capsensixx AG

Frankfurt am Main

Annual Report 2020

Contents

CAPSENSIXX

Report of the Supervisory Board

The 2020 financial year was dominated by the developments of the Corona pandemic and the challenges arising from the general circumstances in the financial services industry.

In the course of the 2020 financial year, the Supervisory Board carefully monitored the Management Board of capsensixx AG and performed the duties incumbent upon it under the law and the articles of association. We have been in continuous dialog with the company's Management Board. We were informed by the Management Board during the Supervisory Board meetings as well as through complementary written and oral reports about all relevant issues of corporate planning and strategic development, about the earnings, assets and financial position as well as about the current business policy, the risk management system and the risk situation. This happened regularly, promptly and comprehensively. The Supervisory Board was involved directly and in good time in all decisions of fundamental importance to the company. During the reporting period, a total of eight meetings of the Supervisory Board took place at regular intervals, in which all members of the Supervisory Board participated.

In this context, the Supervisory Board discussed the business situation of the company, its 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. Since the Supervisory Board consists of only three persons, no committees were formed. In the course of the financial year 2020, the Supervisory Board dealt among other things, with the following matters:

Decisions during the year

The organizational structure of the company was the subject of several meetings. The Management Board and the Supervisory Board discussed about how revenues can be increased and efficiency can be improved. The Supervisory Board unanimously approved the reports by the Management Board on the respective business transactions.

Decisions at the Ordinary General Meeting 2020

The ordinary general meeting in December 2020 in Frankfurt approved the conduct of office by the Management Board and the Supervisory Board for fiscal year 2019 and elected BDO AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, as external auditor and external group auditor for fiscal year 2020. All resolutions were approved by more than 86% of the valid votes cast.

Financial Statements and Management Report

The annual financial statements and management report of capsensixx AG, prepared in accordance with German GAAP and the consolidated financial statements and group management report prepared in accordance with International Financial Reporting Standards (IFRS) for the period from 1 January 2020 to 31 December 2020, were audited by BDO AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, and provided with an unqualified audit certificate. The corresponding audit reports by the external auditor was available to the Supervisory Board at its balance sheet meeting. The external auditor participated in the meeting of the Supervisory Board and reported about the key findings of their audit, including their independence. The Supervisory Board acknowledged and approved the auditor's report.

The Supervisory Board

- has not raised any objections after concluding its own audit and has endorsed the findings of the external auditors.
- approved the annual financial statements and the consolidated financial statements at its meeting on April 22th, 2021, so that the financial statements are adopted;
- agrees with the proposal of the Management Board to carry forward the net loss for the year of capsensixx AG of EUR 1,396,562.91 to new account.

The Supervisory Board would like to thank the Management Board, the executives and the employees for their dedicated commitment. The Supervisory Board would also like to thank the customers and shareholders of capsensixx AG for the trust they have placed in the company.

Frankfurt, April 22th, 2021

Rudolf Locker

capsensixx AG

Frankfurt am Main

Consolidated Financial Statements as at December 31, 2020 and Combined Management Report for the Fiscal Year 2020

Combined Management Report 2020 for the Fiscal Year 2020

Contents

1. Fundamentals of the Group

In the 2020 financial year, the capsensixx AG Group (in short "cpx Group") prepares a combined management report for the Group and for the parent company, capsensixx AG (in short "cpx"). As the parent company, cpx bundles essential entrepreneurial tasks of the Group the opportunities and risks of cpx and the Group are largely identical.

1.1 Business model

cpx has its registered office in Frankfurt am Main and is a holding company with direct and indirect investments in Germany and abroad. During the 2020 financial year, it held shares in companies which provide financial services (Axxion S.A. / Oaklet GmbH).

1.2 Business segments

The cpx Group focuses on various products and services within the financial industry and offers "Financial Administration as a Service".

As of December 31, 2020, cpx Group is divided into two segments with the following main areas of activity:

1. Funds Management, Administration & Accounting (hereinafter referred to as “Funds Management”): the segment includes fund management and fund accounting
2. Capital Markets & Corporate Services (hereinafter referred to as “Securitization”): provides consultancy services in the field of financial engineering, securitization and provides as a regulated corporate service provider, director and management services for corporate customers in Luxembourg

This segmentation is based on the operating business units. cpx is the parent company of the Group and as a holding company, it is not part of any segment.
Further details are provided in the economic report as well as in the forecast, risk and opportunities report.

1.3 Management system

The combined management report and the financial statements of cpx and the cpx Group are prepared in accordance with the applicable accounting standards.

As a holding company, cpx mainly generates income in connection with holding shares in affiliated companies, so income from investments is a key performance indicator for cpx.

In addition to the disclosures and ratios required by the applicable accounting standards, cpx Group publishes Alternative Performance Measures (APMs) which are not subject to these regulations and for which there is no generally accepted reporting standard. The cpx Group determines the APMs with the aim of enabling comparability of the key performance indicators over time or in a sector-based comparisons. This is carried out 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 measurement methods, non-uniform business activities as well as special effects which have an impact on the informative value of these items. The Alternative Performance Measures determined in this manner 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 cpx Group determines the following APM:

- EBITDA
- Assets under Administration

The **EBITDA** (Earnings Before Interest, Taxes, Depreciation and Amortization) represents the earnings before interest, taxes, depreciation, amortization, impairments and reversals of impairments. This performance indicator neutralizes, apart from the financial result, also distorting effects on operating activities which result from different methods of depreciation and amortization as well as measurement scopes. The EBITDA is calculated on the basis of the result of the ordinary business activities (before income taxes) plus depreciation and impairments recognized in profit or loss for the period and / or minus the reversals of impairments of intangible assets and property, plant and equipment and securities, plus interest expenses and minus interest income.

Reconciliation of the EBITDA

Result of ordinary business activities (before interest taxes)

+ Write-downs on securities

+ Depreciation and amortisation of intangible assets and property, plan and equipment

- Reversals of impairments of intangible assets and property, plant and equipment

+ Depreciations / valuation adjustments of investments, shares in affiliated companies

- Interest income

+ Interest expenses

= EBITDA

The **Assets under Administration** (AuA) are based on the total volume under administration of the business unit Funds Management, Administration & Accounting based on the reporting date. Based on the development of the total volume, forecasts can be derived for current income and the development of the business unit. This development includes both market-related changes (price gains and losses) as well as inflows or outflows.

Non-financial performance indicators played no role in the financial year 2020.

2. Economic Report

2.1 General economic and sectoral framework conditions

Development of the world economy in 2020

The development of the global economy in 2020 was decisively shaped by the effects of the Corona crisis. As a result, global gross domestic product fell by around 5% year-on-year in the current year. The scale of the decline compared with, for example, the financial crisis of 2008 / 2009 (at that time a decline of only around - 0.1%) illustrates the extent of the economic slowdown. In a direct comparison of the major economic blocs of China, the USA and the euro zone, the latter two suffered the greatest slumps. China can expect a small amount of growth, but not enough to sufficiently stimulate the global economy. For 2021, the World Bank at least expects the global economy to grow again.

The trade dispute between China and the USA has continued in fiscal 2020. Since the beginning of 2019, U.S. President Trump has repeatedly imposed new tariffs on Chinese imports in an attempt to persuade Beijing to conclude a comprehensive trade agreement. These were assessed by the WTO's Dispute Settlement Body in September 2020 as a violation of the General Agreement on Tariffs and Trade (GATT).

The United Kingdom's exit from the EU took place on January 31, 2020, and is governed by the withdrawal agreement signed on January 24, 2020. At the end of the transition period on December 31, 2020, the United Kingdom will no longer be part of the EU single market and customs union as of January 1, 2021.

In 2020, both the U.S. technology exchange NASDAQ and the market-wide S&P 500 reached higher levels compared with the previous year. Similarly, the DAX achieved growth in 2020 despite the Corona crisis and reported a higher closing level than in 2019.

<u>Interest rates remain at a permanent low</u>

In order to boost the economy activity in Europe under the impact of the Corona crisis, the ECB has maintained its expansionary monetary policy under Christine Lagarde. While the key interest rate has remained at zero percent, the interest rate for banks when they park excess liquidity at the central bank has been as low as - 0.5%. Further gains in the prices of long-dated bonds are only possible if yields were to become even more negative. For this scenario, the economic situation would have to deteriorate even further, which cannot be completely ruled out in view of further developments from the Corona crisis.

Development of the finance industry in 2020

The framework conditions in the financial services industry have become even more difficult compared with the previous year. In particular the ongoing expansion of regulatory measures requires additional capacities and hence involves a significantly higher expenditure. In addition, disruptive technologies are causing sustained pressure on margins and competition in the industry.

2.2 Business development

For cpx, against the background of the changes in the cpx Group structure, we expected to generate a positive result in the previous year with significantly reduced administrative expenses and relatively stable income from distributions by affiliated companies. Equity should be further strengthened. This was achieved despite declining income from investments in affiliated companies and lower other operating expenses, with the result that net income for the year increased by kEUR 1,662 to net income of kEUR 1,456 (2019: net loss kEUR 206).

In the previous year, against the backdrop of the uncertain global economic situation and the changes made to the cpx Group structure, we had assumed that APM (EBITDA, AuA) would decline by between 5% and 10%. With a slight decline of -0.3% in fiscal year 2020, AuA developed better than the expected decline in AuA of 5-10%. The 19.7% decline in EBITDA from EUR 10,115 thousand to EUR 8,125 thousand - adjusted for the digitalization business discontinued in the previous year - was higher than the expected decline of 5-10%.

2.3 Assets, financial and earnings position of the Group

2.3.1 Earnings position of the Group

The following notes should be read in conjunction with the financial statements of cpx.

The income statement of cpx provides a complete overview for 2020. The prior-year disclosures have been adjusted for the discontinued Digitalization segment to improve comparability.

The Assets under Administration decreased during financial year 2020 from EUR 9.033 bn (as of December 31, 2019) to EUR 9.01 bn (as of December 31, 2020), representing a slight decrease of -0.3%. EBITDA is reported at kEUR 8.125 (2019: kEUR 10.115).

Sales revenue of kEUR 110,309 were slightly lower than in the previous year (2019: kEUR 112,091). At the same time, commission expenses decreased to kEUR 86,139 (2019: kEUR 88,890). As a result, net sales increased by 4.2% to kEUR 24,170 (2019: kEUR 23,201). Personnel expenses are reported at kEUR 10,215 in 2020 (2019: kEUR 8,491). Other operating income decreased to kEUR 759 (2019: kEUR 3,129). Similarly, other administrative expenses were reduced to kEUR 6,589 (2019: kEUR 6,633). Depreciation and amortization amounted to kEUR 1,952 in the financial year, whereas kEUR 1,899 was reported in the previous year. Earnings before income taxes 2020 are reported at kEUR 6,499 (2019: kEUR 9,435). The result (after taxes) of the Digitalization segment discontinued in 2019 amounted to kEUR -1,469. The result attributable to shareholders is reported at kEUR 2,254 (2019: kEUR 2,411).

Segment reporting

The identification of reportable operating segments is based on the “management approach”. According to this approach, external segment reporting is based on the internal Group and management structure as well as internal financial reporting to the “Chief Operating Decision Maker”. Within the Group, the Management Board of cpx is responsible for evaluation and management of the performance of the segments and is considered as Chief Operating Decision Maker within the meaning of IFRS 8.

This segmentation is based on the operating business areas.

The **Fund Management** 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 segment generated in 2020 net commission income of kEUR 19,536 (2019: kEUR 18,685). Due to the implementation of higher supervisory and statutory provisions, personnel expenses increased compared to the previous year (2020: kEUR 7,439; 2019: kEUR 6,339). The segment result for 2020 amounts to kEUR 6,688 (2019: kEUR 5,748). The EBITDA in the segment decreased from kEUR 7,598 to kEUR 6,088.

Assets under Administration decreased from EUR 9.033 bn (as of December 31, 2019) to EUR 9.01 bn (as of December 31, 2020) in the 2020 financial year, representing a slight decrease of -0.3%.

The **Segment Securitisation** includes Oaklet GmbH together with its Luxembourg subsidiary Oaklet S.A. The segment generated in 2020 net commission income of kEUR 5,455 (2019: kEUR 4,516). Due to the implementation of higher supervisory and statutory provisions, personnel expenses (2020: kEUR 2,776; 2019: kEUR 1,903) increased compared to the previous year. The segment result for 2020 is reported at kEUR 2,633 (2019: kEUR 1,746). The EBITDA of the segment has thus increased from kEUR 1,833 to kEUR 2,453.

Remuneration structure Supervisory Board and Management Board

The members of the Supervisory Board received k€32 (2019: k€0) as compensation for expenses in the 2020 financial year. The members of the Supervisory Board of cpx do not receive any performance-related remuneration. The amount and structure of the remuneration of the Management Board is determined by the Supervisory Board of cpx. The objective of cpx's remuneration system is to pay an appropriate remuneration, taking into account the personal performance of the respective member of the Management Board as well as the economic situation and success of the company. Furthermore, the remuneration is based on customary industry and national standards.

The annual remuneration of the Management Board members is generally based on their contribution to the success of the business and comprised two components: a performance-independent remuneration and a performance-dependent remuneration. The performance dependent remuneration consisted of a cash component and a component intended for investment in shares of the company. Mr. Föhre received performance-independent remuneration and receives no performance-dependent remunerations from the company. The amount of the fixed remuneration depends on the function and responsibility assigned, the seniority as a member of the Management Board as well as framework conditions customary in the industry and the market.

There are no arrangements for severance pay in the event of premature dismissal or for retirement pensions for members of the Management Board. There is no share-based remuneration or stock option plan.

The salary settlement for the Management Board activity of Mr. Fabian Föhre's at cpx was carried out in 2020 through Oaklet GmbH. For the Management Board activity a refund of EUR 20,000 per year applies (receivables of Oaklet), of which EUR 17,400 was paid due to Mr. Föhre's departure during the year. With this payment, all salary claims of Mr. Föhre against cpx are settled. There is no entitlement to profit-related bonuses by cpx for 2020 for the departing Management Board member Fabian Föhre.

We also refer to the information about the remuneration in the Notes to the consolidated financial statements.

2.3.2 Financial and assets position of the Group

All significant assets and liabilities are in euros. Hedges against fluctuations of foreign currencies on assets or liabilities are not used.
The equity increased from kEUR 18,572 to kEUR 19,456. The equity ratio amounts to 38.7% (2019: 44.1%). The share capital remains unchanged compared to the previous year - it amounts to EUR 3,430,000.
Total assets have increased to kEUR 50,251 (2019: kEUR 42,162). Non-current assets are reported at kEUR 5,771 (2019: kEUR 7,210). Current assets increased to kEUR 44,480 (2019: kEUR 34,952). This increase results essentially from the higher trade receivables kEUR 28,453 (2019: kEUR 20,634).
On the liabilities side, trade payables are reported at kEUR 26,309 (2019: kEUR 18,821).
As of December 31, 2020, cpx Group has bank balances of kEUR 8,773 (2019: kEUR 7,836) and financial instruments and other financial assets of kEUR 5,600 (2019: kEUR 5,529). Consequently, it has a sufficient liquidity buffers and was able to meet its financial obligations at all times.

2.4 Assets, financial and earnings position of capsensixx AG

2.4.1 Earnings position of the company

As a holding company, cpx mainly generates income in connection with holding interests in affiliated companies. Compared to the previous year, income from investments in affiliated companies decreased by kEUR 696 from kEUR 2,545 to kEUR 1,849. Due to the loss from the sale of coraixx GmbH & Co. KGaA and coraixx Verwaltungs GmbH (together "coraixx") in the amount of kEUR 1,687, the net income increased by kEUR 1,662 to kEUR 1,456 (2019: net loss kEUR 206).

Personnel expenses amounted to kEUR 0 (previous year: kEUR 244), as cpx had no employees in 2020. Other operating expenses are reported at kEUR 507 (previous year: kEUR 2,825). Current income from investments of kEUR 1,500 relates to income from investments in Luxembourg and kEUR 349 to income from investments in Germany.

