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SERgroup Holding International GmbH

Bonn (formerly: Berlin)

Consolidated financial statements for the financial year from January 1, 2018 to December 31, 2018

Group management report for the fiscal year from January 1, 2018 to December 31, 2018

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1. Fundamentals of the Group

a) business model

The SERgroup Holding International Group (hereinafter also referred to as "SER" or "SER Group") is one of the leading European manufacturers of integrated Enterprise Content Management (iECM) systems and sells them with a focus on DA-CH and also increasingly internationally. The core product, the DOXiS4 iECM suite, includes the entire range of functions and services of classic ECM: capturing, archiving, information lifecycle management, document management, workflow, business process management and knowledge management and is available in 14 official languages for 135 countries.

A related and increasingly popular buzzword to the term Enterprise Content Management (ECM) is "Information Management" (IM). The emphasis here is placed further in the direction of "providing and finding the right and complete information at the right time", away from the pure "filing and managing" of the stored content. In this respect, the DOXiS4 suite not only meets all market requirements, but has also received top ratings from international analysts (GARTNER and FORRESTER) and is one of the TOP 5 ECM providers worldwide.

In DA-CH, the sales organization has been strategically structured as direct sales since the SER Group was founded and gets by almost entirely without sales partners. Customer support over the entire product life cycle is also provided by SER's own loyal employees. A few strategic partners are connected with SER, mostly through many years of successful cooperation, and look after selected individual customers.

International sales consist of a combination of direct sales from our own legal entities and an extensive network of strategic partners. This partner network of SER is continuously and systematically supported by training and education, so that the professional know-how and the common experience for the end customer remain "in manufacturer quality" in the long term - a guarantee for stability and functional reliability of all SER software products in the Market. Licenses have already been used to a significant extent by export-oriented and internationally active SER customers from the DA-CH area in non-German-speaking countries. Through the further expansion of direct and partner sales in defined market regions, new customers are to be won there directly. Cross selling and reference selling are an integral part of the concrete sales strategy. SER continues to see great customer potential in the DA-CH area.

b) Objectives, strategies and control system

On December 28, 2018, the sale of the shares in SERgroup Holding International GmbH to the Carlyle Group was completed. Kurt-Werner Sikora is still appointed managing director of the most important SER companies. All previous shareholders remain invested in the SER Group and remain loyal to it. They resigned as managing directors on December 28, 2018.

The strategic management of the SER Group is carried out by the managing directors of SERgroup Holding International GmbH and the company's Advisory Board, in which significant representatives of the Carlyle Group are represented. Operationally, the managing directors are supported by a group of excellent specialists with many

years of experience, who perform important management tasks in various key positions at SER - for example as managing directors of individual companies or branch managers at large German locations.

One member of this group had already qualified for the role of Chief Operating Officer (COO) in the course of 2017 and assumed this area of responsibility.

Great importance is attached to flat hierarchies, close coordination between all decision-makers and the ability of those involved within the group to act quickly in all matters of business, development and product strategy as well as sales activities. This efficient and pragmatic organizational design is constantly monitored and further developed.

The SER Group is represented throughout Europe with subsidiaries in France, Great Britain, Austria, Poland, Switzerland and Spain as well as in Russia (Moscow). The control and responsibility for the international business is still located at SER Solutions International GmbH, which also acts as an intermediate holding company for all NON-DA-CH companies.

c.) research and development

As the largest European software manufacturer in private hands, SER places great value on innovation and constant updating of its own software to the state of the art. SER has been investing more than a quarter of its software and maintenance sales in research and development for several years - from the maintenance of the existing software and permanent renewal of the product suites to the promotion of corresponding school and university educational institutions. In the reporting period, this was 31.8% (previous year: 29.8%) of software and maintenance sales. As planned, nothing will change on this scale in the next few years. Cooperation with universities is part of the R&D strategy.

2. Group economic report

a) Macroeconomic and industry-related conditions

The federal government's autumn projection from August 2018 still assumed GDP growth of 1.8% for 2018. In its annual economic report, it has now lowered the growth forecast to 1.0%, also because real GDP in the last quarter of 2018 increased by only 0.2% compared to Q3 2018. At 8.3%, the sales of the SER Group are again growing much faster than in the previous year.

In the euro zone, the clearly weakened growth was supported by the service sector and comparatively strong private consumption as well as the unchanged low key interest rates. Inflation was 1.5% in calendar year 2018 and is expected to remain at a low level.

The International Monetary Fund estimates that the global economy will only grow by 3.5% in 2019, in particular due to the existing trade conflicts and the impending "BREXIT".

In the ICT industry, which is relevant for SER, a positive development can still be seen. According to the industry association BITKOM, the ICT market grew by 2.0% to EUR 166.0 billion in 2018. The included software segment grew particularly strongly in 2018 from EUR 23.0 to 24.4 billion (+6.3%). The included IT services also grew from EUR 39.0 to 39.9 billion (+2.3%).

Slightly weaker growth of the ITC market of 1.5% is expected for 2019, with the software sub-segment expected to grow by 6.3%.

The willingness of potential customers to invest is consistently good and, fortunately, increasingly aware of the benefits, which is very much in line with SER's product portfolio. The product planning of the SER software development in terms of content and deadlines has long been based on the actual feature benefits and less on hypes and trends. Every investment by a customer company in software must bring actual benefits to this company and must not be limited to trendy forms of representation.

In the recent past, topics relating to the EU GDPR have also become increasingly important, with corporate governance and other compliance aspects becoming particularly important. This is evident from the number of participants in the webinars that SER regularly conducts. In general, the comprehensive cloud capability of the software and the support of mobile devices are simply expected from a premium provider like SER and are therefore indispensable components of the product portfolio.

In the third year, the rankings of the "GARTNER Quadrant" and the "FORRESTER Waves" position the SER Group among the internationally renowned providers. In the tenders for large projects, the SER Group is inevitably involved with good prospects of success. The SER Group has developed an image as a reliable and flexible provider whose expertise and last but not least the very stable, highly scalable and high-performance products are popular.

Behind the two non-European competitors, SER is the largest European ECM provider in terms of sales. In the GARTNER quadrant and thus among the 20 largest international ECM manufacturers, SER has maintained a good position since 2015 and has successfully developed from a "niche player" to a "visionary" to a "challenger". The GARTNER quadrant is of great strategic importance for business, especially with large corporations, but of course also for international business initiations, and is associated with significant perception on the market.

