvals and / or listings, and cover the day-to-day management business until final redemption or liquidation.

Oaklet GmbH, together with its subsidiary Oaklet S.A. Financial engineering consultancy services that help initiators and investors suspend their investment structure according to their individual, economic, regulatory and taxation requirements. Oaklet arranges and coordinates all third-party service providers in connection with the issue, the subscription process and the investment and redemption phase. In addition, the Oaklet S.A. As a regulated corporate service provider, it provides director and administrative services to its clients' companies.

The assets of both companies, including existing goodwill and liabilities, were transferred at their carrying amounts. A new goodwill was not generated. A difference was recognized as a balancing item in retained earnings.

The adjustment item was allocated proportionally to the shares of non-controlling interests.

Determination of Equity adjustments

The difference between the contributed net assets and the share of equity attributable to PEH Wertpapier AG and the non-controlling interests was reported as a compensation item in equity. This amount is calculated as follows:

In T€	28. März 2018 Equity	28. März 2018 Equity allocated to capsensixx
Net assets Axxion S.A.	10,196	
Minus dividends paid on business year 2017	3,600	
Minus profits of 1st quarter 2018	1,140	
Adjusted net assets	5,456	
thereof: non-controlling interests	2,728	
thereof: capsensixx AG	2,728	2,728
Net assets Oaklet GmbH	3,142	
Minus profit 1st quarter 2018	132	
Adjusted net assets	3,010	
thereof: non-controlling interests	1,328	
thereof: capsensixx AG	1,872	1,872
Attributable assets		4,600
Minus investment book value		3,000
Balancing item		1,600
thereof: IFRS 9 reserve		-12
thereof: balancing item		1,588

Net assets of Axxion S.A.

The following classes of assets and debt were available at time of deposit (continued acquisition costs):

in T€	2018
ASSETS	
Non-current assets	2,650
Current assets	16,897
	19,547
DEBT	
Non-current debt	63
Current debt	9,287
	9,350
Net assets at continued acquisition costs	**10,196**

Capsensixx AG holds - through its stake in Axxion S.A. - indirectly 50.01% of the share capital (T € 1,000) and the voting rights in the navAXX S.A. and the share in the capital stock (€ 100 thousand) and the voting rights in the Axxion Deutschland Investmentaktiengesellschaft mit Teilgesellschaftsvermögen (ADIT). The navAXX S.A. and ADIT are therefore to be included in the consolidated financial statements of capsensixx AG as subsidiaries within the meaning of IFRS 10.

The inclusion of the navAXX S.A. and ADIT, as a subsidiary of capsensixx AG, is within the meaning of IFRS 10:
Capsensixx AG indirectly holds, via Axxion S.A., 99.70% of the shares in an affiliated company, the "Axxion Revolution Fund - One", an administered fund by Axxion S.A.

Net assets of Oaklet GmbH

in T€	2018
ASSETS	
Goodwill (to be accounted at capsensixx only)	543
Non-current assets	627
Current assets	2,680
	3,850
DEBT	
Non-current debt	100
Current debt	608
	708
Net assets at continued acquisition costs	**3,142**

Through its stake in Oaklet GmbH, capsensixx AG indirectly holds 53.86% of the share capital (€ 125 thousand) and voting rights in Oaklet SA, Wasserbillig, Luxembourg, and is thus a subsidiary within the meaning of IFRS 10 in to include the consolidated financial statements of capsensixx AG. The inclusion of Oaklet S.A. As a subsidiary of capsensixx AG within the meaning of IFRS 10, it is part of the step-by-step consolidation process from bottom to top.

First, the necessary consolidations between Oaklet GmbH and Oaklet S.A. carried out.

Subsequently, this subgroup consolidation is included in the consolidated financial statements of capsensixx AG by way of full consolidation.

Purchase of shelf company / reorganization to coraixx Verwaltungs GmbH
On 9 May 2018, capsensixx AG founded coraixx Verwaltungs GmbH with a share capital of € 25,000 by purchasing a shelf company with simultaneous reorganization. It holds 50% of the shares / voting rights. The object of the company is the development, marketing, installation and administration of software and hardware and the acquisition and management of shareholdings as well as the assumption of personal liability and the management of trading companies and / or companies under civil law.

Formation of coraixx KGaA / capital increase
On May 28, 2018, capsensixx AG, as limited partner, together with coraixx Verwaltungs GmbH, founded coraixx GmbH & Co KGaA as the general partner. The object of the company is the development, operation and commercialization of data processing solutions. The share capital of the Company was € 50,000 on the day of incorporation and was divided into 50,000 no-par-value bearer shares, which were acquired by the limited liability shareholders against cash contributions at an issue price of € 50,000 (€ 1 per share). Coraixx Verwaltungs GmbH, as a general partner, increased the share capital of coraixx GmbH & Co KGaA on 1.8.2018 by issuing 12,500 new no-par-value bearer shares (share in the share capital of EUR 1.00 each) in EUR 62,500 decided. The new shares were subscribed against cash contribution (issue price EUR 190.00 per share) at a total issue price of EUR 2,375,000.00 by capsensixx AG (limited partner) on 1.8.2018.

Details of subsidiaries that hold non-controlling interests in compliance with IFRS 12 are listed below.

Proportion of non-controlling interests in activities and Cash Flows of the Group (IFRS 12.12)

Name of the subsidiary	Axxion S. A. inkl. NavAXX S.A. / ADIT / Axxion Rev. F		Oaklet GmbH inkl. Oaklet S.A.	
Domicilation	Grevenmacher, Luxembourg		Frankfurt, Germany	
	2018	2017	2018	2017
Non-controlling interests	49.99 %	49.99 %	46.14 %	46.14 %
	T€	T€	T€	T€
Profit	4,695	3,908	1,285	1,069
thereof allocated to non-cotnrolling interests	2,347	1,954	593	493
Other income	0	23	-34	55
thereof allocated to non-controlling interests	0	12	-13	25
Total income	4,695	3,931	1,250	1,123
thereof allocated to non-controlling interests	2,347	1,965	580	518
Equity at end of the period	10,151	9,056	3,188	2,425
thereof allocated to non-controlling interests	5,073	4,528	1,471	1,119
Dividend paymetns in the current year	3,600	2,400	985	985
thereof allocated to non-controlling interests	1,800	1,200	231	454
Assets	20,763	53,042	4,266	3,969
thereof allocated to non-controlling itnerests	10,382	26,521	1,968	1,831
Debt	10,613	43,986	1,078	1,545
thereof allocated to non-controlling interests	5,306	21,993	497	713
Revenues	111,873	112,651	3,764	3,549
thereof allocated to non-controlling interests	55,937	56,326	1,737	1,637

Notes to the limitations in accordance to IFRS 12.13 -
There are no limitation in 2018 and 2017 in the meaning of IFRS 12.13.

B. Explanatory notes to the profit and loss account

B.1. Revenues and cost of materials

Revenues from contracts with customers amount to EUR 115,700k in 2018 (2017: EUR 116,200k) and mainly result from fund management services and securitization of funds.

The cost of materials amounts to KEUR 93,689 in 2018 (KEUR 96,583 in 2017) and mainly includes management fees for external portfolio managers (KEUR 74,163), commissions (KEUR 18,465) and performance fees (KEUR 1,061).

Revenues are broken down by segment as follows:

In TEUR	Fund Administration	Corporate Services	Digitization & IT Services	Total
Revenues from clients business 2018				
With third parties	111,873	3,761	63	115,700
Internally	0	0	0	0
Time based collection of revenues				
On a specific date	0	206	0	206
For a specific period	111,874	3,556	64	115,494

B.2. Other operation income

Break-down of other operating income:

	2018 T€	2017 T€
Passed on costs	367	197
Revenues from IT services and financial accounting services provided by navAXX	191	337
Subtotal other operatin income relating to services provided to customers	**558**	**543**
Income on lease of employees	86	0
Rental Income	23	3
Income from the valuation of securities	166	0
Non-monetary benefits arising form the use of private car	161	144
Income from the reversal of accruals	50	0
Income from currency conversion	7	13
Other	134	0
Total	**1,185**	**694**

B.3. Personnel expenses

The personnel expenses in 2018 amounted to TEUR 7,802 (2017: 6,739).