2.4.2 Financial and assets position of the company

All significant receivables and liabilities are in euros. Hedges of net positions in foreign currencies for foreign currency liabilities are not used.

Share capital is unchanged compared to the previous year - it amounts to € 3,430,000. Shareholders' equity decreased only slightly to k€ 6,853 compared to k€ 7,087 in the previous year. The equity ratio is 97.8% (previous year: 95.1%).

In 2020, cpx acquired 130,000 cpx shares for EUR 13.00/share as part of a buyback offer with an acceptance period until November 30, 2020. The shares were credited to cpx as of December 10, 2020. The proportion of shares in the share capital amounts to EUR 130,000.00 and corresponds to 3.79%. The amount was openly deducted from subscribed capital. The purchase price of kEUR 1,560 paid in addition was deducted from retained earnings. Based on the previous year's accumulated loss of kEUR 1,293, the accumulated loss, taking into account the net income of kEUR 1,456, increased accordingly only slightly by kEUR 104.

Total assets decreased to kEUR 7,008 (previous year: kEUR 7,451). Shares in affiliated companies remained unchanged at kEUR 3,000 (previous year: kEUR 3,000). Other assets increased slightly to kEUR 1,942 (previous year: kEUR 1,920) due to tax receivables. Other assets essentially include purchase price receivables relating to the MBO of coraixx in the amount of kEUR 1,730 (previous year: kEUR 1,730). Bank balances decreased to kEUR 70 in the reporting year (previous year: kEUR 370). The securities portfolio of kEUR 1,973 decreased slightly compared to the previous year (previous year: kEUR 2,056).

cpx has sufficient liquidity buffers and was able to meet its financial obligations at all times.

Liabilities amounting to kEUR 37 (previous year: kEUR 206) are reported on the liabilities side.

2.5 Decisions of the ordinary general meeting 2020

The general meeting approved the conduct of office of the Management Board and Supervisory Board for the 2019 financial year.

BDO AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, was elected as external auditor and external Group auditor for the financial year 2020.

The Company was authorized to acquire and sell treasury shares amounting to up to 10% of the capital stock for a term ending October 12, 2025.

3. Forecast, Risk and Opportunities Report

3.1 General comments

Based on our financial instruments we are exposed (to a limited extent) to the following main risks: credit risk, liquidity risk, and market risk (including currency risk and interest rate risk). We have therefore implemented policies and procedures for measurement, management, monitoring and reporting risks which are regularly reviewed by the Management Board. Our Management Board has overall responsibility for establishing and monitoring our risk management system. This distinguishes between four risk categories: strategic, operational, reporting / finance and compliance. The periodic reporting concerning the four risk categories is carried out on the following points:

- reporting on pre-defined main risk indicators;
- reporting on incidents; and
- reporting on regular risk self-assessments,

We have implemented a three-level model to manage 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.
- The second level of risk management is risk monitoring. This is implemented on the level of the subsidiaries and their compliance officers, tax and legal advisors as well as the relationship managers to ensure that compliance procedures and policies are adhered to with a view to customer and business acceptance in accordance with a defined risk profile.
- The third level of risk management concerns the securing of the effectiveness of the internal controls and the overall management of our Group through our internal auditors. The aim is for our internal auditors to review all subsidiary units at least once every three years. Our internal audit reviews each operation primarily in respect of the quality of the business processes, finance, compliance, IT, HR, and governance with a focus on improving processes and controls.

Internal control system and risk management system concerning the accounting process

The goal of the internal control and risk management system with a view to financial reporting is that the financial statements and the consolidated financial statements in accordance with the accounting principles to be applied based on HGB (German Commercial Code - German GAAP) and IFRS give a true and fair view of the assets, financial and earnings position. The goal of proper financial reporting is jeopardized if material information in financial reporting is wrong. In this connection it is irrelevant whether this is attributable to an individual circumstance or a combination of several circumstances. Risks to financial reporting may occur as a result from errors in the business processes. Moreover, fraudulent behavior can lead to a wrong presentation of information.

Therefore, the Management Board has to ensure that the risks concerning a wrong presentation, measurement or recognition of information in financial reporting are minimized.

The internal control system and risk management are oriented towards ensuring a sufficient safety concerning compliance with applicable legal requirements, the regularity and economic efficiency of business activities as well as the completeness and accuracy of financial reporting. In this connection it needs to be taken into account that, as a result of the implemented internal control system, errors or fraud cannot be completely excluded so that no absolute but nonetheless sufficient security is offered.

We have taken comprehensive measures to ensure that the accounting of the cpx Group meets the applicable laws and standards. In this connection we analyse new laws, accounting standards and other communications concerning IFRS accounting and their impact on our financial statements. Our internal control system provides for both preventive and also subsequently disclosing controls. These includes IT-supported and manual reconciliations, the establishment of functional separations (four-eye principle), access provisions to our software systems as well as further monitoring activities in the day-to-day business.

The Group Accounting department is responsible for the topicality, consistency and application of the relevant accounting and measurement methods. These policies as well as the financial calendar constitute the basis of the process for the preparation of the financial statements. Based on these principles we prepare the financial statements for all cpx affiliates, partly with the support of external service providers.

Furthermore, we rely on the support of external service providers for the accounting assessment of complex individual circumstances such as for instance application of purchase price allocations in connection with company acquisitions.

Apart from the risks presented in connection with the business activities of our subsidiaries, cpx is subject to the risk classes presented below.

3.2 Credit risk

The credit risk is the risk that a counterparty fails to meet its obligations under a financial instrument or customer contract, resulting in a financial loss. Credit risks mainly consist of trade accounts receivable as well as cash at banks. The cash and cash equivalents held by us are mainly held with banks rated by Standard & Poor's Rating Services or Fitch Ratings Ltd "BBB" or higher. Current receivables amounted to kEUR 44,480 as of the reporting date of December 31, 2020 (2019: kEUR 34,952). These mainly consisted of trade receivables (kEUR 28,453), deposits with banks in the amount of kEUR 8,773, securities (kEUR 5,600), tax refund claims (kEUR 689) and other receivables, mainly from expenses incurred (kEUR 965).

3.3 Liquidity risk

The liquidity risk includes the risk of a shortage of funds and the risk that we will have difficulties to meet our financial obligations. We monitor our risk of cash shortage of funds using recurring liquidity planning. In addition, a cash flow forecast for the next twelve months is prepared in December of each year. The cash in banks as at the reporting date of December 31, 2020 amounts to kEUR 8,773. Our subsidiaries prepare their own cash flow forecasts and are consolidated by our Management Board. We currently have internal credit lines granted by PEH Wertpapier AG. There are no credit lines of banks as at the reporting date. Our Management Board monitors the rolling projects of our liquidity requirements as well as our actual cash position to ensure that we have enough cash and cash equivalents to meet operating needs. We hold the amounts which are required for working capital management, and our Management Board determines the best possible use of excess cash (repayment of loans, deposits, etc.).

3.4 Market risk

Market risk results from uncertainties about changes in market prices as well as the correlations as volatilities existing between them. The market price risk in a narrow sense is the risk of a loss which can occur following adverse changes of market prices or price-influencing parameters. The market liquidity risk is the risk of loss which can occur as a result of adverse changes of the market liquidity - for example through market disruptions. Market price risks occur at cpx to a small extent from liquidity management activities. Securities held in the portfolio may be exposed to price risk following market price fluctuations. Through a permanent monitoring and evaluation of the portfolio, possible impacts on earnings of strong price fluctuations are addressed at an early stage. In this way, we ensure prompt responses to market changes. The statement of equity requirements for market risks is not relevant for cpx. There are no foreign currency or commodity position risks. The changes in present value of all positions in relation to own funds are continuously mapped. The simulation is automated across all positions. The determined value changes always remained below the threshold of 5% of equity in the reporting period. On the balance sheet date there are no significant interest rate risks.

3.5 Summary of the risk situation

The business development of cpx 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 developments. The information provided ensures the prompt initiation and prioritization of risk management measures.

In 2020, cpx operated within its economic risk bearing capacity.

Taking into account our forecast business development, there were and are no risks that could threaten the company as a going concern.

The ordinary business activities are even ensured in the event of potential disruptions. With our risk monitoring and control systems and the consistent alignment of our business model to our risk bearing capacity, we can ensure that the risks taken within the framework of our business activities are backed by appropriate risk capital. The effectiveness of our risk management and its regulatory implementation under supervisory law is regularly reviewed by external auditors and the internal audit department. The risk management and controlling system is constantly upgraded, especially with regard to the development of the volume and complexity of our business.

The risks presented and those which are not yet known to us or have been assessed as non-material at present could have an adverse impact on our forecasts in the outlook.

3.6 Future general economic development

The global economy is expected to recover further in the current year, expanding at a rate of 5.3 percent compared to the previous year. Last year, global economic activity suffered noticeably from the Corona pandemic. For 2021, a further revival of the global economy is expected to begin in the second quarter with rising vaccination rates, falling infection figures and (gradual) withdrawal of the measures.

In the euro zone, a large part of the massive GDP losses from the two previous quarters was already recovered in the third quarter of 2020. Gross domestic product was still a good four percent below the previous year's level, compared with 15 percent in the second quarter. In the final quarter, however, very significant containment measures had to be taken again due to pandemic developments in almost all member states. In the winter half-year, therefore, economic activity is expected to remain impaired. However, as the number of cases falls again, vaccination rates rise and gradual easing takes place, a renewed economic recovery process is likely to begin in the spring.

Following the massive slump of an anticipated 7.2 percent in 2020, economic output in the euro area is expected to show a significant overall recovery in 2021 (+4.3 percent) - although not a full recovery.

For Germany, the German government expects an increase in price-adjusted gross domestic product (GDP) of 3.0 percent. It can be assumed that economic performance in the first quarter will still be significantly impacted by the pandemic. In the further course, after the pandemic situation has stabilized through the vaccination of larger population groups and the withdrawal of restrictions on public life, the economy is expected to pick up speed again. Against the background that the global economy is expected to improve markedly as containment measures are increasingly eased and the prospect of effective vaccines emerges, German exports are also expected to grow significantly, which in turn should lead to increased corporate investment activity.

If the global economy continues its recovery as forecast, the global stock markets are likely to benefit. Corporate earnings expectations for 2021 in the USA are up 23 percent on the previous year, while in Europe the figure is 40 percent and in Germany 33 percent. Other framework conditions also speak in favor of equities from an investor's point of view: for example, the expected greater reliability of U.S. trade and foreign policy under President Joe Biden, a rather moderate U.S. economic policy in a "divided government," China's economy-friendly plans in the 100th founding year of its Communist Party, the planned comprehensive fiscal measures in Europe, or possible additional capital flows from the bond markets. Although this could also cause the major benchmark indices worldwide to break out upward in phases, the decisive movements should take place at sector and individual stock level.

Overall, 2021 could be a stock market year in which stocks that would benefit from a further economic recovery perform particularly well. These are primarily inexpensive cyclical stocks from sectors such as tourism, industry or chemicals. In addition, opportunities may arise for stocks in the healthcare sector.

3.7 Future industry situation

The uncertainty amongst private and institutional investors concerning the new provisions of new statutory regulations, the general market development and the further course of the so-called Corona crisis could lead to different reactions. In the fixed-income investments, we expect yields to remain relatively low for the foreseeable future. This involves the high risk of a "gradual expropriation", so that we favor the asset class "shares" also for the investor year 2021 ahead of us. Despite temporary price fluctuations, they serve to secure / increase assets over the long term thanks to the entrepreneurial investment approach. This also offers opportunities for the further development of cpx, to the extent that it can benefit from a further economic recovery through rising share prices.

Please also refer to the supplementary report in the notes to the consolidated financial statements.

3.8 Probable business development

The outlook of cpx will continue to be marked by the trends and influencing factors which we have described and presented here. This will also determine the result potential for 2021.

Our economic performance in 2021 will depend to a large extent on how the international capital markets develop. Should there be renewed turbulence on the financial and capital markets, however, it would not be possible to rule out corresponding negative effects on the financial services sector and also on our Company. Since December 2020, the second wave in the coronavirus pandemic has led to economies having to cope with renewed massive restrictions Against this backdrop, it is not yet possible to predict at the time of preparing the consolidated financial statements what consequences this will have for the development of economies and international financial markets in the course of 2021. This could result in changes in the investment behavior of investors, which would subsequently impact the net assets, financial position and results of operations of the Company in 2021. The specific impact on the net assets, financial position and results of operations in 2021 cannot be forecast with sufficient reliability at present.

Despite these uncertainties, however, we again expect cpx to generate a positive result due to an expected slight economic recovery and the business development to date under the influence of the coronavirus pandemic.

For the cpx Group, we are planning a slight increase in APM (EBITDA, AuA) of between 2 - 5% each for the same reasons. We will continue to critically review the development of opportunities and risks on an ongoing basis.

The management report contains future-oriented statements on expected developments. These statements are based on current estimates and are naturally subject to risks and uncertainties. Actual results may differ from the statements made here. Renewed upheavals on the financial markets, political developments and other external events cannot be predicted - the associated forecast uncertainty must be pointed out.

Segment Funds Management

The segment "Funds Management" intends to grow organically as in the previous year by generating new customers 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 the segment. Since the fund industry in a consolidation phase in Luxembourg, the segment offers its back office services externally to fund management companies and managers. Against the backdrop of the worldwide uncertain economic situation but an expected slight economic recovery and the business development to date under the influence of the coronavirus pandemic, we expect a slight increase in EBITDA and AuA of between 2 - 5% each from the segment in fiscal year 2021.

Segment Securitization

In the segment "Securitization" new projects were launched in the previous year to improve the range of products and services and to address new customers. Against the backdrop of an expected slight economic recovery and the associated development on the capital markets, we are planning a slight increase in EBITDA of between 2 - 5% in each case for the financial year 2021.

4 Statement on the Dependency Report of the Management Board concerning Relations to Affiliated Companies in accordance with § 312 AktG

capsensixx was in the fiscal year 2020 a company dependent on PEH Wertpapier AG, Frankfurt am Main, within the meaning of § 312 AktG (German Stock Corporation Act.). In accordance with § 312 (1) AktG the Management Board of capsensixx AG has, therefore, prepared a report of the Management Board about relations to affiliated companies which includes the following final statement:

In accordance with § 312 (3) AktG we as Management Board of cpx, hereby declare that, with regard to the legal transactions carried out as listed in the above report on relationships with affiliated companies, the company received appropriate consideration for each legal transaction according to the circumstances of which we were aware at the time when the legal transaction was carried out and was not disadvantaged thereby. No further measures were taken or omitted in 2020.

5 Takeover-relevant information

1. Classes of shares: the Company has issued only one class of shares. The subscribed capital amounts to EUR 3,430,000 and is divided into 3,430,000 no-par value shares. All shares grant the same rights.
2. There are no restrictions affecting voting rights or transfers of shares. At the balance sheet date, cpx held 130,000 treasury shares. The treasury shares amount to 3.79% of the share capital. The Company has no rights, in particular no voting rights, from treasury shares (see notes, notes to the Balance Sheet ("Authorization to purchase treasury shares").
3. PEH Wertpapier AG, Frankfurt, Germany, holds an interest in cpx exceeding 10%. It currently holds 83.12% of the voting rights in cpx.
4. There are no shares with special rights
5. There are no shares with voting rights controls or which do not directly exercise their control rights.
6. In accordance with the Articles of Association, the members of the Executive Board are appointed and dismissed by the Supervisory Board. The Management Board consists of one or more persons. As for the rest, the Supervisory Board determines the number of members of the Management Board. The Supervisory Board may appoint a chairman of the Management Board as well as a deputy chairman of the Management Board. Deputy members of the Management Board may be appointed. If only one member of the Management Board is appointed, he or she represents the company alone. If the Management Board consists of more than one person, two members of the Management Board or one member of the Management Board acting together with a prokurist (authorized officer) will represent the company. The Supervisory Board may determine whether individual members of the Management Board are authorized to represent the Company alone and / or conduct legal transactions simultaneously with themselves as representatives of a third party (exemption from the prohibition of multiple representation of § 181 BGB - German Civil Code). The Management Board adopts rules of procedure by unanimous resolution which govern the distribution of business amongst the members of the Management Board as well as details concerning the adoption of resolution by the Management Board. Rules of procedure of the Management Board require the approval of the Supervisory Board.

