



Annual Report

2019

 **weclapp**



weclapp SE (IFRS)		Year-on-year comparison		Change in %
		1 January–31 December 2019	2018	
Revenues	(in EUR million)	4.65	3.03	53.47
EBITDA (earnings before interest, taxes and amortisation)	(in EUR million)	1.26	0.81	55.56
EBIT (earnings before interest and taxes)	(in EUR million)	1.09	0.76	43.42
EBT (earnings before tax)	(in EUR million)	1.04	0.71	46.48
Net earnings for the period	(in EUR million)	1.30	1.36	–4.41
Total assets	(in EUR million)	3.64	1.49	144.30
Free cash flow	(in EUR million)	1.64	1.11	47.75

”

*weclapp is not just some enterprise software,  
some technical gimmick.*

*It's a philosophy, a spirit.*

*It's about teams and collaboration.*

*It's about speed and comfort.*

*It's about efficiency and customer delight!*

*Once you enter this smart universe,  
once you embark on weclapp,  
your business will never be the same again.*

Ertan Özdil



Rounding differences may occur in texts, tables and charts for arithmetic reasons.



# Annual Report 2019

## Contents

<b>3</b>	<b>Management Report</b>
4	Background Information
8	Economic report
23	Forecast, opportunities and risk report
34	Internal control system and risk management system related to the accounting process
36	Financial and non-financial performance indicators
41	Events after the reporting period
42	Remuneration Report
45	Responsibility Statement
<b>47</b>	<b>Financial Statements for the financial year 2019</b>
48	Statement of financial position
50	Statement of income
51	Statement of comprehensive income
52	Statement of changes in equity
54	Statement of cash flows
56	Notes
102	Independent Auditor's Report
<b>107</b>	<b>Other Information</b>
108	Contact/Imprint
109	Disclaimer







# Management Report

4 Background Information

8 Economic report

23 Forecast, opportunities and risk report

34 Internal control system

36 Financial and non-financial performance indicators

41 Events after the reporting period

42 Remuneration Report

45 Responsibility Statement



## Background Information

### Business model

weclapp SE is a public limited company under European law (Societas Europaea) with a two-tier board system consisting of a Management Board and a Supervisory Board. weclapp's head office is situated in Frankfurt am Main. Its predecessor company was founded in 2008 under the name of SEGAL Systems GmbH and was renamed as weclapp GmbH in 2012.

weclapp GmbH was merged to form a European public limited company under European law in the financial year 2019 and renamed. It has traded under the name of weclapp SE since then.

In the following, therefore, the entire restructuring and the subsequent course of business will be presented – analogous to a reverse acquisition – under continuation of the economic conditions as they had been conducted by weclapp GmbH so far. The business operations of weclapp GmbH were continued uninterrupted within weclapp SE. The absorbing company did not have any operating activities of its own. Therefore, the economic situation of weclapp SE in the fiscal year 2019 is comparable to that of weclapp GmbH in 2018.

### Business model

The company's business purpose is the development and sale of software and the running of all related ancillary business.

weclapp SE develops and operates a cloud-based transaction platform for corporate software. It offers software as a service (SaaS) with a special focus on ERP (enterprise resource planning) and CRM (customer relationship management) systems mainly to small and mid-sized companies (SMEs). Clients are able to conduct their daily business transactions entirely via the weclapp platform, allowing teams to optimize and streamline their work processes. With this, companies are able to utilise their resources in a more efficient way and focus on the essentials of the business. The service portfolio currently comprises three different packages which can be used on a monthly basis respectively or with one- or two-year contracts against a license fee. The resulting long-term commitments facilitate short- and medium-term financial planning.

Clients have unrestricted access to their business transactions and data from any Internet compatible device and from anywhere with a network connection.

The software can essentially be used by companies within all industries with product and service offerings of any kind. The largest client groups currently consist of retail and service companies, which includes consultants in particular, as well as advertising and other agencies specialising in communication.

The weclapp software is integration and add-on compatible. Integrations and add-ons to the system specific to a defined sector are not only implemented by weclapp SE's development team but also by partners and customers. The open source community actively contributes to expanding the scope of performance as well as to connecting up peripheral devices and software on a running basis through programming its own functionalities.

The Management Board has declared expanding the software to embrace components of machine learning and the use of artificial intelligence as a key strategic objective. weclapp SE employees are already working on the first algorithms. Putting together a team for basic academic research in a collaborative effort with the University of Würzburg is at the preparatory stage.

weclapp has leased capacity in data centres in Frankfurt am Main, Karlsruhe, and Zürich for the purpose of operating software which is run to manage and secure our client and operating data. The system is fully certified in accordance with ISO 27001. The existing hardware and software capacities enable further growth in the context of multi-year planning, with an unbounded potential for expanding capabilities.

weclapp is striving to take a leading position in the German, European and international market for cloud-based corporate software. It pursues a multi-pronged sales strategy to achieve this goal. Firstly, it is developing current online marketing on an ongoing basis, stepping up measures and adapting it to other languages and countries. Secondly, it is in the process of building up a sales partner network to accelerate endeavours to win new clients. Partners are mostly IT service providers that, for their part, use weclapp as an ERP solution in their own companies and offer it to their customers in combination with their own product and service range. Thirdly, it has begun the process of adapting sales solutions to countries and regions outside Germany in order to forge ahead with internationalizing its business.

Along with user licenses and processing power, flanked by providing advice on using its software, weclapp SE offers extensive customer support. weclapp's professional service team supports clients during the implementation phase and the integration of weclapp into existing business processes, as well as with linking up third-party software and hardware through weclapp's own open interfaces (REST APIs).

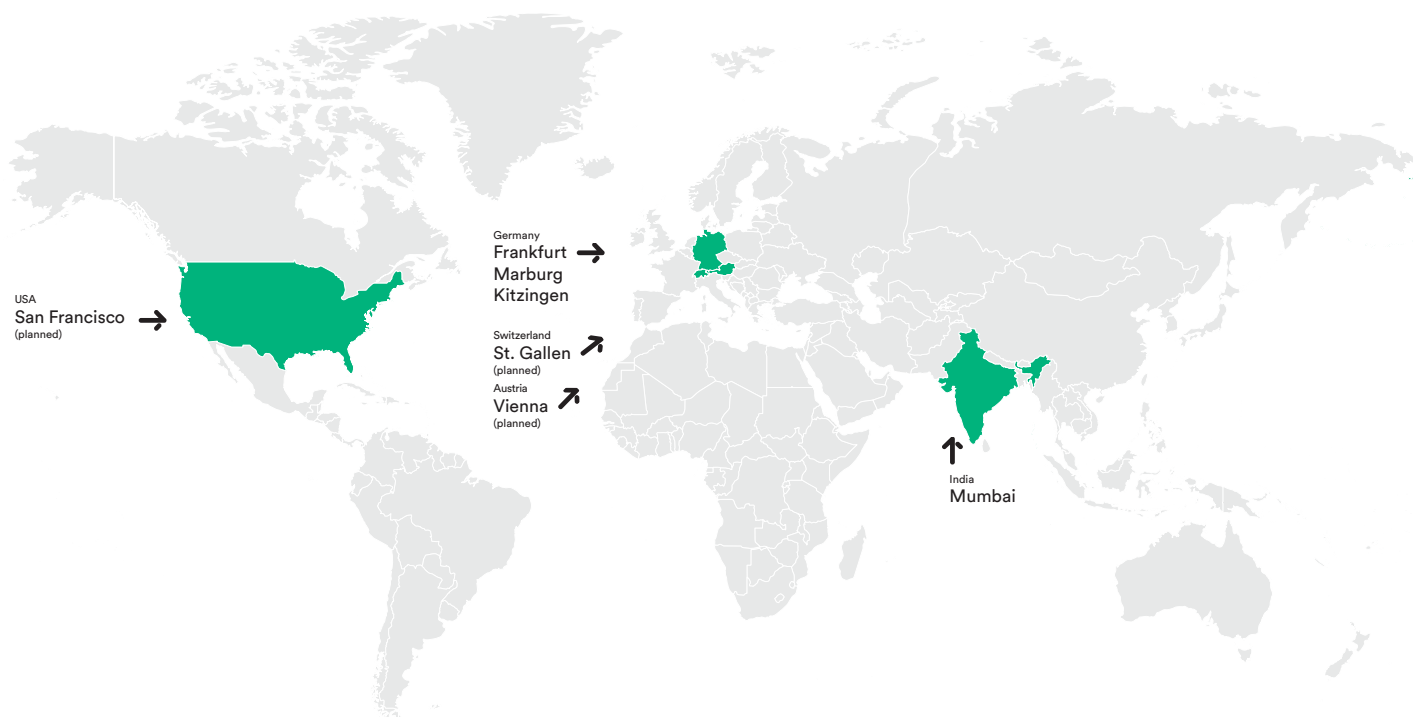
weclapp SE uses the services of 3U HOLDING AG, its parent company, for key administration processes, specifically in the areas of finance, controlling and accounting, along with the Legal and Personnel departments.



## Key locations

At the start of the financial year 2019, weclapp maintained subsidiaries in Marburg and Kitzingen. weclapp SE's marketing, product management and customer support operate primarily out of Marburg. Research and development are concentrated in the Kitzingen location. A further location was opened in Frankfurt am Main on 26 February 2019 where the company has maintained its head office since being merged to form the SE. Other, also international, locations are at the planning stage.