This means that the SER Group is not only an important and successful provider of ECM software for companies of all sizes in the most important sub-market DA-CH - from upper medium-sized companies to large companies. With its "follow the customer strategy", SER has been able to gradually expand its international presence and is thus also gaining in importance as an international provider. The activities of SER Solutions International GmbH, responsible for all NON-DA-CH business, are supported and strengthened as a result.

After DA-CH, Western Europe has the greatest market potential from the point of view of European providers. At the same time, the need for ECM increases with the size of the company, whereby medium-sized companies with a company size of up to 500 employees still have some catching up to do when implementing an ECM system for the first time.

The extraordinary business potential of the SER Group lies in the parallel penetration of the two market segments project business on premise in medium-sized and large companies and at the same time in the marketing of SaaS models and standard solutions.

b) Business Development

In the 2018 financial year (January 1 to December 31, 2018), incoming orders, sales and results increased significantly again compared to the previous year.

Due to the increased awareness of SER among international analysts, positive side effects in particular are currently being achieved in the export-oriented German-speaking market. There are also increasing sales successes with interested parties and customers from other countries; the international activities of SER continued unchanged in 2018.

c) Position of the Group

i. earnings situation

Total output adjusted for a one-off effect (see table) increased by 8.3% from EUR 67.2 million (2017) to EUR 72.8 million (2018). The following picture emerges according to the types of turnover.

	2018 12M.	change	change	2017 12M.
	kEUR	kEUR	in %	kEUR
software	15,093	-1,601	-9.6%	16,694
Services	28,599	+4,408	+18.2%	24,191
maintenance	27,143	+2,154	+8.6%	24,989
Hardware/Miscellaneous *)	1,981	+622	+45.8%	1,359
overall performance	72,816	+5,583	+8.3%	67,233
cost of materials	-4,877	+145	-2.9%	-5,022

	2018 12M. kEUR	change kEUR	change in %	2017 12M. kEUR
gross profit	67,939	+5,728	+9.2%	62.211
	93%			93%

^{*)} In 2018 adjusted for non-recurring income of EUR 2,700 thousand

Software sales fell by 9.6% from EUR 16.7 million to EUR 15.1 million (-9.6%). The record result of 2017 in the software segment was not repeated, but it was the second-highest software turnover in the history of SER.

Service sales (including changes in inventories) increased significantly from EUR 24.2 million to EUR 28.6 million (+18.2%). The degree of utilization in the project business is still very high. As in 2017, in 2018 there was a further strong increase in personnel in the Professional Service area.

Maintenance sales increased by 8.6% from EUR 25.0 million (2017) to EUR 27.1 million (2018).

The remaining "Hardware/Other" sales were adjusted in 2018 for a one-time sale-related income of EUR 2.7 million.

The consolidated gross profit increased by EUR 6.1 million from EUR 62.2 million (2017) to an adjusted (see above) EUR 67.9 million (2018). This corresponds to an increase of 9.2%. The gross profit ratio remained consistently high at 93% and reflects the fact that software is almost exclusively developed in-house and professional services are also almost 100% provided by the company's own staff.

The constant increase in maintenance and service sales results in a solid, low-fluctuation profit contribution of an average of around EUR 4.6 million per month, which is to be further increased in the following financial years.

The reported EBITDA (earnings before interest, taxes, depreciation and amortization) and the operating cash flow as well as the return on sales of these key figures have developed as follows:

	2018 12M. kEUR	% from Ges.Istq.	change kEUR	2017 12M. kEUR	% from total
overall performance	72,816		+5,583	67,233	
Reported EBITDA	7,621	10.5%	+1,583	6,038	9.0%
ICash flow from ifd. business activity	8,206	11.3%	+4,852	3,354	5.0%

The key figures related to the overall performance have improved significantly compared to the previous period.

Reported EBITDA increased by EUR 1,583 thousand from EUR 6,038 thousand (2017) to EUR 7,621 thousand.

ii. financial position

Great importance is attached to financial management (debtors, creditors, cash flow planning) in the SER Group. In particular, due to the long-term maintenance contracts that are customary in the industry, a significant part of the cash flow is stable and can be planned for the long term.

The cash flow from operating activities improved by EUR 4,852 thousand from EUR 3,354 thousand to EUR 8,206 thousand due to the improvement in the working capital structure.

Cash and cash equivalents (bank balances) amounted to EUR 12.9 million as of December 31, 2018 (December 31, 2017: EUR 10.8 million) and have therefore increased by EUR 2.1 million within one year, although in the reporting period EUR 4.5 million was distributed to shareholders.

As of December 31, 2018, the SER Group still has no bank debt and finances ongoing business through its own cash flow.

iii. financial position

The financial situation has further improved compared to the previous year due to the above-mentioned increase in cash and cash equivalents by EUR 2.1 million.

The balance sheet ratios have improved in favor of SER, particularly in the case of items relevant to working capital, such as trade receivables and payables, advance payments received, deferred income and other assets.

Group equity remained constant at EUR 14.2 million despite profit distributions of EUR 4.5 million.

The equity ratio fell to 40.1% (previous year: 44.8%) due to the distributions made. If one adjusts an amount of EUR 2.7 million on the assets and liabilities side of the balance sheet total, which represents a sale-related special effect, the equity ratio is 43.4% despite the distributions made and has therefore only fallen slightly in real terms.

IV. Overall statement on the earnings, financial and asset situation

The following overall statement can be made for 2018 compared to the previous period (2017):

With total output increasing by 8.3% from EUR 67.2 million to EUR 72.8 million (adjusted), reported EBITDA rose from EUR 6.0 million to EUR 7.6 million.

Cash and cash equivalents increased from EUR 10.8 million (December 31, 2017) to EUR 12.9 million (December 31, 2018).

The group's equity base is very strong at EUR 14.2 million (this corresponds to an adjusted equity ratio of 43.4%). The SER Group continues to finance itself completely without bank loans.

v. Financial and non-financial performance indicators

The financial performance indicators are in particular

- overall performance
- Reported EBITDA (earnings before interest, taxes, depreciation and amortization), as an indicator of operating cash flow, as well
- Operating cash flow

Internally at SER, these performance indicators are determined at least quarterly from group to branch level (operating cash flow only at group level and from December 31, 2018). At Group level, the development of these indicators was presented in section i above.