Amendments to the articles of association require a resolution by the general meeting. Unless otherwise required by law, a simple majority of the votes cast in accordance with § 17 (2) sentence 1 of the articles of association of the company is sufficient. Furthermore, § 17 (2) sentence 2 of the articles of association stipulates that in cases in which the applicable law requires a majority of the share capital represented at the adoption of the resolutions, the simple majority of the represented share capital is sufficient, unless applicable law requires a larger majority.

7. In accordance with § 4 of the articles of association, the Management Board is authorized, to increase the share capital until March 20, 2023, with the approval of the Supervisory Board by issuing new no-par value bearer shares against cash / or non-cash contributions once or several times up to a total amount of EUR 1,220,000.00.
8. By resolution of the Annual General Meeting 2020, the Company is authorized to acquire and sell treasury shares amounting to up to 10% of the capital stock for a term ending on October 12, 2025.
9. No significant agreements have been made that are conditional on a change of control as a result of a takeover bid.
10. There are no compensation agreements with members of the Management Board or employees in the event of a takeover bid.

Furthermore, we refer to information in accordance with § 160 (1) No. 2 AktG in the Notes to the consolidated financial statements.

6 Declaration on Corporate Governance (§§ 315d and 289f HGB)

The declaration was fully submitted by cpx and published on the website of the company (https://www.capsensixx.de/wp-content/uploads/2021/03/capsensixx-AG-Entsprechenserklaerung-2021.pdf) to make it publicly accessible.

Frankfurt am Main, 31. March 2021

Martin Stürner
Management Board

Consolidated Financial Statements as at 31.12.2020

Consolidated Profit and Loss Account

In k€	**Note**	**01.01.2020 - 31.12.2020**	**01.01.2019 - 31.12.2019**
Continuing operations			
Commission income	B.1	110,309	112,091
Commission expenses	B.2	-86,139	-88,890
Net commission income		**24,170**	**23,201**
Other operating income	B.3	759	3,129
Finance income		843	454
Finance costs		-517	-327
Finance result	B.4	**326**	**127**
Wages and salaries		-8,287	-6,800
Social security contributions and expenses for pensions and other benefits		-1,928	-1,690
Personnel expenses	B.5	**-10,215**	**-8,491**
Other administrative expenses	B.6	-6,589	-6,633
Depreciation	B.7	-1,952	-1,899
Profit before tax from continuing operations		**6,499**	**9,435**
Income tax expense	B.8	-1,853	-2,888
Profit for the period from continuing operations		**4,646**	**6,547**
Earnings after taxes from discontinued operations	B.9		**-1,469**
Profit for the period		**4,646**	**5,078**
Attributable to:			
Equity holders of capsensixx AG		2,254	2,411
Non-controlling interests		2,392	2,667
		4,646	**5,078**
Earnings per share (EPS): **Basic,** profit for the period attributable to ordinary equity holders of the parent	B.10	**0.66**	**0.70**
Earnings per share from continuing operations: **Basic,** profit from continuing operations attributable to ordinary equity holders of the parent	B.10	**0.66**	**1.13**

Consolidated statement of comprehensive income

In k€	**01.01.2020 - 31.12.2020**	**01.01.2019 - 31.12.2019**
Profit for the period	**4,646**	**5,078**
Other comprehensive income	**0**	**0**
Other comprehensive loss for the period, net of tax	**0**	**0**
Total comprehensive income for the period, net of tax	**4,646**	**5,078**
Attributable to:		
Equity holders of capsensixx AG	2,254	2,411
Non-controlling interests	2,392	2,667
Attributable to the owners of capsensixx AG from:		
Continuing operations	2,254	3,880
Discontinued operations	0	-1,469

CAPSENSIXX

Consolidated balance sheet

In k€			
ASSETS	***Note***	**31.12.2020**	**31.12.2019**
Non-current assets			
Intangible assets	C.1	1,477	1,823
Property, plant and equipment	C.2	2,184	3,213
Non-current financial assets	C.3	2,103	2,173
Deferred tax assets	C.14	7	-
Total non-current assets		**5,771**	**7,210**
Current assets			
Trade receivables	C.4	28,453	20,634
Tax receivables	C.6	689	526
Financial instruments and other financial assets	C.5	5,600	5,529
Other current non-financial assets	C.6	965	426
Cash and cash equivalents	C.7	8,773	7,836
Total current assets		**44,480**	**34,952**
Total assets		**50,251**	**42,162**

CAPSENSIXX

In k€

EQUITY AND LIABILITIES	*Note*	31.12.2020	31.12.2019
Equity			
Issued capital	C.8	3,430	3,430
Treasury shares acquired	C.8	-1,690	-
Share premium	C.8	4,848	4,848
Retained earnings	C.8	5,554	3,380
Equity attributable to equity holders of capsensixx AG		**12,143**	**11,658**
Non-controlling interests	C.8	7,313	6,913
Total Equity		**19,456**	**18,572**
Non-current liabilities			
Leasing liabilities	C.9	917	1,786
Deferred tax liabilities	C.14	34	90
Provisions		3	4
Total non-current liabilities		**954**	**1,880**
Current liabilities			
Trade accounts payable	C.12	26,309	18,821
Leasing liabilities	C.9	833	4
Other current financial liabilities		2	-
Other current non-financial liabilities	C.13	2,305	2,776
Income tax payables	C.11	392	109
Total current liabilities		**29,840**	**21,710**
Total liabilities		**30,795**	**23,590**
Total equity and liabilities		**50,251**	**42,162**

Consolidated Statement of Changes in Equity

	Attributable to the owners of capsensixx AG					
In k€	**Share capital**	**Capital reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
As of 1 January 2019	**3,430**	**4,848**	**969**	**9,247**	**6,544**	**15,792**
Profit for the period			2,411	**2,411**	2,667	**5,078**
Other comprehensive income						
Dividends					-2,298	**-2,298**
Total comprehensive income			**2,411**	**2,411**	**369**	**2,780**
As of 31 December 2019	**3,430**	**4,848**	**3,380**	**11,658**	**6,913**	**18,572**

	Attributable to the owners of capsensixx AG						
In k€	**Share capital**	**Capital reserve**	**Own shares**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
As of 1 January 2020	**3,430**	**4,848**		**3,380**	**11,658**	**6,913**	**18,572**
Profit for the period				2,254	**2,254**	2,392	**4,646**
Other comprehensive income							
Capital reduction			-1,690		**-1,690**		**-1,690**
Dividends						-1,992	**-1,992**
Other changes				-80	**-80**		**-80**
Total comprehensive income			**-1,690**	**2,174**	**484**	**400**	**884**
As of 31 December 2020	**3,430**	**4,848**	**-1,690**	**5,554**	**12,143**	**7,313**	**19,456**

Consolidated Cash Flow Statement

In k€	***Note***	**2020**	**2019**
1. Operating activities			
Profit before tax from continuing operations		**6.499**	**9,435**
(Profit)/loss before tax from discontinued operations	B.9	**-**	**-2,059**
Profit before tax		**6,499**	**7,376**
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment and rights-of-use		1,952	2,615
Financial result		-326	-127
Gain from the disposal of subsidiaries		-	-2,897
Other non-cash transactions		-33	95
Working capital adjustments:			
Increase in trade receivables, contract assets and prepayments		-8,255	-13,190
Employee benefits			
Provisions			
Decrease in trade and other payables, contract liabilities and refund liabilities		8,044	9,708
Interest received		7	35
Interest paid		-63	-4
Income taxes paid		-1,744	-2,869
Net cash flows from operating activities		**6,081**	**742**
2. Investing activities			
Purchase of intangible assets		-493	-301
Purchase of property, plant and equipment		-221	-308
Disposal of subsidiaries, net of cash disposed of		-	-228
Income from the disposal of property, plant and equipment		-	6
Net cash flows from investing activities		**-714**	**-830**
3. Financing activities			
Proceeds from loans	C.6.	140	-
Payments of lease liabilities		-889	-989
Dividends paid to non-controlling interests of subsidiaries	C.8.	-1,992	-2,298
Payment for the acquisition of treasury shares		-1,690	-
Net cash flows used in/(from) financing activities		**-4,431**	**-3,287**
Net decrease/(increase) in cash and cash equivalents		**937**	**-3,375**
Cash and cash equivalents at 1 January		7,836	11,043
Net foreign exchange difference		-	169
Cash and cash equivalents at 31 December 2020		**8,773**	**7,836**

Notes to the consolidated financial statements

C.12. Trade accounts payable

C.13. Other non-financial assets

C.14. Deferred taxes

D. Other information

D.1. Employees

D.2. Contingent liabilities, other financial commitments and transactions not included in the balance sheet

D.3. Financial instruments

D.4. Leasing

D.5. Relationships with related parties

D.6. Auditor's fees and services

D.7. Segment reporting

D.8. Events after the balance sheet date

D.9. Declaration on the German Corporate Governance Code pursuant to § 161 AktG

Notes to the consolidated financial statements

A. General information

A.1. Fundamental information about the company

Capsensixx AG ("capsensixx" or "the Group") is a holding company with direct or indirect investments in Germany and abroad. The object of the Company, as defined in its Articles of Association, is the holding of shares in companies in Germany and abroad that provide banking transactions, financial services, software development and other services of all kinds, with the exception of transactions requiring state approval.

Capsensixx is a stock corporation incorporated under German law and has its registered office in Frankfurt am Main. The Company is entered in the commercial register at the Frankfurt am Main Local Court under the number HRB 110258. The Company's registered office is in Frankfurt am Main, Germany and its business address is Bettinastraße 57-59, 60325 Frankfurt am Main, Germany. Capsensixx was founded on November 10, 2017. By contribution agreement dated March 28, 2018, PEH Wertpapier AG increased the share capital by contribution in kind of the shares in Axxion S.A. and in Oaklet GmbH. Since June 21, 2018, the Company has been listed on the Prime Standard of the Frankfurt Stock Exchange (ISIN DE000A2G9M17).

Capsensixx is included in the consolidated financial statements of PEH Wertpapier AG. The registered office of PEH Wertpapier AG is at Bettinastrasse 57-59, Frankfurt am Main. The consolidated financial statements are published in the German Federal Gazette.

A.2. General information regarding the financial statements

As a publicly traded company, capsensixx prepares consolidated financial statements in accordance with § 315e (1) HGB in line with International Financial Reporting Standards ("IFRS") as required by the European Union. These consolidated financial statements comply with IFRS and have taken into account all standards and interpretations mandatory for fiscal years beginning on or after January 1, 2020 ("IFRS IC"). The consolidated financial statements have

been supplemented by a management report combined with the Group management report in accordance with §§ 315-315d HGB and by additional explanatory notes in accordance with § 315e (1) HGB.
The consolidated financial statements have been prepared on a going concern basis and in euros. The financial year for the Group and for the consolidated companies corresponds to the calendar year.

Unless otherwise stated, all amounts are presented in thousands of euros (k€). Unless otherwise stated, the financial information presented has been rounded to the nearest thousand.

The Management Board authorized the consolidated financial statements for release on March 31, 2021.

A.3. Accounting and Measurement Policies

Consolidation principles

The consolidated financial statements include capsensixx and its subsidiaries as of December 31, 2020. Control exists when the Group has exposure, or rights, to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect those returns. In particular, the Group controls an investee if, and only if, it has all of the following characteristics:

- control over the investee (i.e., the Group has the ability to direct those activities of the investee that have a significant effect on the investee's returns based on currently existing rights)
- a risk exposure to, or rights to, fluctuating returns from its involvement with the investee
- the ability to use its power over the investee in a way that affects the investee's return on investment.

In general, ownership of a majority of the voting rights is presumed to result in control. In support of this assumption, and where the Group does not have a majority of the voting rights or rights equivalent to voting rights in an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over the investee. These include:

- contractual agreements with the other voting shareholders
- Rights resulting from other contractual agreements
- Voting rights and potential voting rights of the Group

If facts and circumstances indicate that one or more of the three elements of control have changed, the Group must reassess whether it controls an investee. The consolidation of a subsidiary begins on the date on which the Group obtains control over the subsidiary. It ends when the Group loses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the reporting period are recognized in the consolidated financial statements from the date on which the Group obtains control over the subsidiary until the date on which control ceases.

Profit or loss and each component of other comprehensive income are attributed to holders of common shares of the parent and to non-controlling interests, even if this results in a negative balance of non-controlling interests. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group. All intercompany assets and liabilities, equity, income and expenses, and cash flows arising from transactions between Group companies are eliminated in full on consolidation.

In addition to capsensixx, the following significant subsidiaries were included in the consolidated financial statements in the reporting year (shareholdings):

Name	Core activity	Location	2020	2019
Oaklet GmbH	Provision of financial services	Frankfurt, Deutschland	53.86%	53.86%
Oaklet S.A.	Provision of financial services	Wasserbillig, Luxemburg	53.86%	53.86%
Axxion S.A.	Provision of financial services	Grevenmacher, Luxemburg	50.01%	50.01%
navAXX S.A.	Provision of financial services	Grevenmacher, Luxemburg	50.01%	50.01%
Axxion Deutschland InvAG	Investment and management of own funds	Frankfurt, Deutschland	50.01%	50.01%

Non-controlling interests are recognized in proportion to their share of the fair values of the identifiable assets acquired and liabilities assumed (including contingent liabilities). Expenses, income, receivables and liabilities between fully consolidated companies, as well as intercompany profits from intra-Group supply and service relationships, are eliminated. Deferred taxes are recognized on consolidation transactions recognized in profit or loss.

Measurement of fair value

Fair value is the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or liability is measured on the basis of the assumptions that market participants would use in pricing the asset or liability. It is assumed that market participants act in their best economic interest.

In measuring the fair value of a non-financial asset, consideration is given to the market participant's ability to generate economic benefits by using the asset in its most economically rational and efficient manner or by selling it to another market participant that will use the asset in its most economically rational and efficient manner.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value. The use of significant observable inputs is minimized and the use of unobservable inputs is maximized.

All assets and liabilities for which fair value is determined or recognized in the financial statements are categorized into the measurement hierarchy described below based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable in the market
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable in the market

For assets and liabilities that are recognized at fair value in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reviewing the classification (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

In order to meet the disclosure requirements for fair values, the Group has identified classes of assets and liabilities based on their nature, characteristics and risks, as well as the levels of the measurement hierarchy explained above.

Currency translation

The consolidated financial statements are presented in euros, the functional currency of the parent company. Foreign currency transactions by Group companies are translated into the functional currency at the spot rate prevailing at the date when the transaction first becomes recognizable. Monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at each reporting date using the spot exchange rate at that date.

Revenue from contracts with customers

The Group is active in the areas of fund administration, fund accounting (combined in the fund administration segment), securitizations and was active in the area of digitalization and IT until December 2019.

Revenue from contracts with customers is recognized when the respective performance obligation is fulfilled, i.e., control over the services is transferred to the customer. This is satisfied when the customer has the ability to use the asset and obtains substantially all of the remaining economic benefits from the asset (at a point in time or over a period of time).

The Group mainly provides services. The corresponding revenues from these services are essentially recognized over time, as the customer receives the benefit of the service at the same time as it is provided. In the case of services, straight-line revenue recognition is considered appropriate to reflect the stage of completion of the service. Only in the case of separate consulting services are services partly time-related.

The determination of the transaction price depends on the consideration to be expected from the customer for the service to be provided. Variable consideration, for example in the form of performance fees, is determined using the expected value method. Furthermore, it is assessed whether it is highly probable that there will be no significant reversal of revenue once the uncertainty associated with the variable consideration no longer exists. If these conditions are not met, it is assumed that the variable consideration is fully capped until the actual measurement date occurs and the uncertainty associated with the variable consideration no longer exists.