ESTREMO TECHNOLOGIES PRIVATE LIMITED, up to 31 December 2019 named KLESA Systems Ltd., a partner company situated in Mumbai, India, employs a team of software developers who work exclusively for weclapp.





## Management and control system

As a company within the 3U Group, weclapp SE is incorporated into the groupwide management system. Similar to the 3U Group's structure and organisation, weclapp SE's structure and processes are subject to continuous monitoring and improvement. Ongoing adjustments to the organisation structures ensure clear accountability. Responsibilities within the monitoring, planning and management system are clearly defined.

The monitoring and planning system essentially consists of management information and risk reporting on a monthly basis. In addition, a monthly overview of the degree to which goals have been achieved and the development of liquidity facilitates supervision and control by the Management Board. Collecting and monitoring these data also form part of weclapp SE's internal management and control in line with professional standards.

The Management Board and the Supervisory Board confer regularly on meeting sales forecasts and EBITDA targets, as well as the profit or loss for the following twelve months. Planning for the subsequent two financial years is based on the detailed planning of the first planning year. The assumptions for revenue planning are prepared in a process of consultation with the teams responsible for sales, marketing, product management, along with research and development; regulatory developments which are foreseeable and trends in the sector are incorporated at market level. Changes relevant to earnings are communicated through direct and up-to-date ad-hoc reporting between the Management Board and the Supervisory Board.



The general economic development impacts the investment propensity of companies and private households. In the company's environment, the economic trend impacts more on demand for suitable corporate software that enables newly founded as well as mid-sized Company to optimise and automate their business processes with a view to gaining or safeguarding competitive advantage.

Measured on a global scale, growth in economic and commercial activity was slower in 2019 than in the previous years. This also applies to Germany where gross domestic product expanded but only by a mere 0.6 % (GDP growth in 2018: 1.5 %). Here it is evident that industrial enterprises and export-oriented companies in particular were unable to sustain the growth momentum seen in the previous years. Factors of influence include the trade dispute between the US and China, the United Kingdom's withdrawal from the European Union, as well as difficulties experienced by Germany's automotive industry in its attempts to adjust to changed consumer patterns.

This situation was offset by positive developments in other sectors: First and foremost, sustained brisk building activity, private consumption and the services sector contributed to lifting the gross domestic product. This scenario also ensured high employment figures, accompanied by a decline in unemployment, as well as higher wage and salary levels.

While, at the start of the current financial year 2020, the situation and prospects in the manufacturing sector were assessed more confidently than before, as opposed to the services and construction sectors with a more sceptical view of the future, the situation has deteriorated considerably since the outbreak and ongoing Corona epidemic. The prevailing uncertainty about the duration and consequences of the public health measures makes an informed assessment about the economic consequences difficult – also for weclapp clients, and therefore for the company's own business.

The prospects for weclapp SE's development, at the latest when the current restrictions on business are lifted, can nevertheless be assessed positively. weclapp's cloud-based ERP platform which goes by the same name meets market expectations exceptionally well, as can be seen from the company's revenue growth since entering the market.

Cloud computing is a technology that underpins digital transformation. This technology confers huge efficiency gains on companies, and is very often adopted as the basis for new business models in the digital economy. From a user standpoint, cloud computing is defined as the needs-driven use of IT services, such as software, storage or processing power, via platforms and third-party networks.

In the financial year 2019, weclapp SE (formerly weclapp GmbH until 1 August 2019) offered primarily SMEs in Germany access to its cloud-based corporate software of the same name against a flat-rate fee. This access enabled customers to map and manage key processes in their operations in a consistent and uniform way with the aid of a single application.

ERP systems are used to streamline the value-added processes of a company and make them more efficient, while enabling the ongoing optimisation of entrepreneurial and operational workflows.

As opposed to the past when the ERP market was dominated by on-premise solutions installed in storage locations belonging to a company with systems maintained on site, cloud-based solutions are gaining traction in terms of their market share. From a user standpoint, these solutions excel as there is significantly less effort involved in implementation and access is simpler using popular, Internet-enabled devices, which includes mobile devices. Moreover, the use of cloud applications does not generally require trained internal IT personnel, and dispenses with maintenance such as installing updates and patches.

Furthermore, central data storage via the cloud-based platform enables cooperation between companies and, in particular, the development and the use of self-learning algorithms (machine learning, artificial intelligence).

This disruptive development is also triggering a profound change in the provider structure on the German and international market for ERP solutions. In Germany alone, there are currently more than 500 companies operating as providers of ERP solutions. These providers offer almost exclusively on-premises solutions which frequently originate in the early 1990s. Companies offering competitive and genuinely cloud-based platforms are few and far between. In the opinion of management, weclapp SE therefore has a tangible competitive advantage.

With its strategic target groups of small and mid-sized companies and its focus on ERP, weclapp is addressing a growing market with its software of the same name. Germany's business register shows that SMEs account for the majority of the stock of enterprises with a share of 99.5 % in the group of 3,482 companies. Almost half (47.6 %) of these companies operate in the services sector, with 25 % in retail and gastronomy. With the number of start-ups a year consistently above the 300,000 mark, the core customer segment harbours a persistently high potential for the initial installation of corporate software or for migrating from a traditional to a cloud-based solution.



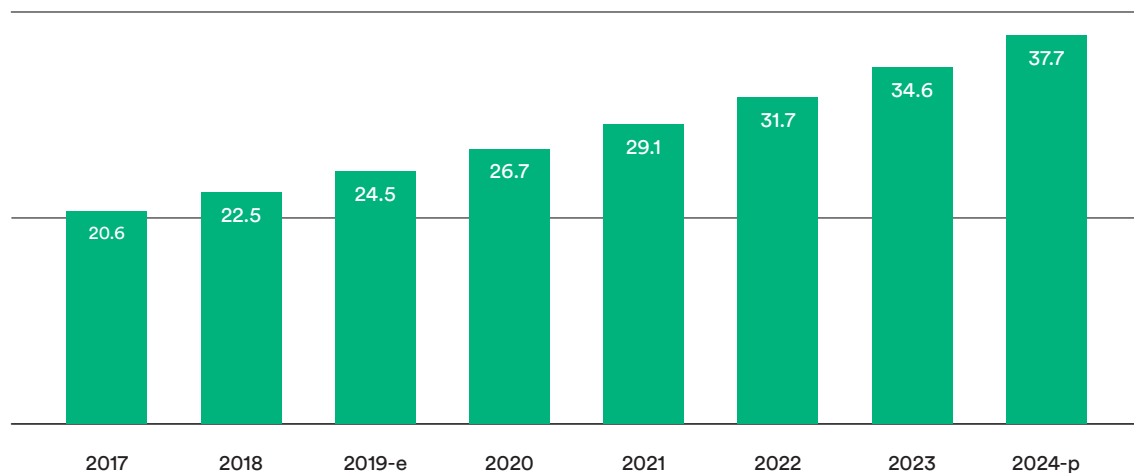
Along with the general development of the market for ERP systems and the competitiveness and performance capability of the weclapp solution, success depends on the willingness of customers and interested parties to create, to store and to work with their business processes and data on an external platform (cloud).

The advantages of cloud-based solutions at a technical, financial and structural level make the use of holistic ERP systems attractive to small and mid-sized companies as well. The greater acceptance of cloud applications in general by senior executives is also a contributing factor.

According to the most recent representative survey of Bitkom Research GmbH conducted on behalf of KPMG AG, just under three quarters (73 %) of all companies were using computing capacity from the cloud in 2018 (2017: 66 %). Another 19 % of companies are planning to use cloud computing, or are at least at the discussion stage (2017: 21 %). The group of sceptics who do not attribute importance to the topic of cloud computing has diminished to a mere 8 % (2017: 13 %).

The trend towards using cloud-based ERP solutions is generating steady market growth on a global scale. MarketsandMarkets analysts predict an average annual growth (CAGR) of 9 % through to 2024 and anticipate global sales of USD 37.7 billion. This trend is also likely to coincide with the growing use of home office and shared workspaces.

*Global Cloud-ERP-revenue forecast (in USD bn.)*



Source: MarketsandMarkets

This positive development in the market and in the sector is conducive to weclapp SE's strategy and may promote the achieving of the ambitious corporate goals. weclapp's expansion strategy provides for organic growth as well as growth through acquisitions of customer bases or entire companies.





## Business development

Over the course of the financial year 2019, further measures were taken to achieve the key strategic goals. Special emphasis was placed on the further development of the weclapp platform, expanding sales channels through a partner network and promoting strong organic growth, flanked by initiatives to acquire competitors and client bases.

### Changes to the corporate structure

Along with other options to finance growth, the Management Board of weclapp SE and 3U HOLDING AG as the majority shareholder are investigating a possible launch on the stock exchange. With a view to ensuring the fungibility of shares at an early stage, the transition to a public limited company took place as follows: the shareholders of weclapp GmbH acquired Atrium 141. Europäische VV SE before the end of the financial year 2018. The preparation of an independent valuation report was commissioned by the competent registry court as part of the merger between weclapp GmbH and Atrium 141. Europäische VV SE, along with the renaming of the company as weclapp SE. This valuation report estimated the enterprise value of weclapp SE at EUR 70.3 million as of 1 January 2019. Over the course of the merger, the share capital was raised by EUR 70 million, with no changes to the weighting of the shareholders' voting rights. The shareholders consist of 3U HOLDING AG (approximately 75 % of the voting rights) and founder and CEO Ertan Özdil (approximately 25 % of the voting rights).