The length of service of the employees as a non-financial performance indicator continues to rise and proves the solidarity of the key know-how carriers. The management sees this as a positive sign of their own attractiveness as an employer. Employees who have been working successfully for many years consciously take on long-term responsibility for the company-wide applications, especially at larger corporate customers.

Seniority and innovative strength are not a contradiction in terms, they are mutually dependent. A comprehensive, long-term roadmap is based on its innovative content and its punctual reliability, equally from the creativity of new young employees in combination with the experience of long-term employees. Together, both groups of people determine the powerful, reliable backbone of software development and the sustainable quality of project implementation.

Software products and solutions with a high degree of organization are fundamentally a sales object that requires explanation and, for successful sales, require corresponding accompanying marketing measures. Web presence and webinars are becoming increasingly important in front of SERinForums at any location. Topics such as "digital transformation", "digitization" or EU-DSGVO provide good starting points for market penetration.

In particular, product marketing plays a crucial role. Diligence in market observation - both in terms of content and distribution channels - help direct sales to set the right acquisition priorities. In particular, trends and realities of SaaS licensing mechanisms and cloud models must be weighed against each other and evaluated. The first successful applications in the Doxi4 Cloud are now productive without any negative impact on the on-premises business - both in Germany and in other European countries. The sensitivity for technical and organizational data security, in particular for the "home" of the storage locations, slows down still attracts the interest of some large companies in the cloud business and maintains the on-premise approach for mission-critical applications. However, in the recent past there has been increased demand for cloud business and the SaaS license model. The SER Group is successfully serving these market requirements as well.

3. Forecast, opportunity and risk report

The expected development of the Group is summarized below, taking into account the main opportunities and risks.

growth and stability

For the 2019 financial year, it is planned to further increase the total output significantly in all types of revenue compared to the previous year. Full order books and a well-stocked sales pipeline for business opportunities suggest this.

The measures of SER's internationalization strategy abroad outside DA-CH continued unabated.

For the 2019 financial year, a percentage increase in total output slightly above the level of the previous year is expected.

The sale of the shares in SERgroup Holding International GmbH (SHI) to the Carlyle Group on December 28, 2018 could create direct or indirect opportunities both on the investment side through acquisitions of investments and on the financing side through external financing due to the expanded group above SHI and risks for SHI or its subsidiaries. In this respect, the management is in close and trusting coordination with the representatives of the shareholders.

For seven years now, a multilingual calculator with country-specific pricing has been used to ensure flexible, benefit-based and controlled pricing when selling standard software, especially the new DOXiS4 software suite. This calculator is now also available as the first, rudimentary database version.

Like any commercial enterprise, the SER Group has to deal with business risks. Looking back at least on the last few financial years, it can be stated that the management's risk assessment has proven to be very cautious and conservative. The SER will remain on this course of stability.

For the SER Group, the risk of product defects in the software sold (product liability), the loss of key personnel (know-how carriers) and, in the context of internationalization, global political upheavals are among the risks worth mentioning. Further risks lie in the project implementation, which have been minimized for several years by the responsibility of the branch office managers, who have meanwhile proven themselves through experience, close to the customers and their projects on site.

It is the task of constantly attentive observation of all business processes and a solid forward-looking business policy to correctly assess all these risks and limit them as far as possible. The management also relies on planning tools for the documentation and controlling of the pipeline and forecast ("Opportunity Management") within the framework of SERBIS (SER Business Information System). But it is not a substitute for the constant open discussion at all management levels and the attention these managers pay to their respective business areas. "People lead people" works particularly well at the SER Group and has been very successful for many years.

Since the SER was founded, the risk of product defects has always been kept very low by means of suitable measures of increased quality assurance. In addition to the quality assurance measures in the software development area, further quality assurance measures have been implemented in project implementation in professional service and in application development. In view of the growing complexity of the projects, it should be noted that there is also a certain advisory risk that must be limited by taking suitable measures. The shortage of skilled workers continues to represent a risk that does not have a direct financial impact. In the meantime, the SER Group has switched to

The risk of losing key personnel is relatively low despite or perhaps because of the high workload in all productive areas. The consistent continuation of decentralization - relocation of customer care and project implementation to the regional vicinity of the end customers (branch offices) - reduces the times for travel and absence from families for the employees concerned and increases the social quality of the jobs. Practiced work-life balance ensures employee satisfaction. The good order intake and growing order backlog were the starting point for increased recruiting and a significant increase in personnel in Professional Service. The social demand for a family-friendly work-life balance, which is particularly important among the younger generation, is also met by the decentralization. Proximity to the workplace and home office regulations vs. overcrowded means of transport and congested traffic routes are becoming more important. With its policy of decentralization, SER has a good position in the tense job market for IT specialists.

The liquidity and financing risk continues to be determined by a conservative spending policy.

Recruitment always goes hand in hand with economic risks that require control. The past few months have shown that this task was solvable and will also be solvable in the future.

Bad debt risks exist - both from many years of business experience and the structure of SER customers - even in times of economic crises as well as not. However, cooperation with credit agencies was intensified, particularly in new business.

The risk of declining sales and thus declining gross profit and contribution margin requires constant monitoring of the pipeline and forecast in sales as well as sustained marketing support for all sales activities. Management and presentation of the financial risks as well as systematic sales controlling now supplement this risk monitoring.

interaction of opportunities and risks

As a manufacturer of software products focused on the digital office organization ("Digital Workplace") of customer companies, SER must always carefully monitor various opposing factors in the sales markets and derive suitable development and sales strategies from them. The range of these analyzes includes on-premises vs. cloud or expert systems vs. platform benefits and much more, but the focus on large, medium-sized, large and large companies and organizations applies in particular to a premium provider in the upper price segment. The SER Group has been successfully doing project business there for years and is ideally positioned for this business, both in terms of the performance and scalability of the software products and the professionalism of the human resources. The direct sales of the SER Group always take place in a partnership and very close relationship with the customer.

The use of products and solutions from SER allows an increase in productivity, efficiency as well as the transparency and traceability of all business processes in an office organization. With a professional and consistent introduction, such investments lead to a high benefit in the customer company. As a medium-sized company with short decision-making processes, SER is optimally flexible when it comes to the short-term realization of customer requests and is therefore well positioned against international competitors.