As a rule, the Group's individual performance commitments (e.g., portfolio management, risk management, central administration, activities as a registrar and transfer agent) represent only a single performance obligation, since customers can regularly derive a benefit from the individual performance commitments separately or together with other resources available to them at any time. However, these commitments of the Company cannot be separated from other commitments under the contract, i.e., they cannot be delimited independently in the context of the contract, as they are highly interdependent and the Group can only fulfill its asset management obligation, including the fulfillment of all relevant (legal) requirements, by performing these activities in total.

Individual performance obligations represent separate performance obligations or a series of separate performance obligations, e.g. in the case of separate consulting services or set-up fees.

To the extent that the Group's contracts can be regarded as having only one performance obligation, the transaction price attributable to the respective performance obligation is recognized as revenue when the respective performance obligation is satisfied. As the performance obligations are generally significantly shorter than one year, the obligations outstanding as of the reporting date are not presented in the notes. This is due to the fact that the service obligations entered into can almost exclusively be terminated in the short term and therefore there are no long-term enforceable rights and obligations.

In principle, a distinction must be made as to whether a performance obligation consists of providing the relevant service itself (so that the Group acts as principal) or whether it consists of commissioning another party to provide the service (so that the Group acts as agent). The Group is authorized in its role as management company for various funds to use service providers itself for the fulfillment of the associated obligations.

The Group has generally concluded that it acts as a principal in its revenue transactions because it typically has control over the services before they are transferred to the customer. This is further justified by the fact that, although the Company may outsource services, it is equally liable to the Company's customer for any errors made by the service provider as it is for its own errors. In addition, the Company is authorized to issue instructions to an appointed service provider and to intervene in its activities as well as to set the price.

Property, plant and equipment

Property, plant and equipment are stated at acquisition or production cost less scheduled depreciation in accordance with their expected useful lives. In addition to direct costs, acquisition cost includes all directly attributable costs incurred in bringing the asset to its location and to its working condition. The cost of leases recognized in the balance sheet under property, plant and equipment corresponds to the present value of the future lease payments. Information on leases can be found in section D.4.

Depreciation on property, plant and equipment is calculated using the straight-line method.

In years	**Period of use**
Other equipment, factory and office equipment	2 till 8
Right-of-use leases (IFRS 16)	1 till 5

Depreciation and impairment losses are recognized in the income statement under depreciation and amortization. Reversals of impairment losses are recognized in other operating income.

Intangible assets

Purchased intangible assets are carried at cost less straight-line amortization. Intangible assets are generally amortized on a straight-line basis over their useful lives. The amortization periods are as follows:

	Period of use in years	Amortization rate in %
EDV-Software	3 till 5	20-33
EDV-Licenses	3 till 5	20-33
Customer contracts	5	20

Goodwill is carried at cost and tested for impairment at least annually. Acquired intangible assets are capitalized in accordance with IAS 38 if it is probable that future economic benefits associated with the use of the asset will flow to the entity and the cost of the asset can be measured reliably.

Impairment of non-financial assets

At each balance sheet date, the Group reviews the carrying amounts of other intangible assets and property, plant and equipment to determine whether there is any indication that an impairment loss may have been incurred.

In this case, the recoverable amount of the asset concerned is determined in order to determine the extent of any impairment loss that may need to be recognized. For the purpose of impairment testing of intangible assets with indefinite useful lives (including goodwill), the recoverable amount is determined annually, irrespective of any indications of impairment. The recoverable amount corresponds to the fair value less costs to sell or the value in use, whichever is higher. The value in use corresponds to the present value of the expected future cash flows.

The discount rate used in calculating the value in use is a pre-tax rate that reflects market conditions. If the recoverable amount cannot be determined for an individual asset, 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 arising from business combinations is allocated to the cash-generating units that are expected to benefit from the synergies of the combination. Such cash generating units (CGU) represent the lowest reporting level in the Group at which goodwill is monitored by management for internal purposes. Currently, the legal entities represent individual CGUs. The recoverable amount of a cash-generating unit containing goodwill is regularly tested for impairment annually at the balance sheet date and additionally if there are indications of possible impairment at other times.

If the recoverable amount of an asset is lower than its carrying amount, an impairment loss is recognized immediately in profit or loss. If the impairment loss is determined on the basis of cash-generating units that include goodwill, the goodwill is impaired first. If the impairment loss exceeds the carrying amount of goodwill, the remainder is allocated proportionately to the remaining non-current assets of the cash-generating unit.

If, after an impairment loss has been recognized, the recoverable amount of the asset or cash-generating unit is higher at a later date, the impairment loss is reversed. The reversal of an impairment loss is limited to the amortized cost that would have resulted had no impairment loss been recognized in the past. Reversals of impairment losses on goodwill are not permitted.

All impairment losses are recognized in the income statement under depreciation and amortization.

Cash and short-term deposits

The item "cash and cash equivalents" in the statement of financial position includes cash on hand, bank balances and short-term highly liquid deposits with a maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash and short-term deposits as defined above, net of bank overdrafts, as this is an integral part of the Group's cash management.

Financial assets

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. These generally include primary financial instruments on the one hand and derivative financial instruments on the other. A regular way purchase or sale of financial assets is recognized or derecognized by capsensixx on the settlement date.

Classification and measurement:

A financial asset (other than a trade receivable without a significant financing component) or financial liability is initially measured at fair value. For an item that is not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue are added to this. Trade receivables without a significant financing component are initially measured at transaction price.

For the purposes of IFRS 9, the classification and measurement approach for financial assets applies, which reflects the business model under which the assets are held and the characteristics of their cash flows. On initial recognition, a financial asset is classified as follows:

- Debt instruments measured at amortized cost;
- Debt instruments measured at fair value through other comprehensive income (FVOCI), with cumulative gains and losses reclassified to profit or loss when the financial asset is derecognized (with reclassification);
- Debt instruments, derivatives and equity instruments measured at fair value through profit or loss (FVTPL);
- Equity instruments measured at fair value through other comprehensive income (FVOCI) (without reclassification).

The subsequent measurement of financial instruments continues to depend on their classification. Depending on the category, they are measured at amortized cost, at fair value through profit or loss, or at fair value through other comprehensive income. For instruments measured at amortized cost, the effective interest method is applied.

For the Group, the measurement categories "amortized cost" and "FVTPL" are relevant.

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets to collect the contractual cash flows, and
- the contractual terms of the financial asset give rise to cash flows at specified times that are solely payments of principal and interest on the principal outstanding.

The Group's financial assets measured at amortized cost include trade receivables, loans receivable and bank balances in the form of cash and demand deposits as well as other financial assets.

Financial assets with cash flows that are not solely payments of principal and interest are classified as at FVTPL regardless of the business model and measured accordingly.

Financial assets at fair value through profit or loss are recognized in the statement of financial position at fair value, with changes in fair value recognized net in the statement of profit or loss.

The group of financial assets measured at FVTPL mainly includes investment fund units, various certificates and profit participation rights.

Impairment:

The Group recognizes an allowance for expected credit losses (ECL) on all debt instruments that are not measured at FVTPL. The amount of the loss recognition and the interest collection are determined based on the allocation of the instrument to the following levels:

- Level 1: Recognition of expected credit losses over the next 12 months
- Level 2: Recognition of expected credit losses over the term of the loan
- Level 3: Recognition of credit losses expected to occur during the term of the loan

In principle, all instruments are classified in level 1 upon initial recognition. If the credit risk of an instrument increases significantly as of the reporting date, the instrument is transferred to level 2. Financial instruments are transferred to level 3 as soon as there is an additional objective indication of impairment. Indications of impairment are monitored and evaluated on an ongoing basis in order to be able to take appropriate action. In determining whether the credit risk of a financial asset has increased significantly since initial recognition and in estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue time and cost. This includes both quantitative and qualitative information and analysis based on past experience and sound judgment, including forward-looking information. The Group generally assumes that the default risk of a financial asset has increased significantly if it is more than 30 days past due. The assessment is made individually for each financial instrument.

Objective indicators that a financial asset is credit-impaired include the following observable inputs:

- significant financial difficulties of the customer
- a breach of contract, such as default or overdue by more than 90 days
- restructuring of a loan or credit by the Group that it would not otherwise consider
- it is likely that the customer will enter bankruptcy or other reorganization proceedings; or
- disappearance of an active market for a security due to financial difficulties.

Impairment losses on financial assets measured at amortized cost are deducted from the gross carrying amount of the asset. The Group applies the simplified expected credit loss model to determine the expected credit loss on trade receivables in accordance with IFRS 9, according to which the credit loss is calculated on the basis of the total term of the financial asset. As a general rule, capsensixx Group assumes default on receivables that are more than 90 days past due. Indications of impairment are continuously monitored and evaluated in order to be able to take appropriate measures.

In order to estimate the expected credit losses in the area of trade receivables, the Group has defined a provision matrix based on historical data and expectations for the future (forward-looking information). The determination of the adjustment factor for forward-looking information is reviewed and adjusted by management at each reporting date. For this purpose, information on economic trends on the development of the amount and maturity of individual receivables portfolios compared to the historical average is used and verified within the industry, among other things. No adjustments were necessary in the fiscal year. A differentiation of the receivables portfolios is currently not considered necessary.

Financial liabilities

Financial liabilities are classified either as financial liabilities measured at amortized cost (FLAC) or as financial liabilities at fair value through profit or loss (FVTPL). They are generally classified as FVTPL if they are classified as held for trading, if they are derivatives, or if the liabilities are designated as at fair value through profit or loss at the time of addition.

All financial liabilities in the Group have been designated as FLAC and initially recognized at cost, being the fair value of the consideration received. Transaction costs are also taken into account. After initial recognition, financial liabilities are measured at amortized cost using the effective interest method.

The Group derecognizes a financial liability when the Group's obligation is discharged, cancelled or expires.

Provisions

Other provisions are recognized for all identifiable risks and uncertain obligations if their occurrence is probable and the amount can be estimated with sufficient reliability. Where the Group expects at least a partial reimbursement of a provision recognized as a liability (such as under an insurance contract), the reimbursement is recognized as a separate asset only if the reimbursement is virtually certain.

Other provisions are measured using the best estimate of the extent of the obligation. Non-current provisions are discounted if this has a material effect.

Obligations that are fixed in principle and for which there are only insignificant residual uncertainties with regard to the amount and timing of the due date, for example because the contractor has not yet finally settled them, are reported as accrued liabilities under C.13. Other non-financial liabilities.

Income taxes

Deferred taxes are recognized for temporary differences between the carrying amounts of assets and liabilities in the IFRS balance sheet and their tax base, and for realizable loss carryforwards. The calculation is based on the tax rates expected to apply at the time of realization, which are valid or have been enacted by the balance sheet date.
Deferred tax assets on loss carryforwards have only been recognized to the extent that it is probable that future taxable profits will be available against which these loss carryforwards can be utilized.

Changes in deferred taxes in the balance sheet generally result in deferred tax expense or income. To the extent that items resulting in a change in deferred taxes are recognized directly in equity, the change in deferred taxes is also recognized directly in equity.

Leasing

The Group operates as a lessee only. The Group leases various assets, including real estate, IT equipment and vehicles.

Upon entering into a contract, the Group determines whether the contract is or contains a lease. A contract is or contains a lease if the contract conveys a right to use the asset (or assets) for a specified period of time in exchange for consideration. In order to assess whether a contract conveys the right to use an identified asset, the Group applies the definition of a lease under IFRS 16.

When entering into or reassessing a contract that contains a lease component, the Group has decided not to separate non-lease components for all leases.

The Group recognizes a right-of-use asset and a lease liability at the inception of the lease. The right-of-use asset is initially measured at cost. This is the initial amount of the lease liability, adjusted for any lease payments made before or at the inception of the lease, plus any initial direct costs incurred and an estimate of the costs of dismantling, removing or restoring the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use assets are amortized on a straight-line basis over the shorter of the lease term or the expected useful life of the asset. The estimated useful lives of right-of-use assets are determined on the same basis as property, plant and equipment. In addition, the right-of-use asset is continuously adjusted for impairment losses, if necessary, and adjusted for certain revaluations of the lease liability.

At the commitment date, the lease liability is measured at the present value of the lease payments not yet made at that date, discounted at the interest rate implicit in the lease or, if this rate cannot be readily determined, at the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate based on a maturity-matched interest rate available in the market for debtors with a medium credit rating with a premium for default risk.

Lease payments to be included in the measurement of the lease liability are comprised of the following:

- fixed payments, including de facto fixed payments;
- variable lease payments that are linked to an index or (interest) rate and whose initial measurement is based on the index or rate in effect at the commitment date;
- lease payments of an optional renewal period if the Group is reasonably certain to exercise the renewal option and penalties for early termination of the lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. Reassessment occurs when there is a change in the future lease payments due to a change in the index or interest rate, or when there is a change in the Group's estimate of the amount expected to be paid under a residual value guarantee, or when the Group changes its estimate of whether a purchase, renewal or termination option will be exercised. If there is a reassessment of the lease liability, a corresponding adjustment is made to the carrying amount of the value in use, or the adjustment amount is recognized in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents rights of use as a separate balance sheet item in property, plant and equipment and lease liabilities as financial liabilities.

Short-term leases and low-value leases

The Group has decided not to recognize rights-of-use and lease liabilities for short-term leases with a term of 12 months or less and for low-value leases (e.g. office equipment). The Group recognizes the lease payments associated with these leases as an expense in the income statement on a straight-line basis over the lease term.

A.4. Estimates and Judgments

The preparation of the consolidated financial statements requires assumptions and estimates to be made that affect the reported amounts of assets and liabilities, income and expenses, and contingent liabilities. The estimates are based on historical experience and other assumptions that are believed to be reasonable under the circumstances. The actual values may differ from the estimates. The estimates and assumptions are reviewed on an ongoing basis and adjusted if necessary.

The following significant estimates and related assumptions, together with the uncertainties inherent in the accounting policies selected, are critical to an understanding of the underlying financial reporting risks and the effects that these estimates, assumptions and uncertainties may have on the consolidated financial statements:

Revenue with customers

In some cases, the Group receives additional variable fees as performance fees for its services in the area of fund management. Performance fees in the form of high watermarks or hurdle rates are generally paid at the end of the year depending on the performance of the investment fund managed. In the high-watermark form, an additional performance fee is only paid if the unit price adjusted for distributions reaches a new high at the end of the year.

In the hurdle rate version, a performance fee is payable if the unit price, adjusted for distributions, exceeds a predefined level. In both cases, the payment of a performance fee depends on the performance of the securities held in the fund and may therefore be subject to significant fluctuations. Therefore, the Group does not estimate performance fees, if any, but recognizes them on the date they are incurred (the end of the fund's accounting period).

Goodwill

The Group tests annually, and additionally if any indication exists, whether goodwill has suffered an impairment loss. For this purpose, the recoverable amount of the cash-generating unit is estimated. This corresponds to the higher of the fair value less costs to sell and the value in use. Determining the value in use involves making assumptions and estimates regarding the forecasting and discounting of future cash flows. Although management believes that the assumptions used to calculate the recoverable amount are appropriate, any unforeseen changes in these assumptions could result in an impairment loss, which could adversely affect the Group's financial position and results of operations.

The development of the global economy in 2020 was decisively influenced by the effects of the Corona crisis. The ongoing effects of the Corona pandemic led to a significant deterioration in economic conditions and an increase in economic uncertainty for many companies in 2020. In contrast, capsensixx did not identify any significant effects that would have led to an impairment of goodwill. However, this assessment is subject to uncertainties. At the present time, no sufficiently reliable statements can be made about how the economic recovery will proceed or what lasting structural effects the pandemic will have.