### Sales and marketing

In August 2019, the website was redesigned to make it faster, more user friendly, easier to navigate and optimised for mobile devices. Along with the website's facelift, the corporate design was also changed to enhance international comprehensibility and clarity. Furthermore, [www.weclapp.se](http://www.weclapp.se), a new website for corporate information, was also launched.

In the autumn of 2019, weclapp was among the finalists taking part in the "ERP System of the Year" initiated by Potsdam University's Center for Enterprise Research. The jury, which was made up of representatives from the consulting, press and scientific communities, highlighted the open platform, its flexibility, customizing capability and intuitive usability as positive features.

With a move towards winning larger clients as well, weclapp SE presented itself at a total of eleven domestic trade fairs.

The online marketing strategy to date was expanded to include cooperation with sales partners and reinforced by the introduction of weclapp training sessions for partners. The first event took place in April 2020. The partners generally come from the sector of mid-sized IT system houses. They implement weclapp in the existing IT structures of their clients and, if required, program interface components using weclapp's APIs.

In December 2019, agreements were signed to set up a computer centre in Zürich for the purpose of offering Swiss companies the possibility of hosting their data in their own country. As a non-EU country speaking several languages, the Swiss market is a strategic milestone in the internationalisation of weclapp SE's business.

The process of internationalisation is also being promoted by gradually adapting the successful online marketing concept in Germany to selected European markets.

Next in line are Austria, France, UK, Italy, Spain, Poland and the Netherlands. Along with online marketing, weclapp is poised to develop an active network of partner companies in these countries, as is customary in the sector.

## Research and Development

Since its founding, weclapp as a cloud-based ERP software has operated as an innovation pioneer in the area of data processing, usage and storage. At the same time, it is also active in the field of future research for the deployment of artificial intelligence and new work (agility). Establishing an Artificial Intelligence Cluster is at the planning stage in cooperation with the Faculty for Business Administration and Business Informatics under the supervision of Prof. Dr. Axel Winkelmann. Close collaboration between universities and companies and the interplay between practical requirements and basic research allows the results of research to be directly incorporated into product development. Cross-pollination takes place between academic research and forward looking applications and results in highlighting the commercial aspects of innovative research approaches. weclapp is already represented in Germany's largest ERP laboratory of the Julius Maximilian University of Würzburg and its Faculty of Business Management and Economics.



## Results of operations

As mentioned above, weclapp SE is the result of a merger with the former weclapp GmbH into a company under European law, which took place in the financial year 2019.

The balance sheet as at 31 December 2019, therefore, coincides with the first-time adoption of IFRS. In accordance with IFRS 1.21, it is therefore presented together with the comparative balance sheet as at 31 December 2018. As a reference, the presentation is supplemented by the opening balance of 1 January 2018.

### Revenue

In the financial year, weclapp SE (until 1 August 2019: weclapp GmbH) raised revenues by EUR 1.61 million (53.5 %), from EUR 3.03 million to EUR 4.65 million compared with the previous year.\*

weclapp generates revenues firstly through regular lease payments remitted by clients for the use of its cloud-based ERP platform of the same name, and secondly by offering services which customers use on a one-off basis. The main items here were individual software developments, on the one hand, and partner and online training, on the other. weclapp views widening the scope of its service offering as a potential factor for future revenue growth.

The major part of revenue nevertheless originates from revenues generated through business with regular clients. weclapp achieved EUR 4.33 million from recurrent lease payments from clients for the use of its platform in the financial year 2019 (2018: EUR 2.97 million).

Average revenue per account (ARPA) rose from EUR 130 in January to EUR 149 in December 2019. Part of management strategy is to target clients in the segment of medium-sized to larger companies which require more licences than micro and small enterprises. Implementing this strategy will also increase the average revenue per customer beyond the financial year 2019.

Sales revenue comprises sales with other Group companies of the parent company 3U HOLDING AG amounting to EUR 0.18 million. In the previous year, revenues generated with Group companies were only very limited. Along with expediting projects within the Group in the online marketing business, revenue results mainly from projects with companies in the Group's SHAC segment (Sanitary, Heating and Air Conditioning Technology) for the purpose of

\*Percentage figures refer to the figures rounded to EUR million as used in the management report.

developing an innovative inventory management system with components of machine learning and intelligent forecasting.

The change in the inventories of finished goods and work in progress amounting to EUR 0.11 million (2018: EUR 0.0 million) pertains above all to unfinished software development from an IT consulting project.

The cost of materials at weclapp is low due to its business model.

Revenue increase:  
**+53.5 %**

## EBITDA

Personnel expenses increased by EUR 0.92 million (55.4 %) to EUR 2.58 million in a year-on-year comparison. This sharp increase is attributable to recruiting personnel on a regular basis to accommodate the company's growth, higher requirements for employees in Sales and Marketing, as well as in telephone support and in the Professional Services Team. The personnel expenses ratio of 55.5 % was recorded at the year-earlier level (2018: 54.5 %).

Other operating expenses climbed by EUR 0.38 million (60.3 %) to EUR 1.01 million in comparison with the previous year (2018: EUR 0.63 million). The cost of internal services provided in the areas of law, personnel, finance and IT operations increased by TEUR 90, from TEUR 111 in the financial year 2018 to TEUR 201 in the reporting period due to business growth. Sourcing external services for the software development activities from the IT team in Mumbai (India), which works exclusively for weclapp, remained at the year-earlier level of TEUR 110. The cost



of leasing capacities in computer centres advanced to TEUR 79 (2018: TEUR 48). Setting up the new sales channel also resulted in the expense of commissions paid to sales partners rising by TEUR 40 to TEUR 55 (2018: TEUR 15).

At EUR 1.26 million, EBITDA grew EUR 0.45 million (55.6 %) compared with the previous year (2018: EUR 0.81 million). The EBITDA margin as percentage of revenues stood at 27.1 % in the financial year 2019, up slightly compared with the previous year (2018: 26.7 %).

EBITDA:  
**+55.6 %**

### **Result for the period**

Depreciation and amortisation of EUR 0.17 million was carried out in 2019 (2018: EUR 0.04 million). In the 2019 financial year, depreciation and amortisation for the first time included amortisation of the right of use to be recognised under IFRS at EUR 0.13 million. The low, negative other financial result fell only marginally short of the previous year's period.

Tax income came in at EUR 0.26 million (2018: EUR 0.65 million).

weclapp SE achieved a result for the period of EUR 1.30 million in the financial year 2019, compared with EUR 1.36 million in 2018.



### Cash flow statement

For the purpose of presenting the cash inflow and outflow in the financial year, the result for the period of EUR 1.30 million was adjusted in a first step for non-cash expenses and cash inflows and outflows from changes in assets and liabilities.

Besides the low amount of write-downs due to the nature of the business, the increase in trade payables of EUR 0.24 million (2018: EUR 0.01 million) in particular and higher other liabilities amounting to EUR 0.78 million (2018: EUR 0.49 million), both of which were largely due to payments received from long-term contracts, contributed to the cash flow from operating activities. A counter effect emanated from the development of inventories as well as trade receivables with a cash outflow of EUR 0.48 million, mainly for IT consulting projects under way (low cash inflow in 2018). The cash inflow from operating activities totalled EUR 1.74 million in the financial year 2019 (2018: EUR 1.24 million)

Investments, mainly for information technology, equipping workstations and for software usage rights, were only marginal also for reason of the business. The cash outflow from investment activities stood at EUR 0.10 million (2018: EUR 0.13 million).

The cash flow from financing activities is essentially determined by the repayment of a loan extended by the parent company originating from weclapp's start-up phase. In view of the good financial position, an amount of EUR 1.32 million was paid to service this loan, which is EUR 0.27 million more than in 2018 (EUR 1.05 million). The cash outflow from financing activities amounted to EUR 1.44 million in total (2018: EUR 1.05 million). Free cash flow rose from EUR 1.11 million in 2018 to EUR 1.64 million in the financial year 2019.

All in all, cash and cash equivalents climbed by EUR 0.20 million, from EUR 0.30 million at the start of the period to EUR 0.50 million as at 31 December 2019.



Cash flow statement (in TEUR)	Financial year	
	1 January–31 December 2019	2018
Cash flow	203	56
Cash flows from operating activities	1,745	1,240
Cash flows from investing activities	–103	–134
Cash flows from financing activities	–1,439	–1,050
Total changes in cash and cash equivalents	203	56
Cash and cash equivalents at beginning of period	300	244
Cash and cash equivalents at year end	503	300

## Liabilities

Cash and cash equivalents were offset by current financial liabilities of EUR 1.84 million as of 31 December 2019 (31 December 2018: EUR 3.15 million). There were no non-current financial liabilities. As a result, net debt declined from EUR 2.85 million on 31 December 2018 to EUR 1.33 million on 31 December 2019.

The non-current and current lease liabilities carried in an amount of EUR 0.30 million as of 31 December 2019 are attributable to the first-time adoption of IFRS 16, and were offset by capitalised usage rights in the same amount. These are essentially effects relating to the leasing of office premises.

Hidden reserves were disclosed in the process of merging weclapp GmbH into an SE. The resulting tax gains were essentially offset against tax loss carryforwards. This exercise was limited by minimum taxation which was nevertheless applied, resulting in an income tax liability amounting to EUR 0.8 million as of 31 December 2019.