B.4. Depreciations

Break-down of depreciations:

	2018 T€	2017 T€
Scheduled depreciation on purchased intangible assets	1,135	579
Scheduled depreciation on real assets	405	397
Gesamt	**1,540**	**976**

B.5. Other operating expenses

The other operating expenses include:

	2018 T€	2017 T€
Administrative expenses on Funds	1,747	1,546
Communications, office supplies	1,406	1,002
Rental expenses	1,358	1,273
Legal, consulting, acquisition and audit costs	910	562
Costs of the initial public offering	802	0
Advertising, Public Relations	433	241
Travel costs, vehcile costs	295	345
Insurance, contributions	217	105
Valuation of securities	101	0
Wealth tax	0	26
Currency conversions	0	7
Other	295	326
Total	**7,564**	**5,433**

B.6. Income tax

Taxes on income of € 2,140 thousand for 2018 (2017: € 2,241 thousand) include taxes of € 2,181 thousand (2017: € 2,196 thousand) for the current year and € -41 thousand (2017: T € 44) Refunds (-) or expenses (+) for taxes from previous years.

	2018 T€	2017 T€
Actual taxes	2,265	2,150
Deferred tax claims	-125	90
Total	**2,140**	**2,241**

For the calculation of current taxes in Germany, distributed corporate income tax rates of 15.00% (previous year: 15.00%) and a solidarity rate of 5.50% (previous year: 5.50%) are based on distributed and retained earnings placed. In addition to corporation tax, trade tax is levied on profits made in Germany. The trade tax is set and charged on the basis of the tax amount with a hundred-rate (tax rate), which is to be determined by the municipality. For the financial year 2018, the trade tax increase rate for the city of Frankfurt am Main will be 460.00%. Taking into account the non-deductibility of the trade tax as an operating expense, the trade tax is subject to a tax rate of 16.10% (previous year: 16.10%), resulting in a total domestic tax rate of approx. 32% (previous year: 32%) results.

The following table shows the relationship between the income taxes derived from earnings before taxes and the income taxes reported in the income statement (reconciliation statement).

	2018 T€	2017 T€
Profits before income taxes	6,619	8,948
Not tax-related entries (Profit from subsidiaries, profits in the Group´s goodwill amortization)	269	1,730
Basis for calculation of the tax expenses expected (Profit before tax)	**6,888**	**7,217**
Expected tax expenses	-2,273	-2,333
Changes due to tax-exempt income	497	234
Tax effects of certain non-deductible expenses	35	2
Tax effects from valuation differences on the tax balance sheet	0	-9
Deferred taxes for the use of loss carry-forwards	-106	-90
Adjustment on loss potential	-334	0
Tax of current year income and earnings	-2,181	-2,196
Tax refund previous years	41	-44
Taxes on income and earnings	-2,140	-2,241

Deferred tax assets are only recognized if the realization of these tax benefits is probable. All current known positive and negative factors influencing future taxable income are taken into account to determine appropriate valuation allowances. The assessment to be made can change as a result of future developments.

For results of foreign Group companies, withholding taxes and German taxes due are recognized as deferred taxes if it can either be assumed that these profits are subject to corresponding taxation or if they are not intended to be reinvested on a permanent basis.

Composition of deferred tax assets in the balance sheet for each type of temporary difference:

	2018 T€	2017 T€
Deferred tax claims on existing loss carry-forwards	222	105
of which income	222	90
Deferred tax entitlement total	**222**	**105**

Loss carry-forwards are currently held by coraixx KGaA totaling € 739 thousand (previous year: € 0 thousand).
The loss carry-forwards at Oaklet S.A. totaling TEUR 375 os of 2017 were fully offset in 2018.

The deferred tax asset on existing loss carry-forwards is determined on the basis of the income and tax planning for the next five years. Loss carry-forwards are valued only to the extent of the tax benefits anticipated in the future if the forecasts show that the losses can be realized within the next 5 years.

	2018 T€	2017 T€
Unused tax losses for which no deferred tax asset was recognized.	1,340	0
Potential tax credit (32%)	428	0

Composition of the deferred tax liabilities in the balance sheet for each type of temporary differences:

	2018 T€	2017 T€
Deferred tax liabilities from differences in the valuation of securities	90	108
of which income	0	0
Deferred tax liabilities total	**90**	**108**

Composition of the deferred tax claims in the profit and loss account for any kind of temporary differences effective on the profis are shown int he following table:

	2018 T€	2017 T€
- deferred tax expenses from the consumption of loss carry-forwards	-106	-6
= - deferred tax expense / + deferred tax income	**-106**	**-6**

B.7. Financial results

The financial result of availabe for sale assets is composed as following:

	2018 T€	2017 T€
Result on non-interest bearing securities:	116	69
Profit/loss on sale or revalidation	-82	+33
Value changes	+34	-33
Financial results	**68**	**69**

Please find more information on the results of availabe for sale assets within the segment reporting.

B.8. Earnings per share

According to IAS 33, earnings per share are to be determined by dividing the consolidated result by the weighted average number of shares outstanding. Newly issued shares of purchased treasury shares must be accounted for pro rata.

The net profit 2018 of the companies amounts to 2,072 (2017: 2,529).
As of April 18, 2018, the number of outstanding shares was 100,000. On April 19, 2018 and June 21, 2018, the number of outstanding shares was 3,100,000. In the period from 22 June to 31. December, the number was 3,430,000. The weighted average of 2018 shares outstanding is 2,386,804. Earnings per share (diluted / undiluted) for 2018 are € 0.87 per share.

in €/shares per number	**31.12.2018**	**31.12.2017**
Profit/loss of the period (attributable to shareholders of capsensixx AG)	1,269,241	2,529,413.47
Weighted average number of shares	2,386,804	2,386,804
Adjusted weighted average number of shares	**2,386,804**	**2,386,804**
Undiluted earnings per share (€)	**0.53**	**1.06***
Diluted earnings per share (€)	**0.53**	**1.06***

* The undiluted/diluted earnings per share for 2017 have been computed on the basis of 100,000 shares.

** The weighted average number of shares 2017 has been amended in accordance with IAS 33.64 for the actual year.

C. Notes to the balance sheet

C.1. Goodwill

Goodwill arising from the acquisition of shares in Oaklet GmbH (EUR 544k) and its subsidiary of Oaklet SA (EUR 44k) was transferred to capsensixx AG at their book value (see comments under A.1).

The first-time consolidation of Oaklet GmbH and the subsequent subsequent acquisition of shares resulted in goodwill of EUR 544 thousand. The acquisition of Oaklet S.A., Wasserbillig, Luxembourg, resulted in goodwill of EUR 44k from Oaklet GmbH as of July 1, 2015.

The goodwill is allocated to the "Capital Markets & Corporate Services" segment:

Cash Generating Unit	**2018 T€**	**2017 T€**
Oaklet GmbH, Frankfurt	587	587
Total	**587**	**587**

The recoverable amount of this CGU is generally determined by determining the value in use using the discounted cash flow method. The planned after-tax cash flows are used from the three-year planning of the CGU prepared by bottum-up and approved by the management of capsensixx AG. The cash flows beyond the three-year period are always calculated on the basis of the last plan year. For the perpetual annuity, the cash flows are discounted, taking into account a growth discount of 0.5%.

The total cost of capital used for discounting is based on the risk-free interest rate of 1.00% and risk premiums for equity of 6.25 percentage points. In addition, a beta factor of 1.00 derived from the respective peer group and the capital structure of the respective subsidiaries are taken into account individually for the CGU.

The following after-tax discount rates were used as the basis for discounting cash flows:

in %	**2018**	**2017**
Oaklet GmbH, Frankfurt	7.25	7.5

The value in use was used to determine the recoverable amount of the respective CGU. For their determination, past data as well as the expected market performance were used. The values assigned to the essential assumptions are fundamentally in line with external sources of information (especially external market studies).

The key assumptions are as follows:

- Increasing portfolio volumes with unchanged margins based on higher demand (pipeline) in a stable macroeconomic environment
- The key assumptions are based on a combination of internal and external sources
- Management estimates of the synergy potentials are based on the past progress made on various

- Business growth and ef fi ciency assumptions are based on management estimates
- Uncertainties about the regulatory environment and their potential impact are not yet foreseeable at this time and are not anticipated.
- Uncertainties regarding staff turnover and loss in key sectors in certain sectors
- Strong increase in revenues due to increase in managed volume
- Almost constant costs, as the planned increase in customer volumes can be handled using existing resources.
- WACC 2018: 7.25% (2017: 7.5%)

There were no impairments of goodwill in the financial year 2018. For these CGUs, the management of capensixx AG assumes that a possible change in a significant assumption that was the basis for determining the recoverable amount does not result in the carrying amount of the CGU exceeding the respective recoverable amount.