Balance in the development of human resources for the rapid implementation of the projects and the necessary caution with regard to expected changes in the economic framework conditions remain the order of the day. If resources cannot be built up, a current risk lies in building up an order backlog with increasingly critical completion times. Conversely, a realistic estimate of the order potential must serve as the basis for this increase in personnel with great care, so that the productivity of the degree of employment remains without a slump.

After a summary assessment of all recognizable factors, not least because of the good market position that has meanwhile been further strengthened, the management of the SER Group assumes that sales and earnings will continue to be very positive and stable in the coming financial years.

Berlin, April 12, 2019

SERgroup Holding International GmbH

Managing directors

Kurt Werner Sikora

Sven Behrendt
Johannes Breuers
dr Gregory Joeris

Consolidated balance sheet as of December 31, 2018

ASSETS

	Appendix	12/31/2018 €	12/31/2017 €
Capital assets			
Intangible assets	1	3,742,469.31	4,101,038.00
Property, plant and equipment	2	3,691,053.19	3,753,835.81
financial assets	3	9,980.65	9,980.65
		7,443,503.15	7,864,854.46
current assets			
Stocks	4	709,056.59	590,461.76
Receivables and other assets	5	13,199,813.73	11,329,757.31
Cash and cash equivalents	6	12,902,721.69	10,828,053.20
		26,811,592.01	22,748,272.27
prepaid expenses	7	1,054,450.13	1,051,087.45
		35,309,545.29	31,664,214.18

LIABILITIES

	Appendix	12/31/2018 €	12/31/2017 €
equity capital	8th		
Subscribed capital		1,000,000.00	1,000,000.00
Nominal amount of treasury shares		-46,166.00	-39,780.00
issued capital		953,834.00	960,220.00
capital reserve		29,800.00	29,800.00
retained earnings		3,857,319.51	4,024,510.86
retained profit		9,313,260.87	9,186,383.91
		14,154,214.38	14,200,914.77
accruals	9	5,449,533.06	6,489,851.25
liabilities	10	8,202,666.66	4,378,959.68
prepaid expenses	11	6,623,911.19	5,624,204.31
Deferred tax liabilities	12	879,220.00	970,284.17
		35,309,545.29	31,664,214.18

Consolidated income statement for the period from January 1, 2018 to December 31, 2018

	Appendix	2018 €	2017 €
1. Revenue	13	71,216,204.31	66,130,552.96
2. Changes in inventories of finished and unfinished services		189,485.51	20,884.00
3. Other own work capitalized	14	385,342.00	305,217.00
4. Other operating income	15	3,725,730.45	775,769.35
5. Overall Performance		75,516,762.27	67,232,423.31
6. Cost of Materials	16		
a) Expenses for raw materials, auxiliary materials and supplies and for purchased goods		-1,239,507.41	-3,294,334.94
b) Expenses for purchased services		-3,637,477.33	-1,727,861.11
7. Personnel expenses	17		
a) Wages and salaries		-39,418,567.35	-34,512,093.79
b) Social security contributions and expenses for pensions and for assistance		-6,059,690.59	-5,523,112.94
8. Depreciation			
a) Depreciation of intangible assets and property, plant and equipment		-1,850,790.34	-1,839,316.01
9. Other Operating Expenses	18	-17,539,350.20	-16,137,127.25
10. Operating result (EBIT)		5,771,379.05	4,198,577.27
11. Financial Result	19	-5,305.51	-2,740.48
12. Income Taxes	20	-1,177,405.74	-1,549,906.73
13. Earnings after tax		4,588,667.80	2,645,930.06
14. Other Taxes		61,543.58	-55,198.15
15. Net Income		4,650,211.38	2,590,731.91
16. Profit carried forward from the previous year		4,663,049.49	7,595,652.00
17. Allocations to other retained earnings		0.00	-1,000,000.00

	Appendix	2018	2017
		€	€
18. Retained Earnings		9,313,260.87	9,186,383.91

Consolidated cash flow statement for the period from January 1, 2018 to December 31, 2018

	2018	2017	change
	k€	k€	k€
period result	+4,650	+2,591	+2,059
+ Depreciation of fixed assets	+ 1,851	+1,839	+12
+/- Increase/decrease in provisions	-19	+1,293	-1,312
-/+ Gain/loss from the disposal of fixed assets	+2	+122	-120
-/+ Increase/decrease in inventories, trade receivables and other assets that cannot be allocated to investing and financing activities	-1,992	-655	-1,337
+/- Increase/decrease in trade payables and other liabilities that cannot be allocated to investing and financing activities	+4,734	-2,820	+7,554
+/- Income tax expense/income	+ 1,177	+1,550	-373
+/- Income tax payments	-2,203	-569	-1,634
+/- Correction due to interest and dividends	+5	+3	+2
= cash flow from operating activities	+8,205	+3,354	+4,851
+ Proceeds from disposals of property, plant and equipment	+60	+0	+60
Payments for investments in intangible assets and property, plant and equipment	-1,491	-1,217	-274
+ Interest received	+27	+12	+15
= Cash flow from investing activities	-1,404	-1,205	-199
- Interest paid	-32	-15	-17
- Dividends paid to shareholders of the parent company	-4,523	0	-4,523
- Payout Acquisition of own shares	-200	-274	+74
= Cash flow from financing activities	-4,755	-289	-4,466
= Cash change in cash and cash equivalents	+2,046	+1,860	+186
+/- Exchange rate-related change in cash funds	+28	-61	+89
+ Funds at the beginning of the period	+10,828	+9,029	+ 1,799
= Funds at the end of the period	12,902	10,828	+2,074
Composition of cash and cash equivalents	k€	k€	k€
Cash and cash equivalents	12,902	10,828	+2,074