In accordance with the business model, weclapp receives advance payments from its clients for long-term contracts which entitle them to use its cloud-based ERP platform. Depending on the residual term of the contracts this results in non-current and current liabilities. As of 31 December 2019, non-current other liabilities stood at EUR 0.88 million (residual term >1 year; 31 December 2018: EUR 0.26 million), and current other liabilities at EUR 1.79 million (residual term <1 year; 31 December 2018: EUR 1.62 million). The increase in this item is attributable to the higher volume of business activities. Trade payables came in at EUR 0.29 million

(31 December 2018: EUR 0.06 million). This item essentially comprises pending work in IT consulting projects.

No provisions were formed.

## Equity

Upon the merger, the negative result carried forward under German commercial law and the capital reserve of weclapp GmbH were absorbed (31 December 2018: EUR 0.25 million and EUR –5.83 million respectively). At the same time, the capital of the SE was raised by EUR 70 million. The difference between the valuation of the company transferred and the net asset value of the assets and liabilities obtained as shown in the balance sheet is accounted for through recognising an adjustment item of EUR –73.70 million.

weclapp SE's equity capital as of 31 December 2019 therefore breaks down as follows: Subscribed capital of EUR 70.12 million is offset by the resulting adjustment item from the merger and capital increase reported in "Other equity items", as well as the result of EUR 1.30 million (profit contribution as of 31 December 2018: EUR 1.36 million). Equity capital therefore amounts to EUR –2.29 million (31 December 2018: EUR –3.60 million). The negative equity is still attributable to the losses incurred during the start-up phase and has been consistently reduced over the course of several years. Based on the current business activity, guidance for the financial year 2020 and the medium-term planning, the Management Board assumes that the company will have achieved a positive equity position as under IFRS standards again by 31 December 2021.



## Asset position

Overview of balance sheet items	31 December 2019		31 December 2018	
	TEUR	%	TEUR	%
<b>Non-current assets</b>	<b>2,415</b>	<b>66.4</b>	<b>961</b>	<b>64.5</b>
Fixed assets	469	12.9	111	61.9
Deferred tax assets	1,937	53.3	845	2.2
Other non-current assets	9	0.2	5	0.4
<b>Current assets</b>	<b>1,222</b>	<b>33.6</b>	<b>528</b>	<b>35.5</b>
Inventories	107	2.9	0	9.4
Trade receivables	576	15.9	209	5.9
Other current assets	36	1.0	19	3.7
Cash and cash equivalents	503	13.8	300	16.5
<b>Assets</b>	<b>3,637</b>	<b>100.00</b>	<b>1,489</b>	<b>100.00</b>
<b>Non-current liabilities</b>	<b>-1,276</b>	<b>-35.1</b>	<b>-3,337</b>	<b>-224.1</b>
Equity	-2,287	-62.9	-3,597	-241.6
Provisions and liabilities	1,011	27.8	260	17.5
<b>Current liabilities</b>	<b>4,913</b>	<b>135.1</b>	<b>4,826</b>	<b>324.1</b>
Trade payables	1,835	50.5	3,150	211.5
Other provisions and liabilities	3,078	84.6	1,676	112.6
<b>Liabilities</b>	<b>3,637</b>	<b>100.0</b>	<b>1,489</b>	<b>100.0</b>

### Assets

The merger of weclapp GmbH with weclapp SE was carried out at an interim value for tax purposes. In this interim valuation, hidden reserves were disclosed mainly to the extent that the resulting tax result could be offset by losses carried forward. A tax expense was only incurred in the amount of the so-called minimum taxation. In future, the disclosed hidden reserves will lead to tax depreciation potential in the tax balance sheet, which will reduce the taxable result. The continuation of the book values in the IFRS financial statements resulted in temporary differences compared with the tax balance sheet. Deferred tax assets of EUR 1.66 million were recognised for these temporary differences as of 31 December 2019. A further

EUR 0.28 million in deferred tax assets were recognised due to the expected utilisation of tax loss carryforwards resulting from the 2019 financial year.

Intangible assets largely consist of software components acquired, including a cash register system of a third party provider which was integrated into the ERP platform.

The capitalisation of usage rights is – as already mentioned – attributable to the first-time adoption of the IFRS 16 accounting standard and pertains essentially to the lease agreements for the office premises.

Current assets comprise inventories of EUR 0.11 million, essentially in respect of IT consulting projects under way.

Trade receivables of EUR 0.58 million are reporting-date related as well as due to the increase in business activities (31 December 2018: EUR 0.21 million). Receivables vis-a-vis external third parties were recorded at EUR 0.47 million on the reporting date (31 December 2018: EUR 0.21 million). Days sales outstanding rose from 25 days on 31 December 2018 to 37 days on 31 December 2019.

The increase in the balance sheet total from EUR 1.49 million as of 31 December 2018 to EUR 3.64 million a year later therefore results from the higher level of current assets on the asset side (inventories, receivables and cash and cash equivalents) due to business expansion, along with the higher capitalisation of deferred tax assets and the first-time recognition of usage rights in accordance with IFRS 16. This is offset by the further reduction of negative equity (due to the 2019 profit) and the reduction of financial liabilities. Also noteworthy are the initial recognition of lease liabilities and the business-related increase in trade payables and other liabilities from the deferral of prepaid license agreements.





## General statement on the economic situation of the company

The performance and the financial and assets position of weclapp SE reflects the company's outstanding market position and its service offering. weclapp enjoys profitability and generates healthy cash flows from its operating activities. weclapp SE's equity position has improved and it has reduced its financial liabilities. The company was in a position to meet its financial obligations at all times, which is also guaranteed in 2020.

The Management Board therefore anticipates a very good basis for the rapid and highly profitable growth trajectory to continue. At the same time, management is aware of the short- and medium-term risks arising from measures to prevent the spread of the COVID-19 pandemic. These measures entail severe consequences for the economy as a whole and for weclapp SE's client base in particular.

The strategy pursued of increasingly concentrating on larger customers, expanding sales operations and forging ahead with the internationalisation of business nevertheless suggests that weclapp will be able to master these risks and to realise its long-term prospects, also after temporary setbacks which are unlikely but cannot be excluded.

There are no inherent restrictions on the Company's growth and on extending the system's functionalities. While the necessary server infrastructure has boundless scalability, the architecture and development processes which have been implemented, enable functionalities to be continuously optimised through the company's own development team as well as by external parties, i. e. the community. Its competitive position is therefore steadily reinforced.

The weclapp platform is ideal for promoting the internationalisation of the business and has gained competitive advantage as its core processes do not originate from financial accounting which is subject to the national law of the respective country. Instead it has its roots in the processes of enterprise resource planning which are similar across the globe. Furthermore, clients can access their data and business processes wherever they are provided there is an Internet connection and they have a browser-enabled device. Several language versions are already available and others are currently being developed.

In order to guarantee the requisite information, data and process security, weclapp is certified in accordance with the ISO 27001 standard.

weclapp is operating in a market – both in Germany and more intensively on an international scale – which is set to grow rapidly in foreseeable future. The company targets client segments that have a natural affinity for a cloud-based approach to work due to their already high level of digitalisation, or are upgrading their infrastructure in the context of the ongoing digitalisation of the economy and keen to sharpen their competitive edge. The cloud-based weclapp platform is specifically designed and ideally suited to this. weclapp SE therefore anticipates sustained strong demand.

The expansion of online marketing and the development of the sales network, along with increasingly winning larger companies as clients, leads to expectations of strong organic growth. Furthermore, weclapp and 3U HOLDING AG as its parent company have plans to accelerate the growth process through acquiring companies and customer bases.

Against this backdrop, the Management Board anticipates organic revenue growth within a range of EUR 7.0 million and EUR 8.0 million. Despite the hiring of new personnel and greater expenses incurred by commissions for sales partners, the Company is targeting EBITDA of EUR 2.0 million to EUR 2.5 million and an annual profit in a range of between EUR 1.5 million and EUR 2.0 million.

The forecast is based on the following fundamental current considerations. The measures taken to combat the corona pandemic have led to noticeable macroeconomic impairments – especially for small and medium-sized enterprises and businesses. This economic segment



represents a significant part of weclapp's customer base and remains the main target group of the sales department. Economic difficulties on the part of customers and interested parties could lead to the termination of business relationships, to bad debt losses and to the delay or cancellation of orders or launch projects.

However, at the time of the preparation of this management report, the Management Board notes that the current economic conditions have not yet led to any significant deviations from plan at weclapp. As a precautionary measure, the Management Board carried out scenario analyses after preparing the forecast and after the start of the measures to combat the pandemic. The resulting worst-case scenario was to achieve sales at the level of the previous year. This assumption is justified by the high proportion of recurring revenues from long-term debt. However, even in this case, the lower sales growth would correspond to correspondingly lower commission expenses, so that the Executive Board assumes that it will be able to meet its earnings planning even if sales stagnate.

## Opportunities report

Both the risks and the opportunities are systematically identified and evaluated at weclapp SE. Potential opportunities are discussed and documented by way of a risk inventory in the individual companies. A more detailed analysis and assessment of the opportunities and possible measures are incumbent on the Management Board in the context of the corporate strategy.