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 asset may be impaired. In this case, the recoverable amount of the asset concerned is estimated. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. To determine the value in use, the discounted future cash flows of the asset in question must be determined. The estimation of discounted future cash flows involves significant assumptions such as, in particular, those regarding future selling prices and sales volumes, costs and discount rates. Although management believes that the estimates of the relevant expected useful lives, the assumptions regarding the economic environment and the development of the industries in which the Group operates and the estimates of the discounted future cash flows are appropriate, a change in assumptions or circumstances could require a change in the analysis. This could result in additional impairment losses or reversals of impairment losses in the future if the trends identified by management reverse or the assumptions and estimates prove to be incorrect.

The capsensixx was unable to identify any significant effects - also in relation to the Corona pandemic - that would have to be assessed as an indicator of impairment.

Taxes on income and earnings

At each balance sheet date, the Group assesses whether the realization of future tax benefits is sufficiently probable for the recognition of deferred tax assets. This requires management to assess, among other things, the tax benefits arising from available tax strategies and future taxable income, and to consider other positive and negative factors. The recognized deferred tax assets could decrease if estimates of planned taxable income and the tax benefits achievable through available tax strategies are lowered or if changes in current tax legislation restrict the timing or extent of the realizability of future tax benefits.

Legal risks

In some cases, the capsensixx Group companies are parties to legal disputes. The outcome of these cases could have a material effect on the Group's net assets, financial position and results of operations. Management regularly analyzes current information on these cases and establishes provisions for probable liabilities including estimated legal costs. Internal and external lawyers are used for the assessment. In deciding whether a provision is necessary, management considers the probability of an unfavorable outcome and the ability to estimate the amount of the obligation with sufficient reliability. The filing of a lawsuit or the formal assertion of a claim against companies of capsensixx or the disclosure of a legal dispute in the notes to the financial statements does not automatically mean that a provision for the risk in question is appropriate.

Determination of fair value

A number of the Group's accounting policies and disclosures require the determination of fair values for financial assets and liabilities. Where market prices are quoted and published in active markets for financial instruments, these are used. A market is considered to be active if transactions for the respective asset or liability take place with sufficient frequency and volume so that price information is continuously available. Where quoted prices in an active market do not exist, the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The valuation technique used incorporates all factors that market participants would consider in pricing such a transaction. Fair values based on market conditions existing at the balance sheet date (e.g. interest rates, foreign exchange rates, commodity prices) are calculated using mid-market prices. The fair values are calculated using recognized financial mathematical models (e.g. option pricing model, DCF method).

The Group has established a control framework with regard to the determination of fair values. Group Accounting has general responsibility for monitoring all significant fair value measurements, including Level 3 fair values, and reports directly to the Board of Management.

Group Accounting performs a regular review of significant unobservable inputs and valuation adjustments. When information from third parties, such as price quotes from brokers or price information services, is used to determine fair values, Group Accounting reviews the evidence obtained from the third parties to conclude that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy to which such valuations should be assigned.

Determination of the term of leases

In determining the term of leases, management considers all facts and circumstances that provide an economic incentive to exercise renewal options or not exercise termination options. Term changes resulting from the exercise of renewal or termination options are included in the lease term only if renewal or non-exercise of a termination option is reasonably certain.

A.5. Changes in accounting policies and standards issued but not yet effective

Changes to accounting policies

Standard and changes	IASB effective date for annual reporting periods beginning on or after	EU Endorsement Status	Significant impact on the consolidated financial statements
Adjustments to cross-references to the framework in IFRS standards	January 1, 2020	Confirmed	No
Adjustments to IFRS 3 "Business Combinations"	January 1, 2020	Confirmed	No
Adjustments to IAS 1 and IAS 8: "Definition of Materiality"	January 1, 2020	Confirmed	No
Interest Rate Benchmark Reform Phase 1 (Amendments to IFRS 9, IAS 39 and IFRS 7)	January 1, 2020	Confirmed	No
Adjustments to IFRS 16: "COVID-19 related rental concessions".	June 30, 2020	Confirmed	No

Changes from the standards have no material impact on the consolidated financial statements of capsensixx.

Published standards whose application is not yet mandatory

Standard and changes	IASB effective date for annual reporting periods beginning on or after	EU-Endorsement-Status	Expected material impact on the consolidated financial statements
Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39 and IFRS 7)	January 1, 2021	Not yet confirmed	No
Adjustments to IAS 37: Onerous contracts	January 1, 2022	Not yet confirmed	No

Adjustments to IFRS 3: Adjustments to cross-references to the framework in IFRS standards	January 1, 2022	Not yet confirmed	No
Amendments to IAS 16: Property, Plant and Equipment, Revenue from Planned Use	January 1, 2022	Not yet confirmed	No
Adjustments to IFRS 9: Fees in the 10% present value test before derecognition of financial liabilities	January 1, 2022	Not yet confirmed	No
Adjustments to IFRS 1: Cumulative translation differences	January 1, 2022	Not yet confirmed	No
Adjustments to IAS 41: Taxation of fair value measurements	January 1, 2022	Not yet confirmed	No
Adjustments to IAS 1: Classification of liabilities as current or non-current	January 1, 2023	Not yet confirmed	No

Capsensixx does not expect the amendments to have a material impact on its consolidated financial statements.

B. Explanatory Notes to the Profit and Loss Account

B.1. Commission income

Commission income is generated exclusively from contracts with customers and results primarily from services provided by the Funds administration, Administration & Accounting (fund management) and Capital Markets & Corporate Services (securitization) segments. The Digitization & IT Service segment (Digitization) was sold in the 2019 financial year.

Fee and commission income breaks down by segment as follows:

Segments	Fund management	Securitization	Total
	k€	*k€*	*k€*
Type of goods or service			
Fund Administration	95,925	-	95,925
Central Administration	4,852	-	4,852
Register and Transfer Agent	528	-	528
Inventory brokerage	1,249	32	1,282
Evaluation office	-	3,982	3,982
Ongoing support and administration of securitization companies	-	1,427	1,427
Other	2,313	1	2,314
Total commission income	**104,867**	**5,442**	**110,309**
Timing of revenue recognition			
Goods transferred at a specific time	-	-	-
Services transferred over time	104,867	5,442	110,309
Total commission income	**104,867**	**5,442**	**110,309**
Geographical markets			
Germany	-	4,015	4,015
Luxembourg	104,867	1,427	106,294
Total commission income	**104,867**	**5,442**	**110,309**

Segments	Fund management	Securitization	Total
	k€	k€	k€
Commission income			
External clients	104,854	5,455	110,309
Other segments	1,007	160	1,167
Consolidation	-1,007	-160	-1,167
Total commission income	**104,854**	**5,455**	**110,309**

In the previous year, commission income broke down by segment as follows:

Segments	Fund management	Securitization	Total
	k€	k€	k€
Type of goods or service			
Fund Administration	99,037	-	99,037
Central Administration	4,798	-	4,798
Register and Transfer Agent	568	-	568
Stock brokerage	1,226	67	1,293
Evaluation office	-	3,178	3,178
Set-up securitizations	-	169	169
Automated document processing	-	0	
Ongoing support and administration of securitization companies		1,088	1,088
Asset management services		-	
Other	1,973	-13	1,960
Total commission income	**107,603**	**4,488**	**112,091**
Time of revenue recognition			
Goods transferred at a point a point in time	-	-	-
Services transferred over time	107,603	4,488	112,091
Total commission income	**107,603**	**4,488**	**112,091**

Segments	Fund management	Securitization	Total
Geographical markets			
Germany	-	3,401	3,401
Luxembourg	107,603	1,088	108,690
Total commission income	**107,603**	**4,488**	**112,091**
Commission income			
External clients	107,603	4,488	112,091
Other segments	-	-	-
Consolidation	-	-	-
Total commission income	**107,603**	**4,488**	**112,091**

B.2. Commission expenses

Commission expenses amount to k€ 86,139 in 2020 (2019: k€ 88,890) and mainly include asset management fees for external portfolio managers of k€ 55,390 (2019: k€ 63,730), commissions of k€ 10,892 (2019: k€ 14,000) and performance fees of k€ 19,830 (2019: k€ 11,122).

B.3. Other operating income

Other operating income breaks down as follows:

In k€	**2020**	**2019**
Income from fees	599	-
Proceeds from sale of coraixx	-	2,897
Income from benefits in kind	88	134
Insurance compensation	-	50
Rental income	9	9
Other	63	39
Other operating income	**759**	**3,129**

In December 2019, the two companies coraixx GmbH and coraixx KGaA ("coraixx") were sold. Please refer to B.9 Result from discontinued operations.

B.4. Financial result

k€	2020	2019
Interest income	275	35
Income from the valuation of the receivable from the sale of coraixx	75	0
Income from the sale of securities	144	88
Income from the valuation of securities	31	330
Other	318	2
Financial income	**843**	**454**
Interest expense	-13	-4
Interest expense leasing	-50	-79
Income from the valuation of the receivable from the sale of coraixx	-	-75
Expenses from the sale of securities	-221	-155
Expenses from the valuation of securities	-228	-12
Expenses from currency translation	-5	-2
Financial expenses	**-517**	**-327**
Financial result	**326**	**127**

B.5. Personnel expenses

Personnel expenses amounted to k€ 10,346 in 2020 (previous year: k€ 8,964). In the financial year, the Group recognized expenses from contributions to defined contribution plans in the form of payments to the statutory pension insurance in the amount of k€ 149 (previous year: k€ 59).

In k€	2020	2019
Wages and salaries	-8,287	-6,800
Social security contributions	-1,928	-1,690
Personnel expenses	**-10,215**	**-8,491**

B.6. Other administrative expenses

Other administrative expenses break down as follows:

In k€	2020	2019
Fund administration costs	-1,589	-1,695
Communication, office supplies	-1,312	-1,131
Occupancy costs	-690	-420
Closing, auditing and legal consulting	-1,167	-1,290
Advertising costs, public relations	-539	-1,101
Travel expenses, vehicle costs	-28	-196
Insurance, contributions	-223	-214
Allowances for doubtful accounts	-134	0
Bank and credit card fees	-11	-13
Payments to Bloomberg	-490	-531
Other	-405	-42
Other administrative expenses	**-6,589**	**-6,633**

B.7. Depreciation and Amortisation

Depreciation and amortization break down as follows:

In k€	2020	2019
Amortization of intangible assets	-810	-660
Depreciation of property, plant and equipment	-243	-326
Amortization of right-of-use assets (IFRS 16)	-900	-913
Total	**-1,952**	**-1,899**

B.8. Income taxes

In k€	2020	2019
Actual taxes	-1,915	-2,076
Deferred taxes	62	-812
Income tax expense	**-1,853**	**-2,888**

For the determination of current taxes in Germany, a uniform corporate income tax rate of 15.00% (previous year: 15.00%) and a solidarity rate of 5.50% (previous year: 5.50%) are applied to distributed and retained earnings. In addition to corporate income tax, trade tax is levied on profits generated in Germany. Trade tax is determined and levied on the basis of the tax assessment amount at a rate in the hundreds (assessment rate) to be determined by the municipality.

For fiscal year 2020, the trade tax assessment rate for the City of Frankfurt am Main is 460.00%. Taking into account the non-deductibility of trade tax as a business expense, this results in a tax rate of 16.10% (previous year: 16.10%) for trade tax, so that this results in an overall domestic tax rate of around 32% (previous year: 32%).

Reconciliation between tax expense (tax income) and the product of accounting profit before tax and the applicable tax rate

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

In k€	**2020**	**2019**
Income before income taxes from continuing operations	6,499	9,435
Income before income taxes from discontinued operations	**-**	**-2,059**
Income before income taxes	**6,499**	**7,376**
Expected tax expense	-2,075	-2,344
Tax effect from non-deductible expenses	-238	-366
Deviating tax rates of foreign subsidiaries	371	333
Non-capitalization of deferred taxes on tax loss carryforwards	-	24
Income tax expense attributable to discontinued operation	-	-590
Other effects	91	42
Income taxes current year	**-1,851**	**-2,901**
Tax refund previous years	-2	12
Income taxes	**-1,853**	**-2,888**

Tax losses

As of the balance sheet date, no deferred tax assets were recognized for tax loss carryforwards. As of the balance sheet date, there were corporate income tax and trade tax losses for which no deferred tax asset was recognized. Of these, k€ 2,556 (previous year: k€ 2,181) related to corporate income tax loss carryforwards and k€ 2,518 (previous year: k€ 2,181) to trade tax loss carryforwards The tax losses can be carried forward indefinitely.

In k€	2020	2019
Deferred tax liability from valuation differences of securities	34	90
Total deferred tax liability	**34**	**90**

B.9. Result from discontinued operations

In December 2019, the two companies coraixx GmbH and coraixx KGaA were sold and deconsolidated. The consideration for the disposal comprises the purchase price receivable and a contingent consideration. The fair value from a contingent consideration in connection with the disposal of the majority interest is measured at a value of k€ 0.

Details are shown in the table below:

In k€	2019
Consideration received or still outstanding	
Purchase price receivable	1,730
Cash	20
Fair value of contingent consideration	-
Total consideration	**1,750**
Carrying amount of net assets sold	1,240
Cost of sale	-79
Disposal at equity of investment in coraixx GmbH	-14
Income from deconsolidation before income taxes	**2,897**
Income taxes	-
Income from deconsolidation after income taxes	**2,897**

The performance figures for the discontinued operation are shown in the following table:

In k€	**01.01.2019 - 31.12.2019**
Commission income	122
Commission expenses	-
Net commission income	**122**
Other operating income	8
Finance income	-
Finance costs	-3
Finance result	**-3**
Wages and salaries	-391
Social security contributions and expenses for pensions and other benefits	-83
Personnel expenses	**-474**
Other administrative expenses	-995
Depreciation	-716
Profit before tax from continuing operations	**-2,059**
Income tax expense	590
Profit/loss from discontinued operations	**-1,469**

The assets of the discontinued operation are as follows:

In k€		**2019**
Intangible assets		2,158
Property, plant and equipment		291
Receivables and other assets		84
Deferred tax assets on loss carryforwards		-
Cash and cash equivalents		169
Total assets coraixx KGaA		**2,702**
Other non-current financial liabilities		135
Trade accounts payable		216
other liabilities		3,591
Total liabilities coraixx KGaA		**3,942**
Net assets	**-**	**1,240**

The cash flow of the discontinued operation is calculated as follows:

in k€	**2019**
Cash flow from operating activities	-935
Cash flow from investing activities	-238
Cash flow from financing activities	960
Net increase in cash generated by the subsidiary	**-213**

B.10. Earnings per share

The earnings attributable to shareholders in 2020 amount to k€ 2,254 (previous year: k€ 2,411). In 2020, the weighted average number of shares outstanding was 3,423,000 (previous year: 3,430,000). The change compared to the previous year results from the acquisition of 130,000 treasury shares in December 2020. In the financial year and in the comparative period, there are no items that have a dilutive effect on the calculation of earnings per share.

Earnings per share *In k€*	**01.01.2020 - 31.12.2020**	**01.01.2019 - 31.12.2019**
Profit for the year attributable to ordinary equity holders of the parent company		
Continuing operations	2,254	3,880
Discontinued operations	-	-1,469
Profit attributable to ordinary equity holders of the parent company	**2,254**	**2,411**
Dilution effects	-	
Profit attributable to ordinary equity holders of the parent company	**2,254**	**2,411**

In k€	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Weighted average number of ordinary shares used to calculate basic earnings per share	**3,423**	**3,430**
Weighted average number of ordinary shares, adjusted for the effect of dilution	**3,423**	**3,430**
Basic earnings per share	0.66	0.70
Diluted earnings per share	0.66	0.70
Basic earnings per share (continued)	0.66	1.13
Diluted earnings per share (continued)	0.66	1.13

Cpx will not distribute a dividend for the fiscal year 2020.