C.2. Other intangible assets, property, plant and equipment

See the development of the carrying amounts of other intangible assets and of property, plant and equipment the asset price.

In the current year, the company has acquired the rights to a software solution (software licenses) developed by the Fraunhofer Institute and the data specialist INQUENCE GmbH, which reads out and validates paper receipts by use of artificial intelligence.

The useful life of the acquired software licenses is limited by the permanent technical development of the IT. The management of the company estimates the useful life to be 5 years.

The software is capitalized at acquisition cost and amortized on a straight-line basis over its expected useful life.

Customer base

The Group has acquired a contract with an existing customer (customer base) using the software mentioned above. The remaining term of the contract with the customer is 4.5 years. The term of the customer base is therefore limited.
The customer base is accounted for at acquisition cost.

The subsequent valuation is carried at amortized cost. The Group recognizes a straight-line amortization over the expected useful life of the customer base.

Prepayments were made for the acquisition of software licenses for a reporting tool, as well as archiving software and the implementation of that software in the existing framework.

Development of fixed assets (direct gross value method)

Acquisition and production costs

	gross value 01.01.2018 €	+ reclassi- fications €	+ additions €	- disposals €	gross value 31.12.2018 €
I. Intangible assets					
Goodwill	43,549.36	543,766.73	0.00	0.00	587,316.09
IT-Software	2,744,846.74	95,808.22	3,108,891.52	0.00	5,949,546.48
Client base	0.00	0.00	2,071,500.00	0.00	2,071,500.00
Down payments	66,558.22	-95,808.22	320,786.22	0.00	291,536.22
	2,854,954.32	543,766.73	5,501,177.74	0.00	8,899,898.79
II. Tangible fixed assets					
Office and business equipment	2,634,895.74	0.00	115,084.77	-5,677.38	2,744,303.13
Payments on account and assets under administration	0.00	0.00	29,953.16	0.00	29,953.16
	2,634,895.74	0.00	145,037.93	-5,677.38	2,774,256.29
III. Financial assets					
Shareholding in associated companies	0.00	0.00	14,457.79	0.00	14,457.79
	0.00	0.00	14,457.79	0.00	14,457.79
Total:	**5,489,850.06**	**543,766.73**	**5,660,673.46**	**-5,677.38**	**11,688,612.87**

	Depreciation and amortization				Carrying amount	
	Carry forward 01.01.2018	Depreciation	Disposals	Total 31.12.2018	31.12.2018	31.12.2017
	0.00	0.00	0.00	0.00	587,316.09	43,549.36
	965,913.93	927,908.91	0.00	1,893,822.84	4,055,723.64	1.778,932.81
	0.00	207,150.00	0.00	207,150.00	1,864,350.00	0.00
	0.00	0.00	0.00	0.00	291,536.22	66,558.22
	965,913.93	1,135,058.91	0,00	2,100,972.84	6,798,925.95	1,889,040.39
	1,702,867.73	404,756.69	-5,677.38	2,101,947.04	642,356.09	932,028.01
	0.00	0.00	0.00	0.00	29,953.16	0.00
	1,702,867.73	404,756.69	-5,677.38	2,101,947.04	672,309.25	932,028.01
	0.00	0.00	0.00	0.00	14,457.79	0.00
	0.00	0.00	0.00	0.00	14,457.79	0.00
	2,668,781.66	**1,539,815.60**	**-5,677.38**	**4,202,919.88**	**7,485,692.99**	**2,821,068.40**

C.3. Financial assets accounted for using the equity method

The book value of coraixx Verwaltungs GmbH reported in the consolidated financial statements when the equity method was applied for the first time was increased by the pro rata pro rata net income for the year and reported at EUR 14 thousand on 31.12.2018.

The coraixx Verwaltungs GmbH is based in Frankfurt am Main and its purpose is the development, marketing, installation and administration of software and hardware and the acquisition and management of shareholdings as well as the assumption of personal liability and the management of trading companies and / or in civil law societies.

On 31.12.2018, coraixx Verwaltungs GmbH, as the general partner, participates in coraixx GmbH & Co. KGaA with sole management and representation rights. At the same time, she has assumed liability for the company.

The Management Board of capsensixx AG, Sven Ulbrich, is also one of the authorized representatives of coraixx Verwaltungs GmbH. Capsensixx AG itself is the controlling shareholder of coraixx GmbH & Co. KGaA.

Here is an overview of financial information of coraixx Verwaltungs GmbH in a summarized form:

in T€	**2018**
Claims to coraixx GmbH & Co. KGaA	21
Claims on credit institutions	36
Accruals for financial accounting and auditors	4
Liabilities to directors	15
Revenues	21
Net profit	0.3

C.4. Non-current financial assets

	2018	**2017**
Loan to UF Beteiligungs UG	384	558
Tenancy security deposits (long term)	10	4
Total	**394**	**562**

The loan to UF Beteiligungs UG, Frankfurt am Main matures on 31. January 2023 and was proposed to finance the purchase of Oaklet shares in 2014 and 2016.

C.5. Active Deferred Taxes

The deferred income tax receivables 2018 amount to TEUR 222 due to existing loss carryforwards at coraixx KGaA. In 2017, income tax receivables amounted to EUR 106,000 due to loss carryforwards at Oaklet S.A, which were fully offset in 2018.
Deferred tax liabilities exist in the amount of TEUR 90 due to valuation differences of securities. In the previous year, these amounted to kEUR 108.

C.6. Tax assets

Break-down of tax assets:

in T€	2018	2017
Tax receivables on value added tax	428	15
Income tax receivabels from national tax authorities	74	43
Income tax receivables from foreign tax authorities	22	95
Total	**524**	**154**

C.7. Financial instruments and short term financial assets

in T€	2018	2017
Mutual funds	1,710	2,267
Profit participation rights	993	815
Certificates	432	454
Financial instruments	3,135	3,536
Tenancy security deposits (short term)	196	14
Deferred expenses	144	123
Receivables accounted	0	0
Prepaid fees for the set up of funds which can be recovered	0	13
Other	144	446
Other financial assets	340	460
Total	**3,475**	**3,996**

the other financial asssets have a maturiy of:

in T€	2018	2017
Maturity of max 3 months	145	446
Maturity within 3 months to 1 year	194	14
Total	**340**	**460**

In the reporting period, the receivables were not overdue.

In the amount of € 3,136 thousand (2017: € 3,536 thousand), listed securities will be listed under the item in 2018, predominantly fund units.
Securities of T € 993 (2017: T € 815) are profit participation rights that are not traded on a stock exchange. They are assigned to the portfolio held to maturity.

There were no securities denominated in foreign currencies at the balance sheet date (previous year: € 7 thousand).

Contractual balances

The following table displays claims, contractual assets and liabilites of contracts with clients:

In TEUR	31.12.2018	31.12.2017
Receivables included in trade and other receivables	9,834	44,526
Receivables included in other assets	0	0
Contractual assets	0	0
Contractual liabilities	8,709	42,516

C.8. Cash and Cash equivalents

The item exclusively includes cash deposits with banks amounting to T € 11,226 (previous year: 4,961) and are payable on a daily basis. Amounts of € 28 thousand (previous year: € 56 thousand) in USD are denominated in foreign currency. Deposits with banks are due on a daily basis.

C.9. Equity

With its capital management, capsenisxx AG pursues the goal of sustainably strengthening the equity base and generating an appropriate return on capital employed. However, the accounted capital of the Group only serves as a passive control criterion, while revenue, net income, cash flow and equity ratio are used as active performance indicators.

Subscribed capital	**2018 T€**	**2017 T€**
as of 01.01.2018	100	0
Formation	0	100
Capital increase 28.3.2018 (contribution in kind)	+ 3,000	0
Capital increase 07.06.2018 (issue of new shares)	+ 330	0
as of 31.12.2018	**3,430**	**100**
Number of outstanding shares	**Stück**	**Stück**
as of 1.1.2018	100,000	0
Formation	0	100,000
Issue of new shares 2018	3,330,000	0
as of 31.12.2018	**3,340,000**	**100,000**

Retained capital	**2018 T€**	**2017 T€**
as of 1.1.2018	0	0
Capital increase 07.06.2018 (Issue of new shares)	+ 4,950	0
Costs of capital increase	102	0
as of 31.12.2018	**4,848**	**0**

Initial Public Offering of capsensixx AG

On 21.06.2018 the IPO of capsensixx AG was completed with a listing. In this course, 847,550 shares were placed. Of these, 330,000 shares stem from a capital increase of capsensixx AG. The former sole shareholder, PEH Wertpapier AG, placed 407,000 shares. The market capitalization of capsensixx AG was EUR 54.88 million based on the placement price. On July 19, 2018, another 30,000 shares were placed as part of a greenshoe option.