As opportunities always entail risks, it is expedient wherever possible to consider risks and opportunities together in order to exploit the potential opportunities for profit in a controlled manner once a deep insight about the risks and the context has been gained.

weclapp SE continues to grow fast in its home market. New clients are won through successful online marketing and increasingly through a growing network of sales partnerships. Further revenue and earnings potential will be generated if weclapp will be able to increase the conversion rate of registered visitors to paying clients and adding more licenses to existing customers accounts than currently expected. A new key objective of the company's strategy also includes the expansion into new markets and countries. Thanks to the competitive advantage of the weclapp platform and the acquisition of local partners with a high market penetration, this expansion could take place more rapidly than anticipated.

While hiring further qualified and customer-oriented personnel will result in personnel expenses above budget, it may also lead to improved performance. The corporate strategy also envisages the acquisition of competitors and customer bases. Successfully implementing this strategic component may also generate sales and earnings above budget.

A list of potential target companies has been drawn up. Management will make contact with the respective entrepreneurs and shareholders and explore the possibility of an acquisition. If an acquisition is successfully completed and clients can be quickly migrated to the weclapp platform, revenues and earnings may be considerably higher than indicated in the forecast.



### The risk management system of weclapp SE

Entrepreneurial activity always entails risks. Deliberately entering into risks to promote entrepreneurial success is unavoidable and prudent. weclapp SE approaches all risks and opportunities systematically. It pursues the goal of identifying risks in a controlled and deliberate manner and managing them, while exploiting opportunities when they arise. weclapp SE's risk policy therefore defines the desired relationship between risks and opportunities and incorporates it into the strategic corporate goals.

weclapp SE uses a proven risk management system which complies with legal and supervisory requirements. As part of its risk management, the individual risks are examined, evaluated and reported by the risk owners and risk managers of weclapp SE. By contrast, opportunities are identified and documented in particular when the risk inventories are carried out. As part of the annual medium-term planning and the continuous improvement of the information security management system in accordance with ISO 27001, extensive analyses and assessments of the risks and opportunities are conducted by weclapp GmbH's senior management (up until August 2019) and weclapp SE's Management Board (since August 2019). The entire risk management system with its processes, documentation and reports serves to secure the strategic corporate goals and to promote the Company's success.

The risk management system is continuously adjusted to changes in the environment and is subject to ongoing development with a view to ensuring that, along with internal changes, external factors such as changes in the law or in the market are also taken into account. Furthermore, methods, definitions and workflows are considered and, if appropriate, adjusted to reflect current conditions.

As part of a continuous process of improvement, weclapp SE has linked up the areas of compliance, accounting processes, internal control system (ICS) and risk management to form an aggregate of individual systems. weclapp SE consults the internationally recognised ISO 27001 standard and COSO ERM for guidance to the extent that management considers the approaches described as appropriate. The Executive Board and Supervisory Board of weclapp SE thus emphasise the significance of corporate governance, which stands for responsible management and control of the company aligned to long-term success.

### *Risk management strategy*

The Management Board determines the risk strategy which is derived from the corporate goals and establishes the fundamental conditions for the risk management system. This system is used as a basis for creating, deriving and implementing strategic and operational measures for achieving the goals. The objective is not to avoid potential risks as a whole, but to widen the scope for action always on the basis of an informed opinion about the correlation between the individual risks and the respective opportunities.

### *Responsibility and reporting concept*

All employees are under obligation to act with awareness of the risks in the context of the tasks and responsibilities assigned to them. Along with the Management Board, the risk officer and, if appropriate, the respective risk owners are directly responsible for the early detection and control of risks. Regular information and updated documentation make a contribution to all employees being aware of the requirements and procedures of risk management.

The risk management processes and workflows are documented with regard to the effectiveness and efficiency of the system with the support of professional risk management software. The software supports the risk officer and the risk owner in evaluating and managing the risks.

As risk owners, the members of the Management Board make active use of the R2C risk management software and are thus informed about current changes at all times. In addition, regular reports on the current risk situation and its possible future development are made by the risk officer as part of standardised reporting. Along with weclapp SE's Management Board, its Supervisory Board is also provided with standardised reporting by the risk officer. The use of the risk management software enables reporting to be made in great detail. After consulting the risk manager and the risk officer, where appropriate, the Management Board decides on content from the risk management system and initiates any necessary measures based on the current risk assumptions. In addition, the Management Board regularly informs the Supervisory Board on how risks are developing and the measures taken.

The risk manager informs Supervisory Board at least once a year about the efficiency and effectiveness of processes under the risk management system, as well as compliance with the rules and regulations. Moreover, reports are submitted on other topics including the accounting process, ICS and compliance management to enable the Supervisory Board to systematically discharge its supervisory duties in accordance with Section 107 (3) sentence 2 of the German Stock Corporation Act (AktG), in conjunction with Art. 40 and 41 of the Council Regulation (EC) No 2157/2001.



#### *Methodology of the risk management system*

With regard to the risks identified as acute or in the context of a risk inventory, indicators with a rating system consisting of scores and associated thresholds suitable for facilitating the monitoring and assessment of risks are defined. Ongoing monitoring and evaluation is carried out by the risk officer using the operational and financial performance indicators and are an integral part of regular reporting.

#### *Definition of risk*

Risks are defined as the possibility of a negative divergence between the actual and anticipated result (corporate goal). There is an inherent danger of adverse events occurring (loss of assets and/or of earnings) or that events do take place as desired (lost opportunities).

#### *Definition of gross and net risk*

Evaluating the risks identified in the context of the risk inventory is performed on the basis of gross and net risk methodology. In determining gross risks, the compensating controls of limiting and managing risks are initially not taken into account. Compensating controls are measures defined and suitable for avoiding, mitigating or transferring risk. In addition, there is also a possibility of taking on risk at an acceptable level, provided that reducing risk further is not economical.

Considering gross risk is indispensable since the danger of merely considering risk from a net perspective is that the risks which are currently well controlled but nevertheless pose a threat to the company as a going concern are not monitored on an ongoing and timely manner. This may lead to changes in the processes and any resulting additional risks not being detected in time.

When evaluating the net risks, the existing compensating measures are taken into account in the risk analysis and serve as a basis for operational risk management.



*Gross risks become net risks (residual risks) through internal controls*



Assessing both gross and net risks in the categories of amount of loss and probability of occurrence is performed with the aid of scores.

The following scores have been assigned to the probability of occurrence:

- |                     |                                    |
|---------------------|------------------------------------|
| (1) Unlikely        | — less than 5 %                    |
| (2) Low             | — at least 5 % and lower than 35 % |
| (3) Medium          | — at least 35 % and less than 65 % |
| (4) High            | — at least 65 % and less than 95 % |
| (5) Highly probable | — at least 95 % to 100 %           |

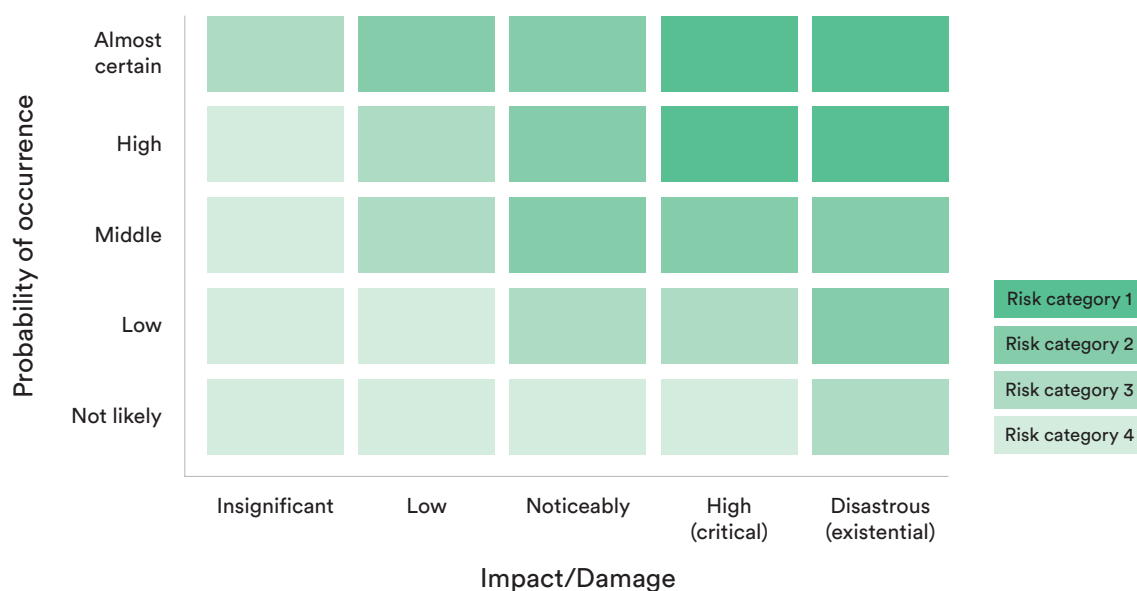
The amount of loss per risk is geared to the possible shortfall in profit contribution in weclapp SE's income statement. The scores are assigned to different amounts of damage (impact/damage).

- |                     |                               |
|---------------------|-------------------------------|
| (1) Insignificant   | — up to TEUR 125              |
| (2) Low             | — from TEUR 125 to TEUR 250   |
| (3) Significant     | — from TEUR 250 to TEUR 625   |
| (4) High (critical) | — from TEUR 625 to TEUR 1.250 |
| (5) Catastrophic    | — from TEUR 1.250 and above   |

After the risk inventory has been drawn up, the scores ascertained are transferred to the software. The scores and the categories based on the quantitative assessment are presented as part of regular reporting in the form of loss amounts in euros and probability of occurrence in percent. The multiplication of these two parameters then results in an anticipated value in euros which is used for division into four risk categories.