C. Notes to the balance sheet

C.1. Intangible assets

In k€	Acquisition and production costs				
	Gross value 01.01.2020	Reclas-sification	Addition	Disposals	Carrying amount 31.12.2020
Goodwill	587	0	0	0	**587**
IT software	3,919	462	427	0	**4,808**
Advance payments	464	-462	66	-27	**42**
Total	**4,971**	**0**	**493**	**-27**	**5,437**

In k€	Depreciation				Carrying amount 31.12.2020
	Carry forward 01.01.2020	Reclas-sification	Depre-ciation	Gross value 31.12.2020	
Goodwill	0	0	0	**0**	**587**
IT software	-3,148	-1	-810	**-3,959**	**848**
Customer base	0	0	0	**0**	**0**
Advance payments	0	0	0	**0**	**42**
Total	**-3,148**	**-1**	**-810**	**-3,959**	**1,477**

In k€	Acquisition and production costs					
	Gross value 01.01.2019	Reclas-sification	Addition	Disposals	Decon-solidation	Carrying amount 31.12.2019
Goodwill	587	0	0	0	0	**587**
IT software	5,950	76	52	0	-2,158	**3,919**
Customer base	2,072	0	0	-2,072	0	**0**
Advance payments	292	-76	249	0	0	**464**
Total	**8,900**	**0**	**301**	**-2,072**	**-2,158**	**4,971**

In k€	Depreciation: Carry forward 01.01.2019	Depreciation: Depre-ciation	Depreciation: Disposals	Depreciation: Gross value 31.12.2019	Carrying amount 31.12.2019
Goodwill	0	0	0	0	**587**
IT software	1,894	1,254	0	3,148	**771**
Customer base	2,072	0	-2,072	0	**0**
Advance payments	0	0	0	0	**464**
Total	**3,965**	**1,254**	**-2,072**	**3,148**	**1,823**

Goodwill of k€ 544 arose from the initial consolidation of Oaklet GmbH and the further subsequent share acquisitions. Goodwill of k€ 44 arose from the acquisition of Oaklet S.A. from Oaklet GmbH as of July 1, 2015.

The goodwill is allocated to the "Securitization" segment:

Cash Generating Unit in k€	2020	2019
Oaklet GmbH, Frankfurt	587	587
Total	**587**	**587**

The recoverable amount of this CGU is generally determined by calculating the value in use using the discounted cash flow method. The planned cash flows from the bottom-up three-year plan of the CGU approved by the management of capsensixx are used. The cash flows beyond the three-year period are generally determined on the basis of the last planned year. For the perpetual annuity, the cash flows generated are discounted taking into account a growth discount of 1.0% (previous year: 0.5%). The total cost of capital used for discounting is based on the risk-free interest rate of 0.00% (previous year: 0.20%), on risk premiums for equity of 7.00 percentage points (previous year: 7.00%) and for debt of 0.81% (previous year: 1.8%). In addition, a beta factor derived from the respective peer group of 1.09 (previous year: 1.00) and the capital structure of the peer group are taken into account individually for the CGU.

A weighted average cost of capital (WACC) of 7.63% (previous year: 8.98%) was used to discount the cash flows for the CGU:

The recoverable amount of each CGU was determined on the basis of its value in use. Both historical data and expected market performance were used to determine the recoverable amount.

The key assumptions are based on a combination of internal and external sources (in particular external market studies). The key assumptions are based on management estimates and are as follows:

- Constant to slightly increasing customer volumes with constant margins
- Almost unchanged costs, as the planned increase in customer volumes can be handled with existing resources
- Uncertainties with regard to the regulatory environment and its possible effects cannot be foreseen at this point in time and are not planned for
- Uncertainties related to staff turnover and loss of key employees in certain sectors

No impairment losses were recognized on goodwill in fiscal year 2020. The management of capsensixx assumes for this CGU that a possible change in a key assumption that was the basis for determining the recoverable amount would not result in the carrying amount of the CGU exceeding the respective recoverable amount. In addition, no significant issues were identified in the context of the Corona pandemic that would have to be considered as a trigger event for impairment.

Advance payments

Advance payments were made for the acquisition and external development of software licenses for a reporting tool and for archiving software and the implementation of this software in the existing software environment. For the development of the carrying amounts of other intangible assets, please refer to the statement of changes in non-current assets.

C.2. Property, plant and equipment

As of December 31, 2020, property, plant and equipment includes the rights of use under leases in the amount of k€ 1,723 (prior year: k€ 2,733), operating and office equipment in the amount of k€ 325 (previous year: k€ 480) and leasehold improvements amounting to k€ 135 (previous year: k€ 0).

	Acquisition and production costs			
In k€	**Gross value 01.01.2020**	**Reclas-sification**	**Addition**	**Gross value 31.12.2020**
Operating and office equipment	1,715	0	221	1,936
Installations in third-party properties	1,209	0	0	1,209
Value in use from leases	3,750	-428	214	3,536
Total	**6,673**	**-428**	**436**	**6,681**

	Depreciation				**Carrying amount 31.12.2020**
In k€	**Carry forward 01.01.2020**	**Reclas-sification**	**Depre-ciation**	**Gross value 31.12.2020**	
Operating and office equipment	-1,435	0	-176	-1,611	325
Installations in third-party properties	-1,008	0	-66	-1,073	135
Value in use from leases	-1,017	104	-900	-1,813	1,723
Total	**-3,460**	**104**	**-1,141**	**-4,497**	**2,184**

	Acquisition and production costs					
In k€	**Gross value 01.01.2019**	**Reclas-sification**	**Addition**	**Disposals**	**Decon-solidation**	**Gross value 31.12.2019**
Operating and office equipment	2,744	0	337	0	-158	**2,923**
Advance payments and assets under construction	30	0	0	-30	0	**0**
Value in use from leasing	0	0	3,891	-9	-132	**3,750**
Total	**2,774**	**0**	**4,228**	**-39**	**-290**	**6,673**

In k€	Depreciation				Carrying amount 31.12.2019
	Carry forward 01.01.2019	Depre-ciation	Disposals	Gross value 31.12.2019	
Operating and office equipment	2,102	341	0	2,443	480
Advance payments and assets under construction	0	0	0	0	0
Value in use from leasing	0	1,020	-3	1,017	2,733
Total	**2,102**	**1,361**	**-3**	**3,460**	**3,213**

C.3. Non-current financial assets

In k€	**2020**	**2019**
Purchase price receivable coraixx	1,730	1,655
Loan UF Beteiligungs UG	168	308
Rental deposits	188	188
Other	17	23
Non-current financial assets	**2,103**	**2,173**

The purchase price receivable arose in connection with the sale of coraixx in December 2019 and was recognized at fair value. The receivable was issued to the purchaser in the form of a long-term loan. The loan with a nominal volume of k€ 1,750 is secured by a first-ranking pledge of company shares. The loan is due on January 1, 2023. In 2020, no repayments (previous year: k€ 20) were made on the loan by the purchaser. Due to the current interest rate environment, the receivable is not discounted.

The loan to UF Beteiligungs UG, Frankfurt am Main is due on January 31, 2023 and was granted for the acquisition of Oaklet shares to non-controlling shareholders in 2014 and 2016. Details on the financial instruments can be found in section D.3.

C.4. Trade receivables

As of December 31, 2020, trade receivables amounted to k€28,453 (prior year: k€20,634). The trade receivables are non-interest bearing. All receivables have a term of up to one year (as in the previous year). There are no significant overdue receivables. In the year under review, the Company incurred bad debt losses amounting to k€ 134 (previous year: none). Based on the age structure of the receivables and past experience, the Company does not anticipate any further bad debt losses as of the balance sheet date. Details on credit risk can be found in Note D.3.

C.5. Financial instruments and other financial assets

In k€	**2020**	**2019**
Investment fund units	4,000	4,159
Profit participation rights	1,255	1,001
Certificates	343	355
Other	1	14
Financial instruments and other financial assets	**5,600**	**5,529**

Listed investment fund shares and certificates in the amount of k€ 4,344 (prior year: k€ 4,514) are reported under this item in 2020.

Securities of k€ 1,255 (prior year: k€ 1,001) relate to a profit participation right that is not traded on a stock exchange. As in the previous year, there were no securities denominated in foreign currencies at the balance sheet date.

C.6. Other non-financial assets

Other assets mainly include receivables from expenses incurred, tax receivables and prepaid expenses.

C.7. Cash and cash equivalents

This item includes deposits with banks amounting to k€ 8,773 (previous year: k€ 7,836), which are due on demand. Amounts of k€ 5 (prior year: k€ 14) are attributable to a USD bank account.

C.8. Equity

With its capital management, capsensixx pursues the goal of sustainably strengthening its equity base and generating an appropriate return on capital employed. However, the Group's accounting equity only acts as a passive management criterion in this regard, while EBITDA is used as an active management parameter.

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

The share capital as of December 31, 2020 amounts to € 3,430,000 (previous year: € 3,430,000) and is divided into 3,430,000 (previous year: 3,430,000) no-par value shares of € 1.00 each.

The Company acquired 130,000 treasury shares in the financial year. As of December 31, 2020, it holds a total of 130,000 treasury shares (at an acquisition cost of k€ 1,690). The treasury shares amount to a total of 3.79 percent of the capital stock. The market value of treasury shares as of December 31, 2020 amounts to k€ 1,668 (previous year: k€ 0).

Authorized capital

In accordance with the resolution of the Annual General Meeting on March 28, 2018, the Executive Board was authorized, with the approval of the Supervisory Board, to increase the share capital by up to a total of €1,550,000 by March 20, 2023 in return for cash contributions and/or contributions in kind. In 2020, the Executive Board did not make use of the authorization granted to it to increase the share capital. As of the reporting date, authorized capital within the meaning of Section 160 (1) no. 4 AktG therefore remained in the total amount of € 1,220,000.

C.9. Non-current lease liabilities

Non-current lease liabilities amount to k€ 917 (previous year: k€ 1,786). Current lease liabilities amount to k€ 833 (previous year: k€ 4).

C.10. Non-current provisions

This item includes non-current provisions of k€ 3 (PY: k€ 4) from retention obligations.

C.11. Tax liabilities

The balance sheet item includes current income tax liabilities of k€ 392 (previous year: k€ 109).

C.12. Trade accounts payable

Trade accounts payable amounted to k€26,309 as of December 31, 2020 (previous year: k€18,821). All trade payables are due within 3 months.

C.13. Other non-financial liabilities

The liabilities are composed as follows:

In k€	**2020**	**2019**
Liabilities from wages and salaries, payroll and church taxes, and social security contributions	430	295
Sales tax liabilities	155	111
Accrued liabilities for:		
Personnel expenses	1,129	724
Outstanding invoices	-	283
Annual financial statements and audit costs	213	235
Legal and consulting fees	40	43
Other	338	108
Other current liabilities	**2,305**	**1,799**

C.14. Deferred taxes

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

in k€	**2020**	**2019**
Leasing	476	755
Deferred tax assets (before balancing)	**476**	**755**
Balancing	**(469)**	**(755)**
Deferred tax assets (after balancing)	**7**	**0**

The changes in deferred taxes were recognized in profit or loss in both the reporting year and the previous year.

Deferred tax liabilities

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

In k€	**2020**	**2019**
Leasing	469	747
Financial instruments	34	90
Deferred tax liabilities (before balancing)	**503**	**837**
Balancing	**(469)**	**(747)**
Deferred tax liabilities (after balancing)	**34**	**90**

D. Other information

D.1. Employees

The average number of employees in the fiscal year was 90, compared with 104 in the previous year, broken down by group as follows:

	2020	2019
Average number of employees	**90**	**104**
Of which in the segments		
Fund administration	76	76
Securitizations	14	20
Digitization & IT	0	8

Functions in the Fund Administration segment	2020	2019
Front Office	14	14
Back Office	62	62
Total	76	**76**

Functions in the Securitizations segment	2020	2019
Front Office	0	3
Back Office	14	17
Total	14	**20**

D.2. Contingent liabilities, other financial commitments and transactions not included in the balance sheet

At the beginning of December 2019, the Company was sued by two bondholders in Luxembourg for damages for loss of value. The proceedings were settled in 2020. There are therefore no significant other financial obligations.

D.3. Financial instruments

Disclosures on fair value and measurement categories

The table below shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. Trade receivables and other immaterial financial receivables and other trade payables are measured at amortized cost and are not included in the following table. Their carrying amount is a reasonable approximation of fair value. Similarly, no information is provided on the fair value of lease liabilities.

31.12.2020			**Fair Value**			
In k€	**Category**	**Book value**	**Level 1**	**Level 2**	**Level 3**	**Total**
		k€	*k€*	*k€*	*k€*	*k€*
Non-current financial assets						
Purchase price receivable coraixx	*AC*	1,730			1,730	1,730
Loan UF Beteiligungs UG	*AC*	168		168		168
Current financial assets						
Securities						
Investment fund shares	*FVTPL*	4,000	4,000			4,000
Profit participation rights	*FVTPL*	1,255		1,255		1,255
Certificates	*FVTPL*	343	343			343

31.12.2019			**Fair Value**			
In k€	**Category**	**Book value**	**Level 1**	**Level 2**	**Level 3**	**Total**
		k€	*k€*	*k€*	*k€*	*k€*
Non-current financial assets						
Purchase price receivable coraixx	*AC*	1,655			1,655	1,655
Loan UF Beteiligungs UG	*AC*	308		308		308
Current financial assets						
Securities						0
Investment fund shares	*FVTPL*	4,159	4,159			4,159
Profit participation rights	*FVTPL*	1,001		1,001		1,001
Certificates	*FVTPL*	355	355			355

The financial instrument in Level 2 comprises profit participation rights in an investment company. The profit participation rights comprise interests under the law of obligations and are measured on the basis of the expected distributions.

The fair value of the purchase price receivable of coraixx is calculated on the basis of level 3 input factors. Due to the current interest rate environment and the short remaining term of the receivable, it was not discounted using a risk- and maturity-adjusted interest rate based on the agreed incoming payment. The receivable is sufficiently collateralized (mainly by pledging shares in the company); a full or partial loss of the receivable is not expected. As of December 31, 2020, the fair value corresponds to the carrying amount. Contingent consideration received in connection with the sale of coraixx is measured at fair value through profit or loss based on Level 3 inputs. The contingent consideration will be paid if the Company generates retained earnings after the sale. Due to uncertainty regarding the amount of the unappropriated profit, no receivable was recognized.

There were no reclassifications between levels 1 and 2 in the reporting year or in the previous year.

Net gains and losses

The capsensixx Group generated the following net gains and losses from financial assets and liabilities:

In k€	**2020**	**2019**
Financial assets measured at fair value through profit or loss	312	275
Financial assets measured at amortized cost	77	-69
Financial liabilities measured at amortized cost	-13	-82
Total	**375**	**124**

Changes in liabilities from financing activities

The following changes in liabilities from financing activities have occurred:

In k€	**01.01.2020**	**Amor-tisation**	**Addition**	**Disposal**	**Reclas-sification**	**31.12.2020**
Leasing liabilities						
Thereof current lease liabilities	977	-889	175	-230	800	**833**
Thereof long-term lease liabilities	1,786			-69	-800	**917**
Total	**2,763**	**-889**	**175**	**-332**	**0**	**1,750**

In k€	**01.01.2019**	**Amor-tisation**	**Addition**	**Disposal**	**Reclas-sification**	**31.12.2019**
Leasing liabilities						
Thereof short-term leasing liabilities	1,042	-989	35	-140	1,029	977
Thereof long-term leasing liabilities	2,815				-1,029	1,786
Total	**3,857**	**-989**	**35**	**-140**	**0**	**2,763**

The Group classifies interest paid in connection with lease liabilities as cash flows from operating activities.

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 ensuring the Group's ability to continue as a going concern and maintaining an optimal capital structure while optimizing financing costs. The overall strategy in this regard is unchanged compared to the previous year. Management reviews the capital structure on a monthly basis.

The development is as follows:

In k€	**31.12.2020**	**31.12.2019**
Book equity	19,456	18,572
+ Liquidity accounts	8,773	7,836
+ Trade accounts receivable	28,453	20,634
./. current liabilities	-29,840	-21,710
Total	**26,841**	**25,332**

The Company considers cash and cash equivalents to be bank balances due on demand. Liabilities include all liabilities due in the short term.