Consolidated statement of changes in equity as of December 31, 2018

of SERgroup Holding International GmbH

	Equity of the PARENT COMPANY		
	issued capital		
	Subscribed capital	own shares	total
	€	€	€
01/01/2017	1,000,000.00	-31,000.00	969,000.00
own shares	0.00	-8,780.00	-8,780.00
Transfer to retained earnings	0.00	0.00	0.00
Currency difference	0.00	0.00	0.00
Group net income	0.00	0.00	0.00
Group comprehensive income	0.00	0.00	0.00
As of 12/31/2017	1,000,000.00	-39,780.00	960,220.00
	Equity of the PARENT COMPANY		
	reserves		
	capital reserve		retained earnings
	€		€
01/01/2017	29,800.00		3,351,449.10
own shares	0.00		-266,220.00
Transfer to retained earnings	0.00		1,000,000.00
Currency difference	0.00		-60,718.24
Group net income	0.00		0.00
Group comprehensive income	0.00		0.00
As of 12/31/2017	29,800.00		4,024,510.86
	Equity of the PARENT COMPANY		
	profit carried forward	Consolidated net income	retained profit
	€	€	
01/01/2017	7,595,652.00	0.00	7,595,652.00
own shares	0.00	0.00	0.00
Transfer to retained earnings	0.00	0.00	-1,000,000.00

	Equity of the PARENT COMPANY		
	profit carried forward	Consolidated net income	retained profit
	€	€	
Currency difference	0.00	0.00	0.00
Group net income	0.00	2,590,731.91	2,590,731.91
Group comprehensive income	0.00	2,590,731.91	2,590,731.91
As of 12/31/2017	7,595,652.00	2,590,731.91	9,186,383.91

Equity of the PARENT COMPANY

	GROUP EQUITY		
	€		
01/01/2017			11,945,901.10
own shares			-275,000.00
Transfer to retained earnings			0.00
Currency difference			-60,718.24
Group net income			2,590,731.91
Group comprehensive income			2,590,791.91
As of 12/31/2017			14,200,914.77

Equity of the PARENT COMPANY

issued capital

	Subscribed capital	own shares	total
	€	€	€
01/01/2018	1,000,000.00	-39,780.00	960,220.00
own shares	0.00	-6,386.00	-6,386.00
distribution	0.00	0.00	0.00
Currency difference	0.00	0.00	0.00
Group net income	0.00	0.00	0.00
Group comprehensive income	0.00	0.00	0.00
As of 12/31/2018	1,000,000.00	-46,166.00	953,834.00

Equity of the PARENT COMPANY

reserves

	capital reserve	retained earnings
	€	€
01/01/2018	29,800.00	4,024,510.86
own shares	0.00	-193,614.00
distribution	0.00	0.00
Currency difference	0.00	26,422.65
Group net income	0.00	0.00
Group comprehensive income	0.00	0.00
As of 12/31/2018	29,800.00	3,863,965.13

Equity of the PARENT COMPANY

	profit carried forward	Consolidated net income	retained profit
	€	€	
01/01/2018	9,186,383.91	0.00	9,186,383.91
own shares	0.00	0.00	0.00
distribution	4,523,334.42	0.00	-4,523,334.42
Currency difference	0.00	0.00	0.00
Group net income	0.00	4,650,211.38	4,650,211.38
Group comprehensive income	0.00	4,650,211.38	4,650,211.38
As of 12/31/2018	4,663,049.49	4,650,211.38	9,313,260.87

Equity of the PARENT COMPANY

	GROUP EQUITY		
	€		
01/01/2018			14,200,914.77
own shares			-200,000.00
distribution			-4,523,334.42
Currency difference			26,422.65
Group net income			4,650,211.38
Group comprehensive income			4,650,211.38
As of 12/31/2018			14,154,214.38

Additional information

€4,714,324.41 (December 31, 2017: €2,402,788.87) is available for distribution to the shareholders.

The name of the parent company is SERgroup Holding International GmbH. Your seat is in Berlin. The company is listed at the register court of Berlin-Charlottenburg under number HRB 154553.

The business activities of the group include the business areas:

- Development of document management systems. The current product suite is sold under the name "DOXiS4".
- Distribution of all these products with a focus on Germany, Austria, Switzerland and the rest of Europe
- Expansion of business with industry-specific solutions (eg: eGovernment, health care, banking sector)

I. Structure of the Consolidated Financial Statements

The consolidated financial statements as of December 31, 2018 were prepared in accordance with the provisions of commercial law, unchanged from the previous year.

The consolidated income statement was prepared using the nature of expense method.

Insofar as use was made of the option of merging items in the consolidated balance sheet and the consolidated income statement, the necessary breakdown has been made in the notes.

II. Accounting and valuation methods

The annual financial statements of the companies included in the full consolidation have been prepared according to uniform accounting and valuation principles. The accounting rules applied by SERgroup Holding International GmbH (SHI GmbH) as the parent company were also observed by the subsidiaries. If the foreign subsidiaries have prepared their financial statements according to different principles, the necessary adjustments for group purposes were made using the mean spot exchange rate as of December 31, 2018, and the income statements were made using the weighted average exchange rate for the respective financial year from Swiss francs, pounds sterling and Polish zloty to euros converted. Equity was converted into euros at the historical exchange rate. The resulting translation differences are recognized in retained earnings.

The asset and debt items are valued in accordance with the provisions of the HGB for corporations and the principles of proper accounting.

The valuation of the asset and liability items takes into account all recognizable risks based on the principles of prudent business judgement.

Capital assets

No research costs were incurred during the fiscal period from January 1 to December 31, 2018. A total of €13,433 thousand (previous year: €11,865 thousand) was spent on development costs. Of this, €385.3 thousand (previous year: €305.2 thousand) was capitalized as internally generated intangible assets.

Intangible assets are capitalized at acquisition cost and amortized on a straight-line basis over their expected useful life of between 3 and 8 years.

Property, plant and equipment are capitalized at acquisition or production cost and depreciated on a straight-line basis over their expected useful lives. Depreciation of property, plant and equipment corresponds to the operational useful life of 3 to 13 years.

Disposals from fixed assets were written off at residual book values.

Low-value fixed assets with acquisition costs of €150.01 to €800.00 are written off in full in the year of acquisition and recorded as disposals.

The financial assets are capitalized at their acquisition costs including ancillary acquisition costs.

Stocks

Work in progress is valued at production cost. The production costs include direct personnel costs for services provided by the company's own employees and the costs actually invoiced for purchased external services. Appropriate parts of the general administration costs were also included in the assessment. The work in progress was valued loss-free according to the conditions on the sales market.

Finished goods and merchandise are capitalized at acquisition cost. The production costs include the individual production costs and appropriate parts of the administrative costs. Risks from the marketability of the inventories were taken into account through appropriate value deductions.

requirements

Trade receivables, receivables from affiliated companies, other assets and bank balances were stated at their nominal value. In the case of trade receivables, recognizable individual risks were taken into account by making individual and general bad debt allowances.