The composition of equity and the development of the equity components as well as the outstanding number of shares of the capsensixx Group are shown in the statement of changes in equity.

The share capital as at 31 December 2018 amounts to € 3,430,000 and is divided into 3,430,000 shares of € 1.00 each.

According to Section 150 (2) AktG, a stock corporation must form a legal reserve. This shall be the twentieth part of the net profit for the year reduced by a loss carried forward from the previous year until the reserve and the capital reserve reach the tenth or higher part of the share capital determined in the Articles of Incorporation. The Articles of Association of capsensixx AG do not provide for a rule deviating from the law.

Retained profits

Retained valution profits	**2018 in T€**
as of 1.1.2018	83
Adjustments due to changes in consolidation	- 83
Movements in 2018	0
as of 31.12.2018	**0**

Other retained profits	**2018 in T€**
as of 1.1.2018	5,751
Adjustments due to changes in consolidation	- 5,753
as of 1.1.2018 (following changes to consolidation)	- 2
Adjustments due to first time consolidation	+ 1,587
Net profit 2018	+ 2,072
as of 31.12.2018	**3,657**

C.10. Other non-current liabilites

Break-down of liabilities:

	2018 T€	2017 T€
Liabilites due to acquisition of intangible assets	3,510	0
Liabilities on leases	21	107
Other	1	0
Total	**3,522**	**107**

C.11. Liabilities from goods and services

Liablities from goods and services amounted to € 8,709 thousand on 31 December 2018 (previous year: € 42,516 thousand).

All liabilties from goods and services are due within 3 months.

C.12. Other current liabilites

in T€	2018	2017
Provisions and liabilities on services and goods received	270	206
Liabilities on value added taxes	115	262
Liabilites on wages and salaries, personnel income and religious taxes and social security	252	208
Liabilites on leases	45	0
Liabilites on associated companies	0	383
Capital income taxes	0	150
Accrued liabilites on:		
Bonusses	799	574
Outstanding invoices	278	98
Annual accounting and audit costs	221	130
Legal and consulting fees	83	0
Pending holidays and other personnel expenses	80	143
Other	170	95
Total	**2,314**	**2,249**

Of the other short-term liabilities, EUR 1,278 thousand is due within three months and EUR 1,036 thousand within three months to twelve months.

Other current liabilities include financial liabilities of € 593 thousand.

D. Explanatory notes to the cash flow statement

The cash flow statement shows how the cash and cash equivalents of the capsensixx Group changed as a result of cash inflows and outflows during the reporting period. In accordance with IAS 7, a distinction is made between cash flows from operating activities and investment and financing activities.

The first-time inclusion of coraixx GmbH & Co KG aA does not give capsensixx AG any liquid funds; the cash and cash equivalents of coraixx GmbH & Co KGaA originate from cash inflows from capsensixx AG.

Significant cash inflows in the area of financing resulted in the year under review through the issue of new shares. There were no changes in cash flows from financing due to changes in currency exchange rates.
The cash and cash equivalents included in the cash flow statement include all cash and cash equivalents reported in the balance sheet, ie. cash reserves and loans and receivables to banks.

The cash flows from investing and financing activities are directly, i. determined by payment. By contrast, the cash flow from operating activities is derived indirectly from the result for the period.

Cash flow from operating activities includes the following deposits and payments:

in T€	**2018**	**2017**
Interest received	43	58
Interest paid	-15	-7
Income taxes paid	-1,783	-2,255

The dividend paid of T € 2,031 (PY: 3,385) is included in cash flow from financing activities and reported separately in the cash flow statement.

The Group has no liabilities attributable to financing activities.

E. Other information

E.1. Employee

The average number of employees was 87 in the financial year, compared with 80 in the previous year.

	2018	2017
Average number of employees	87	80
whereof:		
Funds Management, Administration & Accounting	72	65
Capital Markets & Corporate Services	15	15
Digitization & IT-Services	0	0

Functions within the segment Funds Management, Administration & Accounting	**2018**	**2017**
Front Office	9	9
Back Office	63	56
Total	**72**	**65**

Functions within the segment Capital Markets & Corporate Services	**2018**	**2017**
Front Office	5	5
Back Office	10	10
Total	**15**	**15**

E.2. Contingencies, other financial obligations, as well as transactions not included in the balance sheet

In addition to liabilities and provisions, there are other financial obligations, in particular rental and leasing obligations for company premises, cars, IT hardware and copiers.
The (office leases) have terms of up to 4 years and sometimes include renewal options and price adjustment clauses. Subleases were not agreed.

The financial obligations arising from lease agreements for offices and parking spaces are made up as follows:

	Total	with a maturity of		
		up to 1 year	1 – 5 years	5 years and more
	T€	T€	T€	T€
31.12.2018	4,250	1,216	3,034	0
31.12.2017	5,751	1,313	4,438	0

The financial obligations arising from IT hardware and copier leases are as follows:

	Total	with a maturity of		
		up to 1 year	1 – 5 years	5 years and more
	T€	T€	T€	T€
31.12.2018	99	77	22	0
31.12.2017	567	303	264	0

The nominal amount of future minimum lease payments under non-cancellable leases and operating leases is composed as follows, as follows:

in T€	**31.12.2018**	**31.12.2017**
Due within 1 year	995	1,799
Due between 1-5 years	2,879	5,039
Due after 5 years and more	0	0
Total	**3,874**	**6,838**

Capsensixx AG has outsourced the following operational functions: payroll accounting, accounting and preparation of annual financial statements to btu beraterpartner GmbH Steuerberatungs-gesellschaft, Oberursel.

The outsourcing is carried out on customary terms.

E.3. Financial instruments

The following table shows assets and liabilities that are measured at the fair values as of December 31, 2018.

		Level 1	Level 2	Level 3	Total
Assets		EUR	EUR	EUR	EUR
Fair value to the profit and loss					
Financial instruments					
- Mutual Funds	FV	1,710			1,710
	BW	1,710			1,710
- Profit participation rights	FV		993		993
	BW		993		993
- Certificates	FV	432			432
	BW	432			432
Liabilites					
Fair value to the profit and loss					
Debt	FV	0.00	0.00	0.00	0.00
	BW	0.00	0.00	0.00	0.00

FV shows the fair value, BW the book value.
There were no reclassifications between the levels in the year under review and in the previous year.

The following table shows assets and liabilities measured at fair value at December 31, 2017.

		Level 1	Level 2	Level 3	Total
Assets		EUR	EUR	EUR	EUR
Fair value to the profit and loss					
Financial instruments					
- Mutual Funds	FV BW	2,267 2,267			2,267 2,267
- Profit participation rights	FV BW		815 815		815 815
- Certificates	FV BW	454 454			454 454
Liabilites					
Fair value to the profit and loss					
Debt	FV BW	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00

The fair value of Level 1 financial instruments is based on market prices quoted on an active market at the balance sheet date.

The fair value of Level 2 financial instruments is not based on an active market, but on a valuation technique based to the greatest possible extent on market data and as little as possible on company-specific data. The level 2 financial instrument includes a pro fi t participation loan to an investment company.
The following valuation techniques are used for the valuation of the pro fit participation loan: Valuation of the profit participation right on the basis of the underlying assets.

These are:
- Valuation of securities with quoted market price or dealer quotes for similar instruments
- Appropriation of cash at fair value

All resulting estimates of fair value have been grouped into Group 2.

Financial Assets and Liabilities
The valuation of the financial assets and liabilities of the capsensixx Group is shown above in the notes to the general accounting policies.