Financial Risk Management

The capsensixx Group is subject to the following financial risks, which are managed in detail as follows:

Liquidity risk

Liquidity risk is the risk that the Group may not be able to settle its financial obligations as contractually required by delivering cash or another financial asset. The Group manages liquidity risk by maintaining adequate reserves, monitoring and maintaining credit arrangements, and planning and reconciling cash inflows and outflows.

Since capsensixx's financial obligations arising from its operating activities must be settled in the short term, it is essential for capsensixx to have sufficient liquidity to meet its financial obligations at all times.

capsensixx counters the liquidity risk by prompt invoicing, regular monitoring and evaluation of outstanding receivables including the execution of the dunning process. The management determines the expected long-, medium- and short-term liquidity requirements by means of liquidity planning. Possible concentrations are identified and limited by sufficient diversification of funding sources and liquidity buffers. Management expects that the Group will be able to meet its financial obligations from operating cash flows and from the inflow of maturing financial assets.

The contractual remaining terms of the financial liabilities as of December 31, 2020 are shown below:

31.12.2020	0-6 months	6 months - 1 year	1-5 years	> 5 years	Total
Financial liabilities					
Lease liability long-term	-	-	932	-	**932**
Lease liability current	448	418	-	-	**866**
Trade accounts payable	26,309	-	-	-	**26,309**

The contractual remaining terms of the financial liabilities as of December 31, 2019 are shown below:

31.12.2019	0-3 months	3 months - 1 year	1-5 years	> 5 years	Total
Financial liabilities					
Lease liability long-term	-	-	1,786	-	**1,786**
Lease liability current	247	730	-	-	**977**
Trade accounts payable	18,821	0	-	-	**18,821**

Credit risk/default risk

The credit risk or counterparty risk of capsensixx is that it could suffer a financial loss if a debtor does not meet its payment obligations in full or at all. These financial instruments, for which the debtor could in principle default, are included in the balance sheet under cash and cash equivalents in the form of cash and demand deposits, trade receivables and other securities, as well as current and non-current financial receivables. The carrying amounts of the financial assets correspond to the maximum default risk.

In accordance with the provisions of IFRS 9, allowances in the amount of expected credit losses must be recognized for financial instruments measured at amortized cost.

Cash and cash equivalents exist in the form of cash and demand deposits at German and Luxembourg banks that are due on demand. These are secured by a deposit protection fund, which is why no risk provision is recognized.

Allowances for trade receivables are calculated on the basis of an allowance matrix as described in section A.3. Taking into account materiality, no allowance was recognized in 2020 and 2019. The Group does not hold any collateral for these open items. Loans granted to UF Beteiligungs

UG included in other receivables are secured by pledges of securities and business shares. Credit losses are not expected. The purchase price receivable from coraixx is also secured by pledges on shares. The recognition of an expected loss is therefore waived overall due to materiality.

Concentrations of risk are avoided by the Company's risk rating of its business partners and by setting address limits for products, terms of exposure and other factors that may not be exceeded.

Market risks

Market risks may basically consist of exchange rate risks, interest rate risks or other price risks.

There are no significant country risks, as receivables are mainly limited to counterparties domiciled in the Federal Republic of Germany and the Grand Duchy of Luxembourg. The Group is therefore exposed to currency risks only to an extremely limited extent.

For the Group, the main market risk is that financial assets will not generate the expected level of cash inflows due to changes in market prices. The aim of market risk management is to manage and control market risk within acceptable ranges. It is managed through continuous monitoring by the treasury department and monthly reporting to management. Due to the low relevance of these risks for the Group, they have not been hedged by derivative financial instruments so far.
The Company is exposed 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 is mostly dependent on the volume under management. This in turn is affected by falling stock market prices.

In addition, the fair values of the securities and profit participation rights held by the Company will also decrease as stock market prices fall. As an opposite effect to the falling commission income, the commission expenses to be paid by the Company will fall, as these are also dependent on stock market prices.

As of December 31, 2020, cpx had assets under management (AuA) of €9 billion (previous year: €9 billion). This currently results in net fee and commission income of k€ 24,170 (previous year: k€ 23,201), which corresponds to a net margin of 0.27% (previous year: 0.26%). If the AuA were to change by 10% in the future as a result of exchange rate changes, this would affect net commission income in the amount of k€ 2,570. In the event of a 10% increase / decrease in stock market prices, this would have an effect of k€ 191 / k€ -191 (previous year: + 552 / - 552) on the Group's earnings and equity with regard to the securities held by the Group.

D.4. Leasing

Amounts recognized in the balance sheet

k€	**2020**	**2019**
Rights of use		
Thereof space and pitch	1,490	2,589
Thereof motor vehicle	233	144
Total usage rights	**1,723**	**2,733**

Additions to rights of use in 2020 amounted to k€ 214.

k€	**2020**	**2019**
Leasing liabilities		
Thereof current lease liabilities	833	977
Thereof long-term leasing liabilities	917	1,786
Total lease liabilities	**1,750**	**2,763**

Amounts recognized in the income statement

k€	**2020**	**2019**
Depreciation for rights of use		
Land and buildings	766	757
IT equipment	30	74
Motor vehicles	104	82
Total depreciation and amortization	**900**	**913**
Interest expense		
Interest expense on lease liabilities	50	79
Expenses for short-term leases	0	112
Amounts recognized in the income statement	**50**	**191**

Total cash outflows from leases amounted to k€ 938 in 2020 (previous year: k€ 1,180).

D.5. Relationships with related parties

The parent company of capsensixx is PEH Wertpapier AG. capsensixx is included in the consolidated financial statements of PEH Wertpapier AG, which is simultaneously the largest and the smallest group of companies to which the Company belongs as a subsidiary.

Related companies

We maintain business relationships within the Group with related parties. Within the scope of these business relationships, we provide the same services that we generally provide to our customers. All of these transactions are concluded at arm's length. There are no transactions concluded at conditions that are not at arm's length.
Key management personnel hold positions in other companies as a result of which they have control or significant influence over the financial and operating policies of these companies.

Remuneration for services provided by related parties		**Values of business transactions**		**Liabilities as of 31.12.**	
In k€		**2020**	**2019**	**2020**	**2019**
PEH Wertpapier AG					
	Transfer of business premises	44	38		0
	Provision of personnel		0		0
	Expenses for issue premiums, portfolio brokerage fees, fund management services and liability umbrella fees	860	901	66	145
PEH Wertpapier AG Österreich					
	Expenses for audit services	6	14		0

Remuneration for services to related parties	Values of business transactions		Liabilities as of 31.12.	
In k€	**2020**	**2019**	**2020**	**2019**
PEH Wertpapier AG				
Income from inventory brokerage	55	213	55	46
Other services	24	46		0
Outsourcing of costs	211	81		81
Income from IT services	75	74		0
PEH Vermögensmanagement GmbH				
Income from IT services	87	86		0
PEH Wertpapier AG Österreich				
Compliance activities		6	6	6

Loan to UF Beteiligungs UG (haftungsbeschränkt), Frankfurt

UF Beteiligungs UG is related party to PEH, as Mr. Sven Ulbrich was on the board of PEH (until 12.12.2019) and Mr. Föhre was a shareholder on the board of capsensixx AG (until 12.10.2020) and both are shareholders of UF Beteiligungs UG.

a) Pursuant to the notarized purchase and assignment agreements dated December 29, 2014 and December 28, 2016, UF Beteiligungs UG (haftungsbeschränkt) acquired shares in Oaklet GmbH with a total nominal amount of k€ 1,250 with effect from January 1, 2017 and at a purchase price of k€ 107.

b) To finance the company shares mentioned under a), the loan granted to UF Beteiligungs UG (haftungsbeschränkt) and in place since 2014 was increased by k€ 107 to k€ 776. The loan is to be repaid by January 31, 2023 at the latest. The loan was valued at k€ 168 as of December 31, 2020 and k€ 308 as of December 31, 2019.

c) To secure the loan receivables mentioned under a), shares in Oaklet GmbH with a nominal value of € 9,050 were pledged by UF Beteiligungs UG (haftungsbeschränkt) as pledgor.

d) The interest rate p.a. is 1.75%. The interest charged and received in the financial year amounts to k€ 5 (prior year: k€ 6).

Supervisory Board

The Supervisory Board comprises of the following members:

Martin Stürner, Frankfurt, businessman, Chairman
(until October 2020)
(Chairman of the Board of Directors Axxion S.A., Grevenmacher, Luxembourg; Chairman of the Supervisory Board: Axxion Deutschland Investmentaktiengesellschaft mit Teilgesellschaftsvermögen, Frankfurt;).

Rudolf Locker, Schmitten, Certified Public Accountant, Tax Advisor, Chairman (since 10.2020) and independent financial expert (Chairman of the Supervisory Board: btu beraterpartner Holding AG Steuerberatungsgesellschaft, Oberursel; PEH Wertpapier AG, Frankfurt; Member of the Supervisory Board of PEH Wertpapier AG Österreich, Vienna).

Gregor Langer, Kelkheim, businessman, Vice Chairman (Vice Chairman of the Supervisory Board: PEH Wertpapier AG, Frankfurt; PEH Wertpapier AG Österreich, Vienna, Austria).

Prof. Dr. Hermann Wagner, Frankfurt, auditor, tax advisor (from October 2020) (Supervisory Board: Aareal Bank AG, Wiesbaden, Squadra Immobilien GmbH & Co. KGaA, Frankfurt, Consus Real Estate AG, Berlin).

In 2020, remuneration of k€ 32 (PY: k€ 0) was paid for the Supervisory Board.

Management Board

Martin Stürner, Frankfurt, businessman, Chairman, authorized to act as sole representative.
(since 10.2020)
(Chairman of the Board of Directors Axxion S.A., Grevenmacher, Luxembourg; Chairman of the Supervisory Board: Axxion Deutschland Investmentaktiengesellschaft mit Teilgesellschaftsvermögen, Frankfurt).

Fabian Föhre, Neu-Isenburg, member of the Board of Management, with sole power of representation.
(until October 2020)

The active members of the Board of Management of capsensixx have received short-term benefits due for the performance of their duties in capsensixx amounting to k€17 (previous year: k€244).

Voting rights

The following voting rights exist as of December 31, 2020.

Name/Company	Voting rights		
	Directly held	Attribution	Total
PEH Wertpapier AG, Frankfurt	83,12%		83,12%

D.6. Auditor's fees and services

In k€	2020	2019
Financial statement auditing services	52	50
Other assurance services	-	-
Other services	-	67

The auditor's fees recognized as an expense for audit services for the audit of the separate and consolidated financial statements amount to k€ 52 in 2020 (previous year: k€ 50).

D.7. Segment reporting

Description of segments and main business activities

The identification of reportable operating segments is based on the "management approach". According to this approach, external segment reporting is based on the Group's internal organizational and management structure as well as internal financial reporting to the chief operating decision maker. Within the Group, the Management Board of capsensixx is responsible for assessing and managing the performance of the segments and is therefore the chief operating decision maker.

capsensixx reports on two operating segments, which are independently managed by segment-responsible boards according to the type of products and services offered, brands, distribution channels and customer profiles. As a holding company, capsensixx is not itself part of a segment.

The management has decided to distinguish between the segments on the basis of the type of services provided. For this purpose, a distinction is made between fund administration and securitization services.

The composition of the segments and their earnings performance are regularly reviewed, analyzed and controlled by the Management Board of capsensixx, and any necessary adjustments are resolved.

The companies of the Fund Administration segment are Axxion S.A. incl. navAXX S.A., Axxion InvAG, and the Axxion Revolution Fund-One.

The Capital Markets & Corporate Services (Securitization) segment includes advisory services in financial engineering, securitization and as a regulated corporate service provider provides director and administrative services to corporate clients in Luxembourg. The companies Oaklet GmbH including Oaklet S.A. form the Securitization segment.

The two segments Fund Administration and Securitization provide financial industry services. The Digitization & IT Services segment (Digitization) provided services to automate workflows, using self-learning and adaptive software with artificial intelligence. The services are mainly provided to customers in the Federal Republic of Germany. With the deconsolidation of coraixx, this segment was discontinued and is therefore only included in the comparative figures.

In 2020, two major customers existed, which accounted for a volume of more than 10% of total sales. These are customers with a total amount of k€37,576 (2019: k€37,507), which are attributable to the "Fund Management" segment.

The measurement principles for cpx's segment reporting are based on the IFRS used in the consolidated financial statements. cpx assesses the performance of the segments on the basis of EBITDA, among other things.

Segment assets and liabilities include all assets and liabilities that are attributable 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 accounts receivable and other current and non-current liabilities, as well as significant provisions. Segment capital expenditure includes additions to intangible assets and property, plant and equipment.

Segment report as of Dec. 31, 2020

	Segments				
01.01.2020 - 31.12.2020	**Fund management**	**Securitization**	**Total segments**	**Consolidation**	**Total**
	k€	*k€*	*k€*	*k€*	*k€*
Finance result	**2,430**	**295**	**2,725**	**-2,482**	**326**
Finance income	3,021	303	3,325	-2,482	843
Finance costs	-591	-8	-600	-	-517
Net commission income	**20,415**	**5,455**	**25,870**	**-1,699**	**24,170**
External customer	19,536	5,455	24,991	-820	24,170
Inter-segment	879	-	879	-879	
Segment expenses					
Personnel expenses	-7,439	-2,776	-10,215	-	-10,215
Other administrative expenses	-7,019	-904	-7,923	1,334	-6,589
Depreciation	-1,831	-115	-1,946	-7	-1,952
Other operating income	131	678	809	-51	759
Segment profit	**6,688**	**2,633**	**9,321**	**-2,904**	**6,499**
EBITDA	**6,088**	**2,453**	**8,541**	**-416**	**8,125**

CAPSENSIXX

Segment report as of Dec. 31, 2019

01.01.20198 - 31.12.2019	Segments: Fund management	Securitization	Total segments	Discontinued operation	Consolidation	Total
	k€	*k€*	*k€*	*k€*	*k€*	*k€*
Finance result	**37**	**71**	**108**	**-3**	**19**	**124**
Finance income	285	74	359	-	95	454
Finance costs	-248	-3	-251	-3	-76	-330
Net commission income	**18,712**	**4,516**	**23,228**	**122**	**-27**	**23,323**
External customer	18,685	4,516	23,201	122	0	23,323
Inter-segment	27		27	-	-27	0
Segment expenses						
Personnel expenses	-6,339	-1,903	-8,242	-474	-248	-8,964
Other administrative expenses	-5,055	-874	-5,929	-995	-703	-7,627
Depreciation	-1,781	-111	-1,892	-716	-8	-2,615
Other	173	48	221	8	2,908	3,137
Segment profit	**5,748**	**1,746**	**7,494**	**-2,058**	**1,940**	**7,376**
EBITDA	**7,598**	**1,833**	**9,431**	**-1,336**	**2,020**	**10,115**

Segment assets break down as follows:

01.01.2019 - 31.12.2019	Segments: Fund management	Securitization	Total segments	Discontinued operation	Consolidation	Total
Assets						
30 June 2020	**41,967**	**6,619**	**48,586**	**-**	**1,664**	**50,251**
31 December 2019	**32,499**	**4,359**	**36,857**	**2,702**	**2,603**	**42,162**
Debts						
30 June 2020	**29,864**	**1,481**	**31,345**	**-**	**-551**	**30,795**
31 December 2019	**22,406**	**646**	**23,052**	**3,942**	**-3,404**	**23,590**

D.8. Events after the balance sheet date

The global economy has been and continues to be significantly impacted by COVID-19. Millions of citizens are affected by travel restrictions imposed by many countries or quarantine measures. Businesses are struggling with slumping sales and disrupted supply chains. In global financial and commodity markets, the COVID-19 pandemic has led to a sharp increase in volatility. Many governments have adopted measures to provide both financial and practical assistance to affected companies.