III. Consolidation Principles

scope of consolidation

The subsidiaries listed below were included in the consolidated financial statements of SHI GmbH, Berlin, as the parent company, as of December 31, 2018:

society	Seat	portion	task
SER Solutions Deutschland GmbH (SDE)	Bonn	100%	Sales and implementation of document management solutions
SER Solutions International GmbH (SSI)	Bonn	100%	Sales of software and hardware
SER eGovernment Europe GmbH (SGE) *)	Berlin	100%	Sales and implementation of the Prodea product suite for public sector customers in Germany
SER HealthCare Solutions GmbH (SHC) *)	Bonn	100%	Sales of healthcare solutions
SER Software Technology GmbH (SWT)	Bonn	100%	Development of software (archiving/document management) as well as e-mail and file system archiving
SER Banking Software Solutions GmbH (SBA) *)	Bonn	100%	Sales and implementation of document management solutions, especially for banks and financial service providers
Doxis4 Cloud & Storage Service GmbH (DCS) **)	Neuss	100%	Sales and implementation of products for audit-proof storage of data
SER Solutions Austria GmbH (SOE)	Vienna, Austria	100%	Sales and implementation of document management solutions
SER Solutions Schweiz AG (SCH)	Zurich, Switzerland	100%	Sales and implementation of document management solutions and development of the eGovernment product suite Prodea

	Seat	portion	task
society			
SER Solutions United Kingdom Ltd. (SUK) ***)	London, UK	100%	Sales and implementation of document management solutions
SER Solutions France SARL (SFR) ****)	Paris, France	100%	Sales and implementation of document management solutions
SER Solutions Polska Sp.zoo (SPL) ***)	Warsaw, Poland	100%	Sales and implementation of document management solutions
SER Solutions Iberia SL (SIB) ***)	Madrid, Spain	100%	Sales and implementation of document management solutions

*) indirect participation via SER Solutions Deutschland GmbH

) indirect participation via SER Software Technology GmbH *) indirect participation via SER Solutions International GmbH ****) 99.9% indirect participation via SER Solutions International GmbH

The companies included in the consolidated financial statements within the framework of full consolidation claim exemption from the obligation to prepare, audit and disclose annual financial statements and a management report in accordance with the provisions applicable to corporations pursuant to Section 264 (3) HGB:

- SER Solutions Deutschland GmbH
- SER Banking Software Solutions GmbH
- SER Solutions International GmbH
- SER eGovernment Europe GmbH
- SER HealthCare Solutions GmbH
- SER Software Technology GmbH
- Doxis4 Cloud & Storage Service GmbH

The was not included in the consolidated financial statements in accordance with Section 296 (2) HGB

- OOO SER Software RUS (SRU), Moscow/Russia

The 49% stake in the SRU is held through SSI.

Consolidation principles in detail

Capital consolidation was carried out using the revaluation method. The acquisition costs of the affiliated companies were offset against the proportionate equity of the consolidated subsidiaries. Active differences were reported as goodwill or customer base.

Mutual claims and liabilities between the fully consolidated companies have been eliminated in debt consolidation. With the consolidation of expenses and income, sales, expenses and income from transactions between the companies included in the consolidated financial statements are offset.

Intermediate results from other intragroup deliveries and services were eliminated. Tax deferrals were made on consolidation processes affecting net income.

In 2018, the financial years of the SSI, SUK and SIB were changed to the calendar year. The interim financial statements of SPL (FY. September 1, 2017 to August 31, 2018) were included in the consolidated financial statements based on the reporting date December 31, 2018.

IV. Notes to the consolidated balance sheet

Capital assets

The composition of the fixed assets as well as the classification and development of the acquisition and production costs and the accumulated depreciation of the fixed assets in the consolidated financial statements as of December 31, 2018 are shown in the consolidated fixed asset movement schedule.

(1) Intangible assets

The additions to intangible assets mainly relate to the acquisition of software usage rights and capitalized internally generated software.

(2) property, plant and equipment

The additions to the consolidated statement of changes in fixed assets relate primarily to investments in hardware and office equipment. Currency differences are recorded in the additions or disposals column of the consolidated statement of assets due to immateriality.

(3) Financial investments

The financial assets relate to the following non-consolidated company:

	ownership share in %	Subscribed capital in		equity capital in T€	annual result in T€
		T€	in T€		
OOO SER Software RUS (SRU) Moscow/Russia	49	1.4 *)	11.6 **)		7.6 **)

*) RUB 100,000

**) Rate as of 12/31/2018

current assets

(4) Inventories

	12/31/2018	12/31/2017
	k€	k€
1. Work in progress	695.0	517.4
2. Finished Goods and Merchandise	14.1	73.0
	709.1	590.4

The work in progress relates to order-related services and development work performed for customers up to the balance sheet date. The Group's inventories include hardware inventories and software licenses purchased for resale.

(5) Receivables and Other Assets

12/31/2018

12/31/2017

	12/31/2018	12/31/2017
1. Trade accounts receivable	9,662.4	10,242.7
2. Receivables from affiliated companies	65.3	0.0
3. Other Assets	3,472.1	1,087.0
	13,199.8	11,329.7

Of the other assets, €264.9 thousand (previous year: €639.6 thousand) have a remaining term of more than one year.

Other assets include receivables from shareholders of €0.0 thousand (previous year: €151.2 thousand).

(6) Cash and cash equivalents

In addition to cash on hand, cash and cash equivalents primarily relate to bank balances as of the balance sheet date.

Of the bank balances, €1,141.5 thousand (previous year: €1,014.2 thousand) are pledged in favor of guaranteed credits.

(7) Prepaid expenses

The prepaid expenses essentially include payments for maintenance and license fees, which will only become an expense in the coming financial years.

(8) Equity

As of December 31, 2018, the group reported equity of €14,154.2 thousand (previous year: €14,200.9 thousand). SHI GmbH reports equity of €8,219.1 thousand (previous year: €5,773.1 thousand).

(9) Provisions

	12/31/2018	12/31/2017
	k€	k€
1. Provisions for pensions and similar obligations	110.1	197.6
2. Tax Provisions	1,249.2	2,087.5
3. Other Provisions	4,090.3	4,204.7
	5,449.6	6,489.8

The severance payment obligations of the Austrian subsidiary to its employees are reported under provisions for pensions and similar obligations.