Table of terms of financial assets and debt as of 31.12.2018

	< 1 month	1-3 months	3 months to 1 year	1-5 years	> 5 years	Total
	in T€	in T€	in T€	in T€	in T€	in T€
Financial assets						
Cash and cash equivalent	11,043	0	0	183	0	11,226
Trade receivables	29	9,804	1	0	0	9,834
Other non-current assets	0	0	0	390	4	394
Financial instruments and other financial assets	2,157	130	194	993	0	3,475
Total	13,229	9,934	195	1,566	4	24,929
Financial debt						
Other non-current liabilities	0	0	0	3,521	1	3,522
Other current liabilities	78	1,198	1,036	0	0	2,312
Trade payables	12	8,697	0	0	0	8,709
Total	90	9,895	1,036	3,521	1	14,543

The book values, valuation principals and fair values of the financial assets and debt as of 31.12.2018 are displayed below:

		Valuation acc. IFRS 9 with			
	Book value	Continued acquisition costs	Fair value (not for profit and loss)	Fair Value for profit and loss	Fair Value
	in T€	in T€	in T€	in T€	in T€
Non-current financial assets	394	394	0		394
Financial instruments and other financial assets					
Mutual funds	1,710		1,710		1,710
Profit participation rights	993		993		993
Certificates	432		432		432
Other	339	339			339
Trade receivables	9,834	9,834			9,834
Cash and cash equivalent	11,226	11,226			11,226
Other financial liabiilites	14,543	14,543			14,543
thereof current (trade)	8,709	8,709			8,709
thereof current (other)	2,313	2,313			2,313
thereof non-current	3,522	3,522			3,522

Table of terms of financial assets and debt as of 31.12.2017

	< 1 month	1-3 months	3 months to 1 year	1-5 years	> 5 years	Total
	in T€	in T€	in T€	in T€	in T€	in T€
Financial assets						
Cash and cash equivalent	4,961	0	0	0	0	4,961
Trade receivables	147	44,345	34	0	0	44,526
Other non-current assets	0	0	0	0	561	561
Financial instruments and other financial assets	2,731	53	387	825	0	3,996
Total	7,839	44,398	421	825	561	54,044
Financial debt						
Other non-current liabilities	0	0	0	0	107	107
Other current liabilities	535	998	716	0	0	2,249
Trade payables	0	42,516	0	0	0	42,516
Total	535	43,514	716	0	107	44,872

The book values, valuation principals and fair values of the financial assets and debt as of 31.12.2017 are displayed below:

		Valuation acc. IFRS 9 with			
	Book value	Continued acquisition costs	Fair value (not for profit and loss)	Fair Value for profit and loss	Fair Value
	in T€	in T€	in T€	in T€	in T€
Financial instruments and other financial assets	3,996	460	3,536		4,380
thereof: Availabe for sale	3,536		3,536		3,536
thereof: Held to maturity	460	460			460
Trade receivables	44,526	44,526			44,526
Other non-current assets	561	561			561
Cash and cash equivalent	4,961	4,961			4,961
Other financial liabiilites	44,872	44,872			44,872
thereof current (trade)	42,516	42,516			42,516
thereof current (other)	2,249	2,249			2,249
thereof non-current	107	107			107

Capital risk management

The capsensixx Group manages its capital (equity plus cash and cash equivalents and current trade receivables less debt) with the aim of securing the continued existence of the Group and maintaining an optimal capital structure while optimizing financing costs to reach. The overall strategy is unchanged compared to the previous year.

The management reviews the capital structure on a monthly basis.
The development is as follows:

T€	31.12.2018	31.12.2017
Book equity	11,112	5,934
+ Liquidity accounts	+ 11,226	+ 4,961
+ Trade receivables	+ 9,834	+ 44,526
./. Liabilities	- 11,923	- 45,313
Total	**+20,249**	**+10,108**

We consider the bank balances due on a daily basis as cash and cash equivalents.
For liabilities, we take into account all current liabilities.

Financial risk management

The capsensixx Group is subject to the following fi nancial risks, which are managed as follows:
Liquidity risk The Group manages liquidity risks by holding appropriate reserves, monitoring and maintaining lending agreements, and planning and reconciling cash inflows and outflows.

Since the financial obligations of capsensixx AG are to be settled from operating activities in the short term, it is of central importance for capsensixx AG to have sufficient liquidity at all times to be able to fulfill the financial obligations at all times.

Capsensixx AG counters the liquidity risk by timely invoicing, regular monitoring and evaluation of outstanding receivables, including the execution of dunning. The management determines the probable long, medium and short term liquidity requirements through a liquidity planning.
Management expects the Group to be able to meet its fi nancial obligations arising from operating cash flows and from the inflow of financial assets maturing.

<u>Credit risk / counterparty default risk</u>

The credit risk or default risk of capsensixx AG is that it could cause fi nancial damage if a debtor fails to meet its payment obligations or fails to do so in full. These financial instruments, in which the debtor could default in principle, are included in the accounts receivable from banks, trade receivables and other non-fixed-income securities as well as other current and non-current receivables.

The maximum credit or default risk of the Company is the loss of all of the assets included in the above balance sheet items. Loans granted to UF Beteiligungs UG in other receivables (see Section E.4.) Are secured by pledges of securities and shares.

Distressed and late receivables do not exist. Impairment losses on trade receivables do not exist in 2018 as they did in 2017.

Concentrations of risks are avoided by the Company making risk ratings to its counterparties, specifying product address limits, terms of engagement, and other factors that should not be exceeded. The distribution of credit default risks and counterparty risks is as follows:

Debtor	**2018 in T€**	**2017 in T€**
Clients	9,834	44,526
Liquidity accounts	11,226	4,961
Securities	3,136	3,536
Non-controlling interests	384	558
Other	2,044	603

Country risks

There are no significant country risks as the receivables are mainly restricted to addresses located in the Federal Republic of Germany and the Grand Duchy of Luxembourg.
The receivables from non-controlling interests include receivables from UF Beteiligungs UG. See also related party disclosures in section “E”.

Market risks

Market risks can arise from changes in exchange rates (exchange rate risk) or interest rates (interest rate risk). Due to the low relevance of these risks for the Group, these have not yet been hedged by derivative financial instruments. Control is provided by continuous monitoring and monthly reporting to the management.

For the capsensixx Group, the market risk is that fi nancial assets do not result in cash inflows as expected due to changes in market prices. Market risks can basically consist of exchange rate risks, interest rate risks or other price risks.

IFRS 7 requires the conduct of sensitivity analyzes for all types of significant risks to which the company is exposed as of the balance sheet date. In doing so, effects on the profit and loss as well as the equity capital of the company should be disclosed in the event of a possible change in the variable values on the balance sheet date.

The Company is also subject to the risk of fluctuating stock market prices. Falling stock market prices tend to result in falling customer receivables, as the commission income generated by the company usually depends on the volume managed. This in turn will be influenced by falling stock market prices.

In addition, as the stock market prices fall, the fair values of the securities and profit participation certificates held by the company will also decline. As a contrasting effect on the decline in commission income, the commission expenses payable by the company decrease, since these are also dependent on stock market prices.

The following table shows the sensitivity with an increase or decrease in stock market prices of +/- 10%. The sensitivity analysis takes into account the existing receivables from customers as of the balance sheet date as well as the securities and profit participation certificates existing on the balance sheet date:

Sensivity analysis	**2018 T€**	**2017 T€**
+ Increase / - Decrease of claims against clients	+9,834/ -9,834	+44,526/ -44,526
+ Increase / - Decrease of securities held	+314/ -314	+ 354/ -354
Total changes to profit and loss / equity after Increase/Decrease	+10,148/ -10,148	+44,880/ -44,880

E.4. Relationships with related persons and companies

The parent company of capsensixx AG is PEH Wertpapier AG.

Capsensixx AG is included in the consolidated financial statements of PEH Wertpapier AG, which at the same time forms the largest and smallest group of companies to which the company is a subsidiary.

Related companies and persons

We have business relationships in the Group with related companies and persons.
As part of these relationships, we provide the same services we provide to our clients in general. All these transactions are concluded on an arm's length basis. There are no transactions that occurred on market conditions.

Members of key management occupy positions in other companies as a result of which they have control or significant influence on the financial and business policies of these companies.

The following business transactions took place:

From related parties	Value of transactions		Liabilites as of 31.12.	
In TEUR	**2018**	**2017**	**2018**	**2017**
PEH Wertpapier AG				
- Cession of business space	5	0	0	0
- Cession of personnel	20	48	0	48
- Revenues on upfront fees, provisions, portfolio management and tied agent services	1,001	1,138	64	122
PEH Vermögensmanagement GmbH				
- Revenues on upfront fees, provisions, portfolio management and tied agent services	3	46	17	1
PEH Wertpapier AG Österreich				
- Revenues of internal revision services	13	23	0	8
PEH Wealth Management GmbH				
- Cession of automobiles	0	2	0	0

To related parties	Werte der Geschäftsvorfälle		Forderungen zum 31.12.	
In TEUR	**2018**	**2017**	**2018**	**2017**
PEH Wertpapier AG				
- Revenues on provisions	200	191	0	4
- Services rendered in connection to fund liquidiations	25	0	0	0
PEH Vermögensmanagement GmbH				
- Revenues on IT-services	166	165	0	0
PEH Wertpapier AG Österreich				
- Compliance services	48	0	48	0

Board of Management / Supervisory Board

Sven Ulbrich, Chief Executive Officer, Spiesheim, single of representation (Chairman of the supervisory boards: PEH Wertpapier AG Österreich). Fabian Föhre, Neu-Isenburg, Member of the board, single of representation.