### Classes of risk



Risk category 1 is the highest and these risks are potentially critical for weclapp as a going concern.

All risks identified are managed based on the probability of occurrence and the amount of loss. A differentiation is made between the measures deployed in terms of their scope, depending on the type and classification of the individual risks.

### Individual risks

Within the risk management system, the Management Board differentiates between risks from the general societal and economic environment, risks from the sectoral and competitive environment, personnel, financing and technical risks.

#### General risks

This risk category was newly included in risk management at the end of the reporting period. weclapp targets clients which are predominantly small and medium-sized companies currently located mainly in Germany. Business success therefore depends, among other things, on factors from the general societal and economic environment. Such factors include the impact of economic downturns right through to recession, along with restrictions placed on the business community from measures to protect against catastrophes or pandemics. They may have a range of different consequences. Potential clients and interested parties may postpone

investment decisions or migration projects or cancel them entirely. Clients in critical situations may mean delays in payments, temporary default or, in the event of insolvencies, the end of a cooperation entailing the loss of revenue and earnings.

Risks in this category may possibly also be detrimental to the commitment of the employees and of management and thus impair the Company's ability to provide services or develop them further.

It is generally not possible to foresee risks of this kind and consequently virtually impossible to identify or take preventative measures. It is incumbent upon management, however, to counteract these risks by steadily monitoring the client portfolio and, in particular, by working towards further diversification by sector and company size.

#### *Sectoral and competitive risks*

Although weclapp lays claim to competitive advantage and a partly unique selling proposition, the possibility of the Company's market position being negatively affected by changes in the sectoral and competitive environment cannot be discounted. Changes include disruptive innovations with underlying technologies or the market entry of new, also international competitors. An indicator for the occurrence of risks of this kind may be changes in customer satisfaction.

weclapp counteracts sectoral and competitive risks by the ongoing intensive and anticipatory screening of IT trends and market developments, flanked by a monthly analysis of churn and client enquiries, as well as by conducting systematic client surveys. Product management is designed to incorporate the interests and wishes of clients and, in a defined process, initiatives for the client-centric development of the product. The facility as a cloud-based ERP platform enables high customer satisfaction through regular and frequent updates and client retention.

#### *Personnel risks*

In an innovative technology company such as weclapp, a decisive factor in safeguarding and reinforcing its competitive position is putting the know-how acquired to the greatest possible sustained use. Winning talent and experts for collaboration at all times and retaining them is also important. A creative, highly motivated team is therefore weclapp's most important non-financial asset. Conversely, the loss of personnel and difficulties in winning new employees count among the risks which pose the greatest threat to the business and achieving its goals. Avoiding these risks is given the utmost attention by management.



A key element in avoiding personnel risks in the first place is the corporate culture which is set down in writing. The Management Board takes care to ensure that the principles defined of contemporary, agile and youthful teamwork are communicated to employees joining the Company, are part of everyday life and translate into motivated cooperation in the interest of the employees themselves, the clients and the Company. Indicators in the categories of fluctuation, staffing and the hiring of personnel are also closely monitored on an ongoing basis.

#### *Financial risks*

Based on the current status of information, weclapp is in a position to finance the organic growth envisaged from its own high positive cash flow. Furthermore, integration into the 3U Group secures the possibility, if necessary, of using the Group's financial strength as appropriate. At the same time, and against the backdrop of the risks described here, topics of financing, such as receivables management and planning reliability, are continuously monitored. Any adverse developments in these areas may contribute to organic growth being slower than predicted.

By contrast, exploiting opportunities for growth by taking over customer bases or competitors presupposes funds in a much greater scope than weclapp currently generates itself. In terms of financing and implementation, weclapp initially needs to draw on the support of 3U HOLDING AG as its parent company. At the same time, weclapp endeavours to win equity investors interested in participating in the company. If this is not successful, implementing the strategy may delay additional anorganic growth.

#### *Technical risks*

Limits on availability or the compromised confidentiality and integrity of the information technology deployed may hinder commercial success. This applies to the use of resources by the employees, for instance, servers, PCs, mobile devices, as well as the ease with which clients can access the platform. In addition, employees and clients expect compliance with the most stringent data security standards.

These three parameters are therefore monitored on a regular basis. weclapp is certified in accordance with ISO 27001. This certification was issued in an independent audit conducted in 2019. It is to be confirmed by regular recurring audits from now on. Harnessing cutting-edge security technologies, including redundant data management, is aimed at avoiding failures completely or at least minimising them.

### Overall statement on weclapp SE's opportunity and risk situation

Given weclapp's high positive cash flow and integration in the 3U Group, there are no discernible risks for the Company. The aforementioned material risks may, however, potentially jeopardise the achieving of weclapp SE's goals now and in the future. Implementing the ambitious growth strategy while sustaining profitability are subject to the various external influences and internal challenges described here. The Management Board nevertheless believes that the necessary monitoring instruments and measures have been set in place for avoiding, minimising or compensating for these risks. Revenues and earnings may be generated above the forecast elaborated on if the Company is successful in seizing the opportunities outlined here, either in full or in part.

Certification according to:  
**ISO 27001**



## Internal control system and risk management system related to the accounting process

The accounting process at weclapp SE is currently being carried out by 3U HOLDING AG based on a service agreement.

The internal control system implemented for the accounting process aims to achieve compliance with rules, standards and laws on the basis of suitable principles, processes and measures so as to secure appropriateness, reliability and completeness in accounting and financial reporting, taking account of possible risks. The basis for this includes working and procedural instructions, as well as functional descriptions and guidelines which are regularly examined and updated as required. This includes an accounting policy, account assignment instructions and support from external consultants. The accounting process is examined on an ongoing basis, optimised and further developed, also in terms of documentation. The internal control system consists of internal management and monitoring functions which are either integrated in processes or implemented independently. For example, the separation of administration and approval functions to different employees with clear responsibilities are integrated in the context of regular checks (“dual-control principle”). The Supervisory Board is being informed on a regular basis about system optimisation measures. Some of the control mechanisms operate on an automatic basis in the accounting software system used, so that the performance of the work processes is not negatively impacted. The IT systems used deploy an authorisation concept to provide protection against unauthorised access. In addition, within the scope of the audit of the annual financial statements, the auditor examines the IT systems used and their applications.

New legal rules and changes of existing regulations in respect to accounting and the resulting risks are examined promptly for their impact on weclapp and suitable measures taken if necessary.

The internal controls implemented result from identifying a risk at this point of the accounting process. This risk can originate in various places, also due to legal requirements. The interaction of risk and compliance management with the internal control system is particularly clear in the accounting process. For this reason, it is optimised on an ongoing basis using a continuous improvement process.

The functions in all areas of the accounting process are allocated and documented. Even so, in the case of human misconduct, e. g. as a result of incorrect controls or criminal actions by internal staff, the implemented and continuous development of the risk management system with the compliance and internal control system components cannot entirely guarantee complete security or correctness of accounting





## Financial and non-financial performance indicators

weclapp SE has adopted a set of financial performance indicators and uses these to set goals and measure success. The key financial performance indicators at weclapp include revenue, earnings before taxes, depreciation and amortisation (EBITDA) and earnings after taxes.

Non-financial performance indicators are partly not included in regular financial reporting and do not consistently form part of corporate management. They nevertheless play an important role in the company's success. Performance indicators in weclapp are above all deployed in the areas of online marketing and sales, research and development, employees and their health and safety, as well as in the domain of corporate responsibility.

### Online marketing and sales

weclapp has gathered long-standing experience in online marketing geared to the specific target group and has reviewed the new channels and put them to use at an early stage. It benefits from expertise of the same calibre as in the 3U Group and two-way communication with the Group's experts. Management estimates that weclapp has achieved an advantageous competitive position which underpins the company's current and future success. In marketing projects, the experience gained is passed on to other Group companies.

Online marketing, with a focus on winning new clients and client retention, is one of weclapp's key success factors. The number of visitors a year to weclapp.com has stabilised above the one million mark even if numbers dropped in the financial year 2019 compared with the previous year. In the first three months of the financial year 2020, visitor numbers were once again significantly higher than in the same period in 2019. The proportion of registered users who sign a license agreement at the end of the test phase has also stabilised at more than 11 %.

At the same time, weclapp SE pursues a strategy of increasingly attracting larger clients. Widening the strategic focus prompted the development of partner sales as an additional sales channel in the financial year 2019. This measure is reflected directly in the key financials as well. While the number of new clients is no longer rising at the same pace as in the initial years and can dip, on occasion, within a fluctuation range, weclapp recorded strong growth of recurrent revenue per month and of new clients, as well as across the entire client portfolio.

	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
Visitors on weclapp.com	approx. 1.3 million	approx. 1.5 million
Number of new customers	839	865
Recurring revenue per month and new customer (APRA)	approx. EUR 160	approx. EUR 120

Along with ongoing penetration of the German market, weclapp is also commencing with the targeted internationalisation of its business in the financial year 2020, with plans for market entry into various European countries. Within the German-speaking DACH-market, weclapp has already acquired individual customers and partners in 2019 and has identified high demand. Due to the emerging demand within the market, capacities were leased in a data center located in Zürich to allow Swiss customers to store their data locally in Switzerland. Additionally, an audit of the information security management system (ISMS) was performed in 2019 and a high level of security and protection of sensitive data and information with regard to integrity, confidentiality and availability was affirmed by the ISO 27001 certification.