Expected back payments for income taxes were shown in the tax provisions.

Other provisions break down as follows:

	12/31/2018	12/31/2017
	k€	k€
Personnel-related provisions	3,105.3	3,510.9
Business-Specific Provisions	204.2	194.8
Other Provisions	780.8	499.0
	4,090.3	4,204.7

The personnel-related provisions cover all obligations from employees' vacation and variable salary entitlements.

The provisions for business-specific risks essentially include follow-up costs from the project business, warranty and guarantee provisions, and provisions for credit notes that have yet to be issued.

The other provisions mainly include provisions for outstanding invoices, for the storage of business documents and provisions for the costs of the annual and consolidated financial statement audit and the preparation of company tax returns.

(10) Liabilities

	12/31/2018	12/31/2017
	k€	k€
1. Deposits received on orders	1,197.0	957.7
of that:		
remaining term up to one year	1,197.0	957.7
2. Trade Accounts Payable	1,504.6	1,237.4
of that:		
remaining term up to one year	1,504.6	1,237.4
3. Liabilities to affiliated companies	29.0	0.0
of that:		
remaining term up to one year	29.0	0.0
4. Other Liabilities	5,472.1	2,183.8
of that:		
remaining term up to one year	5,472.1	2,183.8
from taxes	2,375.1	1,531.7
in the context of social security	119.9	107.5
	8,202.7	4,378.9

There are liabilities to shareholders in the amount of €0.0k (previous year: €282.4k)

(11) Deferred income

The deferred income essentially results from the deferral of payments for quarterly maintenance invoices, which will only become sales in the coming financial year.

(12) Deferred tax liabilities

The deferred tax liabilities resulting from tax valuation differences were determined using the income tax rate of 32.0% (corporate income tax, solidarity surcharge, trade tax).

Notes to the Profit and Loss Account

(13) Revenue

	2018	2017
	k€	k€
1. Software	15,092.7	16,694.3
2. Hardware	233.4	145.1
3. Maintenance	27,142.9	24,989.3
4. Services	28,409.0	24,169.9
5. Other revenues/discounts	338.3	132.0
	71,216.3	66,130.6

T€ 12,414.2 (previous year: T€ 11,553.1) of the group revenues were generated abroad.

(14) Other own work capitalized

These are self-created intangible assets (software) of SHI.

(15) Other operating income

The item essentially contains income in connection with the sale of the shares. It includes income of T€ 56.2 (previous year: T€ 5.7) from currency translation.

(16) Cost of materials

	2018	2017
	k€	k€
1. Expenses for raw materials, auxiliary materials and supplies and for purchased goods	-1,239.5	-3,294.3
2. Expenses for purchased services	-3,637.5	-1,727.9
	-4,877.0	-5,022.2

(17) Personnel expenses

	2018	2017
	k€	k€
Wages and salaries	-39,418.6	-34,512.1
Social security contributions and expenses for pensions and assistance	-6,059.7	-5,523.1
- of which for pensions and support	-327.4	-357.8
	-45,478.3	-40,035.2

In the reporting period, the group employed an average of 479 (previous year: 430) people. As of December 31, 2018, the Group employed 504 people (12/31/2017: 439).

(18) Other operating expenses

Other operating expenses include expenses of €41.6 thousand (previous year: €57.5 thousand) from currency translation.

The total auditor's fee of EUR 257.3 thousand calculated for the financial year January 1 to December 31, 2018 includes EUR 90.0 thousand in auditing services, EUR 90.0 thousand in other certification services and EUR 77.3 thousand in tax consulting services.

(19) Financial Result

	2018	2017
	k€	k€
1. Other interest and similar income	26.7	11.8
2. Interest and Similar Expenses	-32.0	-14.5
	-5.3	-2.7

(20) Taxes

	2018	2017
	k€	k€
1. Income taxes	-1,177.4	-1,549.9
2. Other taxes	61.5	-55.2
	-1,115.9	-1,605.1

Income taxes include income of €91.1 thousand (previous year: expense of €40.9 thousand) from the consideration of deferred taxes.

Supplementary information

Other Financial Obligations

The other financial obligations existing as of December 31, 2018 relate to rental and leasing costs of €32,359.8k (previous year: €33,204.5k); Of this, T€ 5,908.7 (previous year: T€ 5,756.3) is due for payment within one year.

Information about the organs

The following were appointed as managing directors of SERgroup Holding International GmbH in the financial year:

Kurt Werner Sikora (General Manager)	Berlin
Oswald Freisberg (Sales Manager until December 28, 2018)	Bonn
Manfred Zerwas (Marketing Director until December 28, 2018)	Bonn
Johannes Breuers (CFO since October 16, 2018)	Troisdorf
Sven Oliver Behrendt (Managing Director Operations since October 16, 2018)	frond
dr Gregory Joeris (Managing Director Software Development since December 13, 2018)	Bonn

The total remuneration of the management amounted to EUR 2,556,732.05.

Berlin, March 8, 2019

Kurt Werner Sikora, Managing Director
Johannes Breuers, Managing Director
Sven Oliver Behrendt, Managing Director
Dr Gregory Joeris, Managing Director