The following remuneration of the members of the board has been granted by capsensixx AG:

Granted remuneration in 2018 (in T€)

Name	**Sven Ulbrich**				**Fabian Föhre**			
Function	**CEO**				**Member of the managment board**			
Date								
	2017	**2018**	**n(Min)**	**n(Max)**	**2017**	**2018**	**n(Min)**	**n(Max)**
1 Fixed remuneration	0	141	141	141	0	0	0	0
2 Other (non monetary) remuneration	0	0	0	0	0	0	0	0
3 Sum (1+2)	**0**	**141**	**141**	**141**	**0**	**0**	**0**	**0**
4 Yearly (short-term) variable remuneration (Bonus, profit participation)	0	0	0	0	0	0	0	0
5 long-term variable remuneration (Bonus, stock options)	0	0	0	0	0	0	0	0
5a Benefit plan (Duration)	0	0	0	0	0	0	0	0
5b Benefit plan (Duration)	0	0	0	0	0	0	0	0
6 Sum (1+2+4+5)	**0**	**141**	**141**	**141**	**0**	**0**	**0**	**0**
7 Benefit expenses on pension plans acc. IAS 19	0	0	0	0	0	0	0	0
8 Total	**0**	**141**	**141**	**141**	**0**	**0**	**0**	**0**

Inflow in 2018 (in T€)

Name	**Sven Ulbrich**		**Fabian Föhre**	
Function	**CEO**		**Member of the managment board**	
Date				
	2017	**2018**	**2017**	**2018**
1 Fixed remuneration	0	141	0	0
2 Other (non monetary) remuneration	0	0	0	0
3 Sum (1+2)	**0**	**141**	**0**	**0**
4 Yearly (short-term) variable remuneration (Bonus, profit participation)	0	0	0	0
5 long-term variable remuneration (Bonus, stock options)	0	0	0	0
5a Benefit plan (Duration)	0	0	0	0
5b Benefit plan (Duration)	0	0	0	0
6 Other, ie clawback	0	0	0	0
7 Sum (1+2+4+5)	**0**	**141**	**0**	**0**
8 Benefit expenses on pension plans acc. IAS 19				
9 Total	**0**	**141**	**0**	**0**

Granted loans to related parties and persons:

In TEUR	as of 31.12.2017	granted loans	Redemp-tions received	Calculated interests	Interest received	as of 31.12.2018
UF Beteiligungs UG	558	0	174	8	8	384

Granted loans to related parties and persons:

In TEUR	as of 31.12.2017	granted loans	Redemp-tions received	Calculated interests	Interest received	as of 31.12.2018
PEH Wertpapier AG	1	320	320	0	1	0

The Supervisory Board consists of the following members:

Martin Stürner, Frankfurt, businessman, Chairman (Chairman of the Board Axxion S.A., Grevenmacher, Luxembourg, Chairman of the Supervisory Board: Axxion Deutschland Investmentaktiengesellschaft mit Teilgesellschaftsvermögen, Frankfurt;).

Rudolf Locker, Schmitten, Auditor, Tax Consultant, Deputy Chairman and Independent Financial Expert (Chairman of the Supervisory Board: Holding AG Steuerberatungsgesellschaft, Oberursel, PEH Wertpapier AG, Frankfurt, Obema Beteiligungs- und Management AG, Oberursel until 12/2018, Member of the Supervisory Board of PEH Wertpapier AG Österreich , Vienna);

Gregor Langer, Kelkheim, businessman, Deputy Chairman (Deputy Chairman of the Supervisory Board: PEH Wertpapier AG, Frankfurt, PEH Wertpapier AG, Austria).

In 2018 and 2017, no compensation was paid to the Supervisory Board.

Please refer to the compensation report in the management report for the individualization of the remuneration of the Executive Board members as well as further details on the compensation system of the members of the Management Board and Supervisory Board of capsensixx AG.

Voting rights

As of 31.12.2018, there are the following voting shares (as far as we have received notifications):

	Voting rights		
Name/Company	**Directly held (percent)**	**indirectly (percent)**	**Total (percent)**
PEH Wertpapier AG, Frankfurt	77.64 %	3.47 %	78.76 %
PEH Wealth Management GmbH, Frankfurt	2.01 %		
W&P Financial Services GmbH, Munich	1.46 %		

Until the finalization of the financial statements there were no further changes to the voting rights allocation.

E.5. Fees and services of the auditor

The fee calculated by the auditor Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft for the financial year 2018 is as follows:

in T€	2018	2017
Audit costs 2018	50	0
Audit costs 2017	5	0
Other revisory services		
- Revisory services on the combined financial statements of the business years 2015, 2016, 2017	70	0
- Review of the interim statement as of 31.03.2018	20	0
- Issue of a comfort letter in relation to the prospectus of capsensixx AG	25	0

The auditor's fees for audit services amount to T € 50 for the audit of the individual and consolidated financial statements of capsensixx AG in the current year.

E.6. Events after the balance sheet date

On 7.2.2019, the share capital of coraixx GmbH & Co. KGaA was increased from EUR 62,500 by EUR 5,250 to EUR 67,750 by issuing 5,250 new no-par-value bearer shares with a pro rata share of the company's share capital of EUR 1.00 per share ("New shares") to increase in cash ("capital increase"). The New Shares will be issued at an issue price of EUR 190 per New Share, total issue amount EUR 997,500, and are entitled to participate in profits from the beginning of the financial year in which the capital increase was registered in the Commercial Register.

All new shares are subscribed by the sole limited partner, capsensixx AG, in cash totaling EUR 997,500.00.

In addition, no other events of particular significance that have an impact on the financial position and performance of the Company occurred after the end of the financial year.

E.7. Share holdings

Name and Domicilation	Share on nominal capital	Net profit 2018	Equity as of 31. December 2018
Vollkonsolidierte Tochterunternehmen	**in %**	**in €**	**in €**
Axxion S.A., Grevenmacher, Luxembourg	50.0001	4,635,435	6,949,058
Oaklet GmbH, Frankfurt, Germany	53.86	976,189	2,891,627
coraixx GmbH & Co. KGaA, F rankfurt, Germany	100.00	-739,410	1,685,590

E.8. Segment reporting

According to IFRS 8, the identification of reportable operating segments is based on the "management approach". This is followed by external segment reporting based on the Group's internal organizational and management structure as well as internal financial reporting to the Chief Operating Decision Maker. In the capsensixx Group, the management board of capsensixx AG is responsible for evaluating and managing the business success of the segments and is considered to be the highest management body within the meaning of IFRS 8.

Capsensixx AG reported on two operating segments until June 30, 2018, which are managed independently by segment-responsible committees in accordance with the type of products and services offered, brands, distribution channels and customer profiles. Capsensixx AG has reported on another segment since 1.7.2018.

The Funds Management, Administration & Accounting segment includes fund administration, IT, fund accounting and includes Axxion S.A. incl. navAXX S.A., Axxion InvAG, and the Axxion Revolution Fund-One.

Oaklet GmbH including Oaklet S.A. form the segment "Capital Markets & Corporate Services". Capsensixx AG is listed separately as "Other".

Coraixx Verwaltungs GmbH and coraixx GmbH & Co KGaA were also listed as "Other" until 30.06.2018, as they had not yet developed their business activities. Since July 1, 2018, the two coraixx companies together form the "Digitalization & IT Services" segment.

The two segments Funds Management, Administration & Accounting and Capital Markets & Corporate Services provide services to the financial sector. The third segment "Digitization & IT Services" provides services to automate work flows using self-learning and adaptive software with artificial intelligence. Recipients of the services are predominantly customers in the Federal Republic of Germany. In 2018 there were three major customers, which accounted for more than 10% of total sales. This relates to a customer with a total amount of T € 33,042, a customer with an amount of T € 13,113 and a customer with a total amount of T € 12,244. All three customers are assigned to the segment "Funds Management, Administration & Accounting". In 2017 there were two major customers, which accounted for more than 10% of total sales.
These are customers with an amount of T € 24,556 and T € 20,317, which respectively belong to the segment "Funds Management, Administration & Accounting".