## Research and Development

The continuous and customer-centric development of the weclapp platform is of critical importance for the company's ongoing success. weclapp SE therefore intends to reinforce its product management and development teams.

weclapp's development activities are also eligible for application in other areas of the Group. Along with other products, the development of an app which can be used by Selfio customers to configure their floor heating themselves online is on the verge of completion.

weclapp SE is focusing more strongly on developing and using algorithms for machine learning (artificial intelligence, AI). This development project is also aimed to enable weclapp clients to stay competitive and gain advantage. New staff members are recruited to join the development team, which is working on these projects in the current financial year. Furthermore, weclapp SE plans to set up a new unit for basic research in a joint cooperation with Würzburg University's Faculty for Business Administration and Business Informatics. The unit will be made up of weclapp employees, along with degree and PhD students of the University.



## Employees

Particularly in the technologically challenging mega trend of cloud computing, and in developing ways in which to harness machine learning, highly qualified and motivated employees are a precondition for securing the company's success in the long term. Responsible personnel development and steady improvement play a key role in these endeavours. Here weclapp draws on support from 3U HOLDING AG's Personnel Department.

The sustainable development and targeted nurturing of each and every employee's potential is a core task of personnel management. Concerted personnel development is one of the ways in which weclapp is striving to enhance its attractiveness as an employer, and to reinforce the identification of employees with the Company and their dedication to the respective goals.

Employer ratings in the pertinent Internet portals can be considered indicators of success in this context. On kununu.com, the leading platform for anonymous employer ratings, weclapp has been assessed with 4.28 of a possible five points. In a kununu comparison, this puts weclapp in the top percent of the employers with the highest ratings on the platform. weclapp was declared an "open company" and "top company". Based on the 20 ratings given for weclapp as an employer, its corporate culture was awarded 4.7 points of five points. Employee satisfaction was considered to be 24 % above the average in the IT sector. In Focus Business' data survey from 11 April 2019, weclapp ranks among the top SME employers in 2020 for the first time.

As of 31 December 2019, weclapp employed 66 persons (including Management Board members, temporary and part-time staff; 31 December 2018: 50 people). Expressed as an annual average, 57 persons were employed at weclapp in the financial year 2019 (excluding Management Board members, including temporary and part-time staff; 2018: 40.6 people).

Converted into full-time equivalents, weclapp had a workforce of 54.7 employees as at year end (31 December 2018: 38.9 full-time equivalents). The average annual number of employees stood at 46.4 (full-time equivalent, excluding Management Board members respectively; 2018: 32.1).

Of the 66 persons (including Management Board members, part-time and temporary staff; 31 December 2018: 50) who worked in the company as of the 2019 reporting date, 15 persons were women (2018: 12) which corresponds to a share of 22.73 % (2018: 24 %). The age structure was distributed across all ages: 60.6 % (2018: 70 %) of the employees were below 30 years old, 25.8 % (2018: 18 %) were between 30 and 40 years old, 12.2 % (2018: 10 %) were

between 40 and 50 years old and 1.5 % (2018: 2 %) of the employees were over 50 years old. The average age in the company was recorded at 30.3 years (2018: 27.9 years).

The employees make a significant contribution by being proactive and applying their ideas to increase profitability and sharpen the competitive edge of the company.

The remuneration system depends on the tasks performed and is divided into fixed and variable components so that above-average performance can be appropriately rewarded.

Fostering dedication and creativity is also ultimately aimed at retaining employees. weclapp considers it important to maintain and ensure the experience and competence which the employees bring to the company, acquire through their activities and put at the disposal of clients and the company. These endeavours are also reflected by employee turnover. Only two employees (3.5 %) left the company at their own wish in 2019 (2018: five). The termination of temporary contracts was most frequent reason for employment coming to an end.

### **Promoting the health of the employees**

weclapp's understanding of the health as physical, mental and social well-being is aligned to the definition of the World Health Organisation (WHO). Measures specifically designed to ensure and promote the health of our employees are set in place. The Company thus promotes healthcare for its employees and a healthy diet at the workplace by arranging days on which salads are served and by providing fruit baskets. The employees have the possibility of participating in internal and external training and continuous professional development events. Loyalty to weclapp is strengthened through a series of measures focused on social aspects.

Safety at the workplace is promoted further through training measures. As in the preceding years, no accident at the workplace was reported that resulted in permanent damage to an employee's health in the financial year 2019.

Sick leave at weclapp per employee was recorded at 5.09 days in 2019, which is significantly below the average for Germany, estimated at 11.8 days in the AOK Health Insurance Report on sickness and absenteeism at work (2018: 12.1 days), and only marginally above the year-earlier figure (4.29 days).



## Corporate responsibility

Corporate responsibility is an integral part of weclapp's corporate strategy. weclapp systematically factors in the various issues of its stakeholders and reduces the negative impact of business on the environment. In doing so, weclapp seeks to achieve a balance between economic objectives and ecological and social responsibility. weclapp's staff members are under obligation to make optimal use of personnel, know-how and material resources. The requisite information is always available to employees and personnel officers on the Intranet. Environmental and regional aspects are taken into account in procuring products and services.

The training of specialists is firmly anchored in personnel policies. As of the reporting date on 31 December 2019, three of 66 persons (including Management Board members, part-time and temporary staff) were trainees (2018: one of 50 persons).

Along with providing several local sport clubs with financial support in 2019, weclapp also supported a large student network in the area of financial and corporate ethics, corporate responsibility and sustainability in organising its autumn conference.

## Events after the reporting period

After the end of the 2019 financial year, since the middle of the first quarter of 2020, the German government, but also governments around the world, has taken measures to combat the COVID 19 pandemic. At weclapp SE, employees were encouraged to work from home. The already very high degree of digitalisation facilitated this changeover. By the time this report was completed in August 2020, no case of infection with the COVID-19 virus had been reported by employees.

Contact, travel and transport bans have led to impairments of economic activity worldwide. In all national economies, the customer and target groups of weclapp SE – small and medium-sized enterprises – are particularly affected by these restrictions and the decline in trade and commerce. Fears that this development could also affect the business of weclapp SE have not come true by the time this report is completed in August 2020. Further information on possible effects of the COVID-19 measures can be found in the Forecast, Opportunities and Risk Report section of the Management Report.



# Remuneration Report

The remuneration report summarises the principles applied for determining the remuneration of the Management Board and Supervisory Board of weclapp SE and explains the amount and structure of the remuneration. The remuneration report is prepared on the basis of the recommendations of the German Corporate Governance Code and also includes the information required under the German Commercial Code, extended by the Act on the Disclosure of Management Board Remuneration (VorstOG).

## Remuneration of the Management Board

Of the members of the Management Board appointed for the 2019 and the previous financial years only Ertan Özdil received remuneration from the company. The structure and amount of the remuneration of the Management Board members are determined and regularly reviewed by the Supervisory Board. In doing so, it is guided by the German Act on the Appropriateness of Management Board Remuneration (VorstAG), which came into force on 5 August 2009. As a member of the Management Board of weclapp SE, Ertan Özdil receives an annual fixed basic salary (fixed component), which is paid in monthly instalments. In addition, he receives a variable performance-related remuneration (performance-related components).

The performance-related remuneration is composed of a quantitative sub-target and a qualitative sub-target. In the case of quantitative sub-target, the Supervisory Board primarily assesses the certified value of the company's EBIT or EBT performance in relation to the budgeted value in the year under review; extraordinary developments may be taken into account. As part of the qualitative achievement of targets, the Supervisory Board evaluates the execution of priority tasks of the Management Board and the fulfilment of personal targets set by the Supervisory Board for the Management Board. The Supervisory Board sets targets at the beginning of each fiscal year, taking into account the situation of the Company. In addition, the members of the Management Board may be granted stock options under stock option plans. The purpose of granting stock options is to reward the contribution of the Management Board to increasing enterprise value and to promote the long-term success of the Company.

Part of the performance-related remuneration for a financial year is paid subject to the provision that the Management Board continues to manage the Company's business sustainably in the two financial years following the financial year in question. Sustainability takes into account in particular the stability of the Company's development. The Supervisory Board assesses sustainability in the two financial years following the financial year under review and will reclaim the partial amounts of the performance-related remuneration paid subject to reservation if the sustainability of the Company management is not guaranteed.



The Supervisory Board is entitled within the meaning of Section 87 (2) Sentence 1 AktG to reduce the remuneration of the Management Board to an appropriate level if the situation of the Company deteriorates after the remuneration has been determined and the continuation of the agreed remuneration would be unreasonable for the Company. This also applies to the granting of stock options.

If the appointment of a member of the Management Board is revoked in the course of a financial year with valid reason in accordance with Section 84 (3) of the AktG, there is no entitlement to performance-related remuneration for this financial year or for any further financial years until the termination of the employment contract of the Management Board.

No pension commitments were made to the members of the Management Board. The remuneration of Ertan Özdil is reported individually below, broken down into fixed and performance-related components. Michael Schmidt did not receive any remuneration from the Company.