Consolidated statement of changes in fixed assets as of December 31, 2018

	Acquisition and production costs			As of 12/31/2018 EUR
	Status 01.01.2018 EUR	Access EUR	departure EUR	
	I. Intangible assets			
1. Self-created industrial property rights and similar rights and values	4,461,552.00	385,342.00	0.00	4,846,894.00
2. Concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	12,732,525.97	27,309.00	670.00	12,759,164.97
3. Goodwill	5,522,009.66	0.00	1.00	5,522,008.66
Total intangible assets	22,716,087.63	412,651.00	671.00	23,128,067.63
II. Tangible assets				
1. Land, land rights and buildings, including buildings on third-party land	2,820,239.16	128,013.30	7,718.15	2,940,534.31
2. Other facilities, fixtures and fittings	6,755,240.03	952,116.88	438,984.95	7,268,371.96
Total property, plant and equipment	9,575,479.19	1,080,130.18	446,703.10	10,208,906.27
Total intangible assets and property, plant and equipment	32,291,566.82	1,492,781.18	447,374.10	33,336,973.90
III. financial assets				
Shares in affiliated companies	9,980.65	0.00	0.00	9,980.65
Total financial assets	9,980.65	0.00	0.00	9,980.65
CAPITAL ASSETS	32,301,547.47	1,492,781.18	447,374.10	33,346,954.55
		Accumulated depreciation		
	Status 01.01.2018 EUR	Access EUR	departure EUR	As of 12/31/2018 EUR
I. Intangible assets				
1. Self-created industrial property rights and similar rights and values	1,042,428.00	492,428.00	0.00	1,534,856.00
2. Concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	12,079,163.67	261,774.70	1,686.00	12,339,252.37
3. Goodwill	5,493,457.96	18,031.99	0.00	5,511,489.95
Total intangible assets	18,615,049.63	772,234.69	1,686.00	19,385,598.32
II. Tangible assets				
1. Land, land rights and buildings, including buildings on third-party land	1,429,401.16	332,336.30	7,718.15	1,754,019.31
2. Other facilities, fixtures and fittings	4,392,242.22	746,219.35	374,627.80	4,763,833.77
Total property, plant and equipment	5,821,643.38	1,078,555.65	382,345.95	6,517,853.08
Total intangible assets and property, plant and equipment	24,436,693.01	1,850,790.34	384,031.95	25,903,451.40
III. financial assets				
Shares in affiliated companies	0.00	0.00	0.00	0.00
Total financial assets	0.00	0.00	0.00	0.00
CAPITAL ASSETS	24,436,693.01	1,850,790.34	384,031.95	25,903,451.40
		residual values		
			12/31/2018 EUR	12/31/2017 EUR
I. Intangible assets				
1. Self-created industrial property rights and similar rights and values			3,312,038.00	3,419,124.00
2. Concessions, industrial property rights and similar rights and values as well as licenses to such rights and values			419,912.60	653,362.30
3. Goodwill			10,518.71	28,551.70
Total intangible assets			3,742,469.31	4,101,038.00
II. Tangible assets				
1. Land, land rights and buildings, including buildings on third-party land			1,186,515.00	1,390,838.00
2. Other facilities, fixtures and fittings			2,504,538.19	2,362,997.81
Total property, plant and equipment			3,691,053.19	3,753,835.81
Total intangible assets and property, plant and equipment			7,433,522.50	7,854,873.81
III. financial assets				
Shares in affiliated companies			9,980.65	9,980.65

	residual values	
	12/31/2018	12/31/2017
	EUR	EUR
Total financial assets	9,980.65	9,980.65
CAPITAL ASSETS	7,443,503.15	7,864,854.46

Independent Auditor's Report

To SERgroup Holding International GmbH, Berlin

audit opinions

We have the consolidated financial statements of SERgroup Holding International GmbH, Berlin, and its subsidiaries (the Group) - consisting of the consolidated balance sheet as of December 31, 2018, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from January 1, 2018 by December 31, 2018 and the notes to the consolidated financial statements, including the presentation of the accounting and valuation methods. In addition, we have audited the group management report of SERgroup Holding International GmbH, Berlin, for the financial year from January 1, 2018 to December 31, 2018.

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

- The attached consolidated financial statements comply in all material respects with German commercial law and, in compliance with German generally accepted accounting principles, provide a true and fair view of the Group's net assets and financial position as of December 31, 2018 and its results of operations for the fiscal year from January 1, 2018 until December 31, 2018 and
- the attached group management report as a whole provides an accurate picture of the group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

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

Basis for the test results

We conducted our audit of the consolidated financial statements and the group management report in accordance with Section 317 HGB, taking into account the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under these regulations and principles is further described in the "Auditor's responsibility for the audit of the consolidated financial statements and group management report" section of our auditor's report. We are independent of the group companies in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe

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

The legal representatives are responsible for the preparation of the consolidated financial statements, which comply with the German commercial law provisions in all material respects, and for the fact that the consolidated financial statements, in compliance with the German principles of proper accounting, give a true and fair view of the asset, financial and earnings situation of the company mediated by the group. Furthermore, the legal representatives are responsible for the internal controls which they have determined to be necessary in accordance with German generally accepted accounting principles in order to enable the preparation of consolidated financial statements that are free from material - intentional or unintentional - misstatements.

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

In addition, the legal representatives are responsible for the preparation of the group management report, which as a whole provides a suitable view of the group's position and is consistent with the consolidated financial statements in all material respects, complies with German legal requirements and suitably presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) they have deemed necessary to enable the preparation of a group management report in accordance with the applicable German legal provisions and to be able to provide sufficient suitable evidence for the statements in the group management report.

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

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

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

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

- We identify and assess the risks of material - intentional or unintentional - misstatements in the consolidated financial statements and the group management report, plan and perform audit procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to serve as a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is greater than that arising from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- We gain an understanding of the internal control system relevant to the audit of the consolidated financial statements and the precautions and measures relevant to the audit of the group management report in order to plan audit procedures that are appropriate in the given circumstances, but not with the aim of providing an audit opinion on the effectiveness of these to deliver systems.
- we evaluate the appropriateness of the accounting methods used by the legal representatives as well as the justifiability of the estimated values presented by the legal representatives and the related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that cast significant doubt on the Group's ability to continue as a going concern can raise. If we conclude that there is a material uncertainty, we are required to draw attention to the related disclosures in the consolidated financial statements and group management report in the auditor's report, or if this information is inappropriate, to modify our respective audit opinion. We base our conclusions on the audit

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in such a way that the consolidated financial statements, in compliance with German legally required accounting principles, give a true and fair view of the assets, financial and results of operations of the group.
- we obtain sufficient appropriate audit evidence for the accounting information of the companies or business activities within the group in order to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We bear sole responsibility for our audit opinions.
- We assess the consistency of the group management report with the consolidated financial statements, its compliance with the law and the view of the group's position that it gives.
- we perform audit procedures on the future-oriented information presented by the legal representatives in the group management report. On the basis of sufficiently suitable audit evidence, we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not provide a separate audit opinion on the future-oriented information and the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Cologne, April 16, 2019

**Sauerland Rybka und Partner mbB
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft**

Wolfgang Rogalli, auditor

Philipp Heimbach, auditor

Other part of the report

The annual financial statements were approved on June 18, 2019.