Sales and intermediate consumption between the segments are calculated on the basis of market prices.
Segment assets and liabilities include all assets and liabilities that can be allocated to the segments and whose positive and negative results determine the operating result. Segment assets include, in particular, intangible assets, property, plant and equipment, trade receivables and other current and non-current liabilities as well as significant provisions. Segment investments include additions to intangible assets and property, plant and equipment.

Segment Reporting 2018

	Funds Management, Administration & Accounting T€	Capital Markets & Corporate Services T€	Digitization & IT-Services T€	Consolidation / Other T€	Total T€
Segment revenues					
Revenues	111,873	3,764	63	0	115,700
Other operational income	873	337	0	- 25	1,185
Segment costs					
Costs of material	- 93,689	0	0	0	- 93,689
Personnel expenses	- 6,055	- 1,605	0	- 142	- 7,802
Depreciation (excluding goodwill)	- 1,002	- 28	- 510	0	- 1,540
Other operating expenses	- 5,532	- 655	- 285	- 1,092	- 7,564
Other interest or similar income	15	53	0	7	75
Interest paid and similar expenses	- 8	0	- 7	0	- 15
Segment result	**6,475**	**1,866**	**- 739**	**- 1,252**	**6,350**
Income tax					-2,140
Net profit attributable to non-controlling interests					-2,940
Net profit attributable to the group (ex non-controlling interests)					**1,269**
Segment assets	20,732	4,807	5,391	1,935	32,865
Tax claims on income tax				327	327
Total assets					**33,192**
Segment debt	10,237	464	3,706	138	14,545
Liabilities on income tax				991	991
Total debt					**15,536**
Employees	**72**	**15**		**0**	**87**

Segment Reporting 2017

	Funds Management, Administration & Accounting T€	Capital Markets & Corporate Services T€	Consolidation / Other T€	Total T€
Segment revenues				
Revenues	112,651	3,549	0	116,200
Other operational income	648	46	0	694
Segment costs				
Costs of material	- 96,533	- 50	0	- 96,583
Personnel expenses	- 5,412	- 1,327	0	- 6,739
Depreciation (excluding goodwill)	- 951	- 25	0	- 976
Other operating expenses	- 4,808	- 625	0	- 5,433
Other interest or similar income	11	20	0	31
Interest paid and similar expenses	- 8	0	0	8
Finance income	0	31	0	31
Segment result	**5,598**	**1,619**	**0**	**7,217**
Income tax				-2,241
Net profit attributable to non-controlling interests				-2,447
Net profit attributable to the group (ex non-controlling interests)				**2,529**
Segment assets	52,946	3,821	100	56,867
Tax claims on income tax			244	244
Total assets				**57,111**
Segment debt	43,854	1,019	0	44,873
Liabilities on income tax			656	656
Total debt				**45,529**
Employees	**65**	**15**	**0**	**80**

The segment assets by region as of 31.12.2018 are shown below:

	Germany	Lxuembourg	Total
Funds Management, Administration & Accounting	0	20,732	20,732
Capital Markets & Corporate Services	3,964	843	4,807
Digitization & IT-Services	6,056	0	6,056
Other	1,935	0	1,935

The segment dept by region as of 31.12.2018 are shown below:

	Germany	Lxuembourg	Total
Funds Management, Administration & Accounting	0	10,237	10,237
Capital Markets & Corporate Services	383	81	464
Digitization & IT-Services	4,549	0	4,549
Other	138	0	138

The segment assets by region as of 31.12.2017 are shown below:

	Germany	Lxuembourg	Total
Funds Management, Administration & Accounting	0	52,946	52,946
Capital Markets & Corporate Services	3,330	491	3,821
Other	100	0	100

The segment dept by region as of 31.12.2017 are shown below:

	Germany	Lxuembourg	Total
Funds Management, Administration & Accounting	0	43,854	43,854
Capital Markets & Corporate Services	900	119	1,019
Other	0	0	0

E.9. Declaration on the German Corporate Governance Code pursuant to Section 161 AktG

In February 2019, the Management Board and the Supervisory Board issued the declaration of compliance pursuant to Section 161 AktG and made it permanently available to shareholders on the website of capsensixx AG (https://files.cxx.world/Entspre-chenserklärung%202019.pdf).

Frankfurt am Main, March 29, 2019

Sven Ulbrich
Management Board

Fabian Föhre
Management Board

Reproduction of the audit opinion

We have audited the consolidated financial statements of capsensixx AG and its subsidiaries (the Group) - consisting of the consolidated balance sheet as at 31 December 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from 1 January 2018 to 31 December 2018 and the notes to the consolidated financial statements , including a summary of significant accounting policies.

In addition, we audited the consolidated management report of capsensixx for the financial year from January 1, 2018 to December 31, 2018. We have not reviewed the content of the Corporate Governance Statement published on the Company's homepage, which is referred to in the Group Management Report, in accordance with German legal requirements.

In our opinion, based on the findings of our audit,

- the accompanying consolidated financial statements comply with IFRS in all material respects as they apply in the EU and with the supplementary provisions of German law pursuant to section 315e (1) HGB and provide in compliance with these regulations a true and fair view of the Group's net assets and financial position as at 31 December 2018 and its results of operations for the financial year from 1 January 2018 to 31 December 2018; and
- overall, the accompanying Group management report gives a true and fair view of the situation of the group. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and accurately presents the opportunities and risks of future development. Our opinion on the management report does not extend to the content of the above statement on corporate governance.

In accordance with section 322 (3) sentence 1 HGB, we declare that our audit has not led to any objections to the regularity of the consolidated financial statements and the group management report.

Basis for the auditors' opinions

We have audited our Consolidated Financial Statements and the Consolidated Management Report in accordance with Section 317 HGB and the EU-Abschlussprüferverordnung (No 537/2014, hereinafter "EU-APrVO"), in compliance with the requirements of the Institut der Wirtschaftsprüfer (IDW) were implemented in accordance with the German generally accepted standards for the audit of financial statements. Our responsibilities under these rules and policies are further described in the section "Auditor's Responsibility for Auditing the Consolidated Financial Statements and the Consolidated Financial Statements" of our opinion. We are independent of the group companies in accordance with the European and German commercial and professional regulations and have fulfilled our other German professional duties in accordance with these requirements. In addition, in accordance with Article 10 (2) (f) EU-APrVO, we declare that we have not performed any prohibited non-audit services under Article 5 (1) EU APrVO. We believe that the audit evidence we obtain is sufficient and appropriate to serve as the basis for our opinion on the consolidated financial statements and the group management report.

Particularly Important Audit Issues in the Review of the Consolidated Financial Statements
Particularly important audit matters are those matters which, in our reasonable discretion, were most significant in our audit of the consolidated financial statements for the financial year from January 1, 2018 to December 31, 2018. These issues have been taken into account in the context of our audit of the consolidated financial statements as a whole and in our opinion on the audit; we do not make a separate opinion on these matters.

In our view, the expansion of the scope of consolidation in the context of a merger of companies under common control was a particularly important issue for the audit:
1.) Facts and tasks definition
2.) Examination procedure and findings
3.) Reference to further information

Below we provide the particularly important audit matters:
1.) In financial year 2019, PEH Wertpapier AG, the parent company of capsensixx AG, has its subsidiaries Axxion SA and Oaklet GmbH are transferred to capsensixx AG by way of a capital increase in kind. The transfer will be carried out at book value as "Transaction under common control" as at 28 March 2018. The assets including existing goodwill and debts were transferred to their carrying amounts (predecessor accounting). A new goodwill was not generated. The difference between the equity of the two subsidiaries and the costs of the transfer was recognized in retained earnings. Net assets were allocated proportionally to non-controlling interests. The comparative period has been restated as if the structure of the Group had existed in this form.
In our view, this issue was of particular importance due to the complexity of the contractual arrangements and the many significant effects on the consolidated financial statements.

2.) In order to ensure the proper accounting treatment of the capital increase against contributions in kind, we discussed, among other things, the principles of company law and stock corporation law and acknowledged the corresponding contractual agreements, in particular the contribution agreement and the appraisal report.
We assessed whether the consolidation as of 28 March 2018 was appropriate and that the statement of financial position in the balance sheet, income statement and statement of cash flows complied with the standards and generally accepted professional interpretations. We have assessed the presentation of the balance sheet, the statement of comprehensive income and the statement of changes in equity, as well as the appropriateness of the disclosures in the notes to the consolidated financial statements. In summary, we were able to convince ourselves that the balance sheet presentation of the transaction and the presentation of the comparative period corresponds to the current interpretations and is appropriate.