This could lead to changes in customers' investment behavior, which would subsequently impact the Group's net assets, financial position and results of operations in 2021. The specific impact on the net assets, financial position and results of operations in 2021 cannot be forecast with sufficient reliability at present.

D.9. Declaration on the German Corporate Governance Code pursuant to § 161 AktG

capsensixx AG has issued the declaration required by section 161 of the German Stock Corporation Act (AktG) and made it permanently available to the public on its website under "Investor Relations" (https://www.capsensixx.de/wp-content/uploads/2021/03/capsensixx-AG-Entsprechenserklaerung-2021.pdf).

Frankfurt am Main, March 31, 2021

Martin Stürner
Management Board

AUDIT CERTIFICATE OF THE EXTERNAL AUDITOR

To capsensixx AG, Frankfurt am Main

AUDITOR'S REPORT ABOUT THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

AUDIT OPINIONS

We have audited the consolidated financial statements of capsensixx AG, Frankfurt am Main, and its subsidiaries (the Group) - consisting of the consolidated balance sheet as at 31 December 2020, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the fiscal year from 1 January 2020 to 31 December 2020 and Notes to the consolidated financial statements, including a summary of significant accounting policies.

In addition, we have audited the consolidated management report of capsensixx for the financial year from 1 January 2020 to 31 December 2020. In accordance with German legal requirements, we have not audited the content of the components of the combined management report mentioned under "OTHER INFORMATION".

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

• the enclosed consolidated financial statements comply with in all material respects with IFRSs as adopted by the EU and the additional requirements of German law pursuant to § 315e (1) HGB and give a true and fair view of the financial position of the Group as at 31 December 2020 and of its earnings situation for the fiscal year from 1 January 2020 to 31 December 2020 in accordance with these requirements and

• the enclosed combined management report provides altogether a true and fair view of the situation of the Group. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German statutory provisions and accurately presents the opportunities and risks of future development. Our audit opinion on the management report does not include the content of the components of the combined management report mentioned under "OTHER INFORMATION".

In accordance with § 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 combined management report.

BASIS FOR THE AUDIT OPINIONS

We have conducted our audit of the consolidated financial statements and the consolidated management report in accordance with § 317 HGB and the EU Regulation on specific requirements regarding statutory audits (No. 537/2014; hereinafter "EU-APrVO") and German generally accepted standards for the audit of financial statements established by the Institut der Wirtschaftsprüfer (Institute of Auditors - IDW). Our responsibility under those provisions and standards is further described in the section "AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT" of our auditor's report.

We are independent of the Group companies in accordance with the European law and German commercial and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements.

In addition, we declare in accordance with Article 10 (2) (f) EU-APrVO that we have not performed any prohibited non-audit services under Article 5 (1) EU-APrVO.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements and the combined management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are matters that, at our professional discretion, were most significant in our audit of the consolidated financial statements for the fiscal year from 1 January 2020 to 31 December 2020. These matters have been taken into account in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion; we do not provide a separate opinion on these matters.

We have identified the following matter as a key audit matter:

IMPAIRMENT OF GOODWILL

Situation

The reported goodwill of the cash generating unit, Oaklet GmbH, amounts to kEUR 587 as of 31 December 2020 and thus 1.2% of total assets in the consolidated financial statements of capsensixx AG.

Goodwill is subject to an impairment test in accordance with IAS 36 once a year or on an ad hoc basis by the company in order to determine a possible need for amortization. The impairment test is performed at the level of cash-generating units to which the respective goodwill is allocated.

In the impairment test, the carrying amount of the respective cash-generating unit to which the goodwill is allocated is compared with the recoverable amount. The recoverable amount is generally determined on the basis of the value in use. As a rule, the measurement is based on the present value of future cash flows of the respective cash-generating unit. The respective values in use are determined using the discounted cash flow method. The Group's approved planning forms the starting point for the calculation. Future cash flows beyond the detailed planning period are extrapolated using long-term growth rates. Expectations about future market developments and assumptions about the development of macroeconomic factors are also taken into account. Discounting is based on the weighted average cost of capital of the respective cash-generating unit.

The determination of the respective recoverable amount depends to a large extent on the assessment of the legal representatives with regard to future cash inflows, the discount rates used, the growth rates and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complexity of the valuation and the residual risks to the forecast of business and earnings development that cannot be ruled out as a result of the Corona pandemic, this matter was of particular importance in the context of our audit.

capsensixx AG's disclosures on goodwill are included in the sections "A.3. Basis of accounting and valuation" in the subsections "Intangible assets" and "Impairment of non-financial assets" as well as "A.4. Estimates and judgments" in the subsection "Goodwill" of the notes to the consolidated financial statements.

Auditor response

As part of our audit approach, we first performed a risk assessment in relation to the goodwill recognized by the company. Based on this risk assessment, we first obtained an understanding of the valuation process as part of our audit procedures on the internal control system. In particular, we considered the model used by the company for the valuation, the parameters used therein and the assumptions made in this respect, and assessed the precautions and measures taken to prepare the business plans.

We then performed evidence-based audit procedures on the appropriateness of the valuation model and the significant valuation parameters and assumptions. We assured ourselves of the quality of the forecasts to date by comparing the forecasts of the previous financial year with the actual results and analyzing deviations. We reconciled the forecast of future cash surpluses in the detailed planning period with the corporate planning prepared by the legal representatives. We reconstructed the assumptions underlying the planning by comparing them with past developments and taking into account current industry-specific market expectations and the company-specific situation. In addition, we had the assumptions regarding the future impact of the Corona pandemic contained in the forecasts explained to us by the legal representatives and understood them. We critically examined the discount rates used for the respective cash-generating unit on the basis of the average cost of capital of a peer group. In addition, we assessed the calculation of the discount rates of the respective cash-generating unit. Our audit also included the mathematical correctness of the valuation model used as well as the sensitivity analyses performed by capsensixx AG.

OTHER INFORMATION

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

• the separately published corporate governance statement referred to in section 6 of the combined management report,

• the report of the Supervisory Board,

• the other parts of the annual report, except for the audited consolidated financial statements and combined management report and our audit opinion.

Our audit opinions on the consolidated financial statements and combined management report do not extend to the other information, and accordingly, we neither an opinion or any other form of audit conclusion on such information.

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

• show material inconsistencies with the consolidated financial statements, the combined management report or our knowledge obtained during the audit, or

• otherwise appears to be materially misstated.

RESPONSIBILITY OF THE LEGAL REPRESENTATIVES COMBINED MANAGEMENT REPORT

The legal representatives are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS as adopted by the EU and the additional requirements of German law pursuant to § 315e (1) HGB and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement. Furthermore, the legal representatives are responsible for those internal controls, which are determined as necessary to enable the preparation of consolidated financial statements that are free from - intentional or unintentional - material misstatement.

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 are also responsible for disclosing, as applicable, matters related to going concern. Furthermore, they are responsible for preparing the financial statements on a going concern basis 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 combined management report, which gives altogether a true and fair view of the Group's position and is consistent in all material respects with the consolidated financial statements, complies with German statutory requirements, and accurately represents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the arrangements and measures (systems) that it determines are necessary to enable the preparation of the combined management report in accordance with the applicable German statutory provisions and to providing sufficient suitable evidence for the statements made in the combined management report.

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

AUDITOR'S RESPONSIBILITY FOR THE AUDITING THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from - intentional or unintentional - material misstatements and whether the combined management report as a whole accurately reflects the Group's position in all material respects, is consistent with the consolidated financial statements and the audit findings, complies with German legal requirements and accurately reflects the opportunities and risks of future development, and to issue an audit certificate, which includes our audit opinions on the consolidated financial statements and the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU-APrVO, in compliance with the German generally accepted standards for the audit of financial statements established by the Institut der Wirtschaftsprüfer (IDW) will always disclose a material misrepresentation. Misstatements can result from fraud 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 combined management report.

During the audit, we exercise professional judgment and maintain a critical attitude. In addition:

- we identify and assess the risks of - intentional or unintentional - material misrepresentation in the consolidated financial statements and the combined management report, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to form the basis for our audit opinion. The risk of not detecting material misstatements is higher for violations than for inaccuracies, as noncompliance may include fraudulent interaction, counterfeiting, intentional incompleteness, misrepresentation and/or the override of internal controls.

- we gain an understanding of internal control system relevant for the audit of the consolidated financial statements and the arrangements and measures relevant to the audit of the combined management report in order to plan audit procedures that are appropriate in the circumstances, but not for the purpose of issuing an audit opinion on the effectiveness of these systems.

• we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the legal representatives.

• we draw conclusions about the appropriateness of the going concern basis of accounting used by the legal representatives and, based on the audit evidence obtained, whether a material uncertainty exists associated with events or circumstances that may give rise to significant doubts on the Group's ability to continue its business operations. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the combined management report or, if such disclosures are inadequate, to modify our respective audit opinion. We draw our conclusions based on the audit evidence obtained up to the date of our audit opinion. However, future events or conditions may lead to the Group being unable to continue as a going concern.

• we assess the overall presentation, structure and content of the consolidated financial statements, including disclosures, and whether the consolidated financial statements disclose the underlying transactions and events in such a way that the consolidated financial statements prepared in compliance with IFRS as adopted by the EU and the German statutory provisions to be applied on a supplementary basis in accordance with § 315e (1) German Commercial Code (HGB) provide a true and fair view of the Group’s asset, financial and earnings position.

• we solicit sufficient appropriate audit evidence regarding the accounting information of the entities or business activities within the Group to provide audit opinions on the consolidated financial statements and the combined management report. We are responsible for the management, supervision and execution of the audit of the consolidated financial statements. We are solely responsible for our audit opinions.

• We assess the consistency of the combined management report with the consolidated financial statements, its conformity with the statutory provisions and the picture conveyed of the Group's situation.

- we conduct audits of the forward-looking statements made by the legal representatives in the combined management report. Based on adequate and appropriate audit evidence, we track, more particularly, the significant assumptions on which the legal representatives base the forward-looking statements 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.

We discuss with those responsible for the supervision about the planned scope and timing of the audit, amongst other things as well as significant audit findings, including any deficiencies in the internal control system that we identify during our audit. We provide those responsible for the supervision a statement 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 the protective measures taken in this respect.

From the matters we discussed with those responsible for supervision, we determine those matters that were most significant in the audit of the consolidated financial statements of the current reporting period and are therefore the most important audit matters. We describe these matters in our audit opinion, unless law or other legal provisions exclude a public disclosure of the facts.

OTHER STATUTORY AND LEGAL REQUIREMENTS

REPORT ON THE AUDIT OF THE ELECTRONIC REPRODUCTIONS OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT PREPARED FOR THE PURPOSE OF DISCLOSURE IN ACCORDANCE WITH § 317 (3B) HGB

Audit opinion

In accordance with § 317 (3b) of the German Commercial Code (HGB), we have performed a reasonable assurance audit to determine whether the financial statements contained in the attached file [capsensixx_KA20_ESEF. zip: b77c812c1ae63375657a3e ba8329c9c77366cbc2a88fd0dee8655de9d58c7203] and prepared for the purpose of publication of the consolidated financial statements and the combined management report (hereinafter also referred to as "ESEF documents") comply in all material respects with the electronic reporting format ("ESEF format") pursuant to § 328 (1) HGB. In accordance with German legal requirements, this audit extends only to the conversion of the information in the consolidated financial statements and the combined management report into the ESEF format and therefore neither to the information contained in these reproductions nor to any other information contained in the aforementioned file. In accordance with these provisions, our audit also does not extend to the declarations voluntarily included by the Company in the ESEF documents to be audited pursuant to § 264 (2) Sentence 3 and § 289 (1) Sentence 4 HGB, the corporate governance statement contained in section 6 "Corporate Governance Statement (§ 315d HGB)" of the combined management report, and the report of the Supervisory Board pursuant to § 171 (2) AktG.

In our opinion, the reproductions of the consolidated financial statements and the combined management report contained in the aforementioned attached file and prepared for disclosure purposes comply, in all material respects, with the electronic reporting format requirements of § 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying combined management report for the fiscal year from January 1, 2020 to December 31, 2020 included in the preceding "REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT", we do not express any audit opinion on the information included in these reproductions or on the other information included in the aforementioned file. We also do not express an opinion on the declarations voluntarily included in the ESEF documents to be audited pursuant to § 264 (2) sentence 3 and § 289 (1) sentence 4 HGB, the corporate governance statement included in section 6 "Corporate Governance Statement (§ 315d HGB)" of the combined management report, or on the report of the Supervisory Board pursuant to § 171 (2) AktG.

Basis for the audit opinion

We conducted our audit of the consolidated financial statements and the combined management report contained in the above-mentioned attached file in accordance with § 317 (3b) HGB and in compliance with the draft IDW Auditing Standard: Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for the Purposes of Disclosure pursuant to § 317 (3b) HGB (IDW EPS 410). Our responsibility thereunder is further described in the section "Auditor’s Responsibility for the Audit of the ESEF Documents". Our auditing practice has complied with the quality assurance system requirements of the IDW Quality Assurance Standard: Requirements for Quality Assurance in the Auditing Practice (IDW QS 1) applied.

Responsibility of the legal representatives and the supervisory board for the ESEF documents

The legal representatives are responsible for the preparation of the ESEF documents containing the electronic reproductions of the consolidated financial statements and the combined management report in accordance with § 328 (1) sentence 4 no. 1 HGB and for the certification of the consolidated financial statements in accordance with § 328 (1) sentence 4 no. 2 HGB.

In addition, the legal representatives are responsible for the internal controls as they deem necessary to enable the preparation of ESEF documents that are free from - intentional or unintentional - material non-compliance with the electronic reporting format requirements of § 328 (1) HGB.

The legal representatives of the company are also responsible for submitting the ESEF documents, together with the audit certificate and the accompanying audited consolidated financial statements and audited combined management report as well as other documents required to be disclosed to the operator of the Federal Gazette.

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Auditor's Responsibility for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from - intentional or unintentional - material non-compliance with the requirements of § 328 (1) HGB. During the audit, we exercise professional judgment and maintain a critical attitude.

In addition, we

- identify and assess the risks of material - intentional or unintentional - non-compliance with the requirements of § 328 (1) HGB, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to form the basis for our audit opinion.

- gain an understanding of the internal control system relevant to the audit of the ESEF documents in order to plan audit procedures that are appropriate in the circumstances, but not for the purpose of issuing an audit opinion on the effectiveness of these systems.

- assess the technical validity of the ESEF documentation, i.e., whether the file containing the ESEF documentation complies with the technical specification requirements for that file as set out in the Delegated Regulation (EU) 2019/815, as applicable at the reporting date.

- we assess whether the ESEF documents allow for a content identical XHTML reproduction of the audited consolidated financial statements and the audited combined management report.

- we assess whether the markup of the ESEF documents with inline XBRL technology (iXBRL) enables an adequate and complete machine-readable XBRL copy of the XHTML reproduction.

OTHER DISCLOSURES IN ACCORDANCE WITH ARTICLE 10 EUAPRVO

We were elected as auditors by the General Meeting on October 13, 2020. We were commissioned by the Supervisory Board on October 16, 2020. We have been acting as the external auditors for the consolidated financial statements of capsensixx AG since fiscal year 2020.

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

RESPONSIBLE AUDITOR

The auditor responsible for the audit is Sebastian Sablotny.

Frankfurt am Main, April 21, 2021
BDO AG
Wirtschaftsprüfungsgesellschaft

Schmidt	Sablotny
Auditor	Auditor

Responsibility Statement by the legal representatives (balance sheet and management report) on the consolidated financial statements and management report of capsensixx AG in accordance with §§ 264 (2) sentence 3, 289 (1) sentence 5 HGB (§ 114 (2) no. 3 WpHG – Securities Trading Act)

We assure to the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, financial and earnings position of the group and the combined management report gives a true and fair view of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

We assure to the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, financial and earnings position of the company and the combined management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company.

Frankfurt am Main, March 31, 2021

Martin Stürner

CEO