3.) The information provided by the Company on the consolidation process of the companies under common management is set out in A.2. and C.9. Notes to the Consolidated Financial Statements

Other information

The legal representatives and the Supervisory Board are responsible for the other information.

Other information includes the other parts of the annual report, with the exception of the audited consolidated financial statements and the group management report as well as our auditors' report. Our audit opinions on the consolidated financial statements and the group management report do not extend to the other information, and accordingly we provide neither an opinion nor any other form of audit conclusion.

In connection with our audit, we have a responsibility to read the other information and to assess whether the other information

- shows material inconsistencies with the consolidated financial statements, group management report or our audit findings, or
- appears otherwise materially misrepresented.

Responsibility of the legal representatives and the Supervisory Board for the consolidated financial statements and the group management report

The legal representatives are responsible for preparing the consolidated financial statements that comply with the IFRS as adopted by the EU and the German version to be applied pursuant to section 315e (1) HGB legal requirements in all material respects, and that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in compliance with these provisions. In addition, the legal representatives are responsible for the internal controls that they have determined to be necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether intentional or unintentional.

When preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. In addition, they have the responsibility to state matters related to the continuation of the business, if applicable. In addition, they are responsible for accounting for continuing operations on the basis of the accounting policy, unless there is an intention to liquidate the group or to cease operations or there is no realistic alternative.

In addition, the legal representatives are responsible for the preparation of the Group management report, which gives a true and fair view of the Group's position, is in all material respects consistent with the consolidated financial statements, complies with German legal requirements and the opportunities and risks of future development true. Furthermore, the legal representatives are responsible for the arrangements and measures (systems) which they deemed necessary to enable the preparation of a group management report in accordance with the applicable German statutory provisions, and to provide sufficient suitable evidence for the statements in the group management report.

The Supervisory Board is responsible for overseeing the Group's accounting process for the preparation of the consolidated financial statements and the group management report.

Auditors' responsibility for auditing the consolidated financial statements and the group management report

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether intentional or unintentional, and whether the overall group management report accurately reflects the Company's position Group, as well as in all material respects, is consistent with the consolidated financial statements and the findings of the audit, complies with German legal requirements and accurately reflects the opportunities and risks of future development, and issues a certificate of assurance Opinions on the Consolidated Financial Statements and the Group Management Report.

Sufficient security is a high level of security, but no guarantee that an audit conducted in accordance with section 317 HGB and the EU-APrVO in compliance with the generally accepted auditing standards of the Institut der Wirtschaftsprüfer (IDW) will constitute a material misrepresentation always revealing.

Misstatements can result from any breach or inaccuracy and are considered material if it could reasonably be expected that they would individually or collectively affect the economic decisions of addressees made on the basis of these consolidated financial statements and the group management report.

During the audit, we exercise reasonable discretion and maintain a critical attitude. In addition:

- Identify and assess the risks of material misrepresentation - whether intentional or unintentional - in the consolidated financial statements and the group management report, plan and perform audit procedures in response to such risks, and obtain audit evidence that is sufficient and appropriate to form the basis of our opinion to serve. The risk of failure to detect material misrepresentations is higher for violations than for inaccuracies, as violations may include fraudulent interaction, counterfeiting, intentional incompleteness, misrepresentation or overriding of internal controls;
- gain an understanding of the internal control system relevant to the audit of the consolidated financial statements and the arrangements and measures relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems;
- assess the appropriateness of the accounting policies used by the legal representatives and the reasonableness of the estimates and related disclosures made by the legal representatives;
- draw conclusions about the appropriateness of the accounting policy used by the legal representatives to continue the business and, on the basis of the audit evidence obtained, whether there is material uncertainty associated with events or circumstances that may give rise to significant doubts as to the Group's ability to continue its business. If we conclude that there is material uncertainty, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if these disclosures are inadequate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. However, future events or circumstances may lead to the Group being unable to continue its business activities;

- We assess the overall presentation, structure and content of the consolidated financial statements, including disclosures, and whether the consolidated financial statements present the underlying transactions and events in such a way that the consolidated financial statements are prepared in compliance with IFRS as adopted by the EU and supplemented 315e, paragraph 1 German Commercial Code (HGB) provides a true and fair view of the Group's net assets, financial position and results of operations;
- We obtain sufficient appropriate audit evidence for the accounting information of the companies or business activities within the Group in order to provide audit opinions on the consolidated financial statements and the group management report. We are responsible for the management, supervision and execution of the consolidated financial statements. We are solely responsible for our audit opinions;
- We assess the consistency of the Group management report with the consolidated financial statements, its legal sentiment and the picture it conveys of the situation of the Group;
- We conduct audits of the forward-looking statements presented by the legal representatives in the Group management report. On the basis of adequate and appropriate audit evidence, we will in particular track the significant assumptions on which the forward-looking statements are based on the legal representatives and assess the proper derivation of the forward-looking statements from these assumptions. We do not issue an independent opinion on the forward-looking statements and the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

Among other things, we discuss with the supervisors the planned scope and timing of the audit, as well as significant audit findings, including any deficiencies in the internal control system that we identify during our audit.

We make a statement to the supervisors that we have complied with the relevant independence requirements, and discuss with them all relationships and other matters that can reasonably be expected to affect our independence and to do so taken protective measures.

We determine what matters we have discussed with those responsible for the monitoring, those matters that were most significant in the audit of the consolidated financial statements for the current reporting period and are therefore the most important audit matters. We describe these matters in our audit opinion, unless laws or other legislation preclude public disclosure of the facts.

OTHER LEGAL AND OTHER LEGAL REQUIREMENTS

Other disclosures in accordance with Article 10 EU-APrVO

We were elected by the Annual General Meeting on May 4, 2018 as the auditors and on May 25, 2018 commissioned by the Supervisory Board. For the first time since the financial year 2017, we are the consolidated financial statements auditor of capsensixx AG.

We declare that the audit opinions contained in this auditor's report are consistent with the additional report to the Supervisory Board pursuant to Article 11 EU-APrVO (audit report).

RESPONSIBLE AUDITOR

The auditor responsible for the audit is Eugenie Schmidt-Hane.

Frankfurt am Main, April 17, 2019

Baker Tilly GmbH & Co. KG
Auditors
(Dusseldorf)

Ralph Hüsemann
Auditor

Eugenie Schmidt-Hane
Auditor

Assurance of legal representatives

Assurance of the legal representatives ("balance sheet and management report") on the consolidated financial statements and group management report of capsensixx AG according section 37y no. 1 WpHG together with §§ 297 (2) sentence 4 and 315 (1) sentence 6 HGB

We assure to the best of our knowledge that, in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the Group's net assets, financial position and results of operations and the Group management report shows the course of business including the business results and the situation of the Group that a true and fair view is conveyed, as well as the significant opportunities and risks of the expected development of the Group are described.

Frankfurt, March 29, 2019

Sven Ulbrich	Fabian Föhre
Management Board	Management Board

Corporate bodies

Management board (as of 18. April 2018)

Sven Ulbrich
Spiesheim
(CEO)

Fabian Föhre
Neu-Isenburg

Supervisory board

Rudolf Locker
Auditor and tax advisor,
Schmitten

Gregor Langer
businessman,
Kelkheim

Martin Stürner
Frankfurt
(Chairman of the supervisory board)

Shareholdings of corporate bodies (as of 18. April 2018)

Supervisory board:

1. Rudolf Locker	82,000 shares
2. Gregor Langer	25,000 shares

Forward-looking statements involve risks
This report contains forward-looking statements. Forward-looking statements are statements that do not describe facts of the past; they also include statements about our assumptions and expectations. Any statement in this report that reflects our intentions, assumptions, expectations or predictions (and underlying assumptions) is a forward-looking statement. These statements are based on plannings, estimates and forecasts currently available to capsensixx. Forward-looking statements therefore only refer to the day on which they are made. We undertake no obligation to further develop such statements in the light of new information or future events. Forward-looking statements involve inherent risks and uncertainties. A variety of important factors can cause actual results to differ materially from anticipatory statements.

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This is a translation of the German annual report. If there are variances, the German version has priority over the English translation.