*Value of the benefits provided in the 2019 reporting year*

Allowances (in TEUR)	Ertan Özdil Management Board			
	2019	2019 (min.)	2019 (max.)	2018
Fixed remuneration	150	150	150	150
Fringe allowances	17	17	17	10
<b>Subtotal</b>	<b>167</b>	<b>167</b>	<b>167</b>	<b>160</b>
One-year variable remuneration	0	0	50	50
Multi-year variable remuneration	0	0	0	0
<b>Total</b>	<b>167</b>	<b>167</b>	<b>217</b>	<b>210</b>
Pension allowances	0	0	0	0
<b>Total</b>	<b>167</b>	<b>167</b>	<b>217</b>	<b>210</b>



#### *Remuneration flow for the 2019 reporting year*

Accruals (in TEUR)	Ertan Özdil Management Board	
	2019	2018
Fixed remuneration	150	150
Fringe allowances	17	10
<b>Subtotal</b>	<b>167</b>	<b>160</b>
One-year variable remuneration	0	0
Multi-year variable remuneration	0	0
<b>Total</b>	<b>167</b>	<b>160</b>
Pension allowances	0	0
<b>Total</b>	<b>167</b>	<b>160</b>

In addition, Ertan Özdil received TEUR 50 in the reporting year (2019). In the previous year (2018), he had received TEUR 50 for 2017 as one-year variable remuneration.

#### **Remuneration of the Supervisory Board**

No remuneration of the Supervisory Board has been agreed upon so far.

Altenburger Rechtsanwälte law firm, of which Mr Thoenes, the Chairman of the Supervisory Board, is a partner, received TEUR 1.0 (previous year: TEUR 0) plus VAT for consulting services and reimbursement.

#### **Dependence report**

The Management Board has prepared a dependence report in accordance with section 312 (1) of the German Stock Corporation Act (AktG). In it the Management Board declares:

“We hereby declare that, according to the circumstances known to us at the time when the legal transactions were undertaken, our company received appropriate consideration for each legal transaction.”

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 net assets, financial position and results of operations of the Company and the management report includes a fair review 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, 28 August 2020

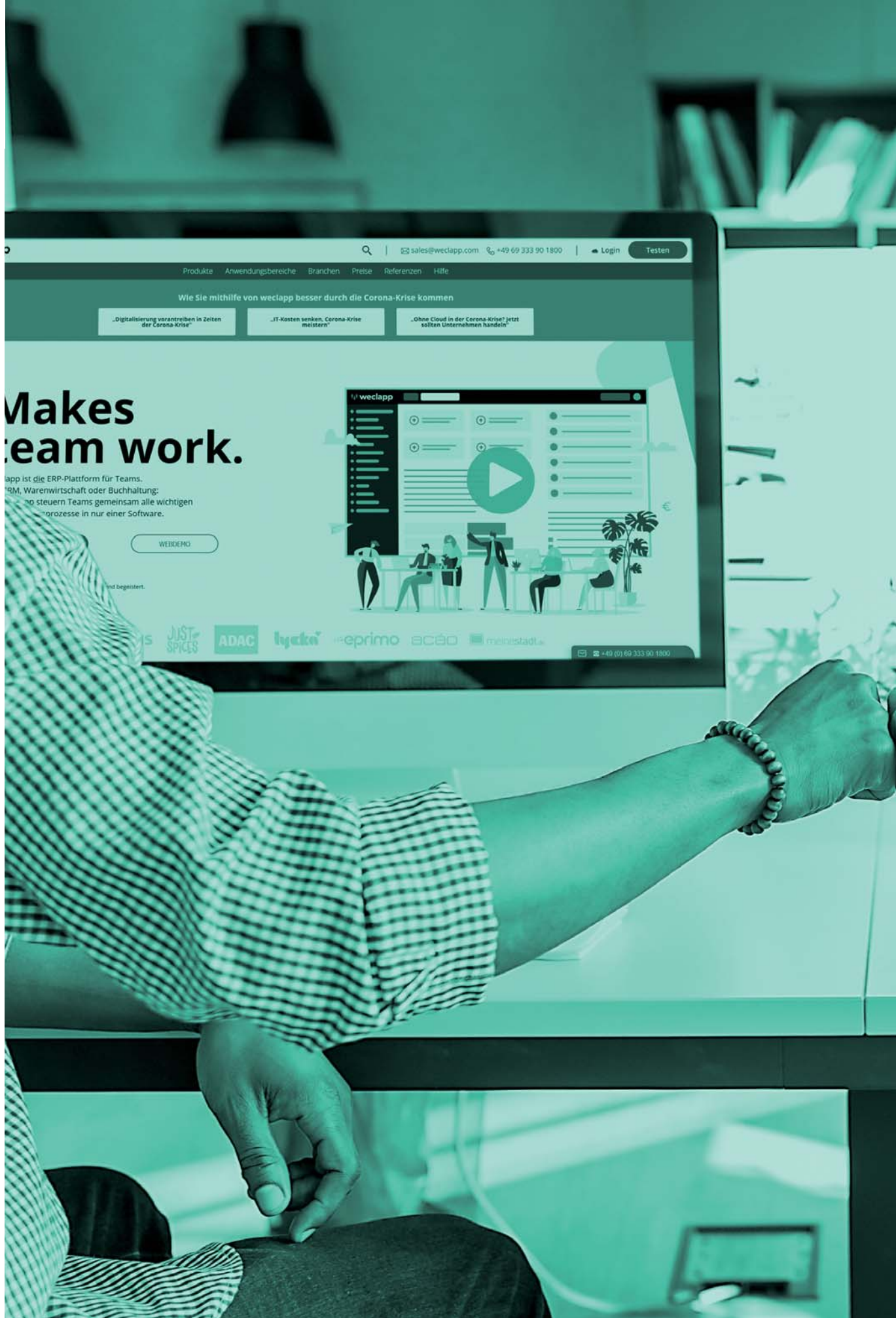
The Management Board



Ertan Özdil



Michael Schmidt





# Financial Statements for the financial year 2019

48 Statement of financial position

50 Statement of income

51 Statement of comprehensive income

52 Statement of changes in equity

54 Statement of cash flows

56 Notes

102 Independent Auditor's Report





# Statement of financial position

## Assets

Assets weclapp SE (in TEUR)	Notes to the financial statements [Note]	31 Dec 2019	31 Dec 2018	1 Jan 2018
<b>Non-current assets</b>		<b>2,415</b>	<b>961</b>	<b>212</b>
Intangible assets	[2.2.7] [4.1.1]	93	29	16
Property, plant and equipment	[2.2.8] [4.1.2]	82	82	2
Right of use assets	[2.2.9] [4.1.3]	294	0	0
Deferred tax assets	[2.2.16] [4.2]	1,937	845	193
Other non-current assets		9	5	1
<b>Current assets</b>		<b>1,222</b>	<b>528</b>	<b>473</b>
Inventories	[2.2.14] [4.3]	107	0	0
Trade receivables	[4.4]	576	209	219
Other current assets	[4.5]	36	19	10
Cash and cash equivalents	[2.2.11] [4.6]	503	300	244
<b>Total assets</b>		<b>3,637</b>	<b>1,489</b>	<b>685</b>

## Shareholders' equity and liabilities

Shareholders' equity and liabilities weclapp SE (in TEUR)	Notes to the financial statements [Note]	31 Dec 2019	31 Dec 2018	1 Jan 2018
<b>Shareholders' equity</b>	<b>[4.7]</b>	<b>-2,287</b>	<b>-3,597</b>	<b>-4,954</b>
Issued capital (conditional capital TEUR 0)	[4.7.1]	70,120	625	625
Capital reserve	[4.7.2]	0	246	246
Total other comprehensive income		-73,702	0	0
Profit/loss carried forward		0	-5,825	-6,290
Net earnings for the period		1,295	1,357	465
<b>Non-current provisions and liabilities</b>	<b>[4.8]</b>	<b>1,011</b>	<b>260</b>	<b>0</b>
Non-current lease liabilities		134	0	0
Other non-current liabilities	[2.2.17]	877	260	0
<b>Current provisions and liabilities</b>	<b>[4.9]</b>	<b>4,913</b>	<b>4,826</b>	<b>5,639</b>
Current income tax liabilities		835	0	0
Current financial liabilities		1,835	3,150	4,201
Current lease liabilities		162	0	0
Trade payables		293	56	44
Other current liabilities	[2.2.17]	1,788	1,620	1,394
<b>Total shareholders' equity and liabilities</b>		<b>3,637</b>	<b>1,489</b>	<b>685</b>





## Statement of income

weclapp SE (in TEUR)	Notes to the financial statements [Note]	Financial year 1 January–31 December	
		2019	2018
Revenue	[2.2.1] [3.1]	4,645	3,032
Other income	[3.2]	106	59
Changes of finished and unfinished services	[3.3]	107	0
Costs of materials	[3.4]	–15	–7
<b>Gross profit or loss</b>		<b>4,843</b>	<b>3,084</b>
Staff costs	[3.5]	–2,577	–1,653
Other operating expenses	[3.6]	–1,007	–625
<b>EBITDA</b>		<b>1,259</b>	<b>806</b>
Depreciation and amortisation	[3.7]	–171	–42
<b>EBIT</b>		<b>1,088</b>	<b>764</b>
Finance costs – net	[2.2.4] [2.2.5] [3.8]	–50	–59
<b>EBT</b>		<b>1,038</b>	<b>705</b>
Income tax expenses	[2.2.6] [3.9]	257	652
<b>Net earnings for the period</b>		<b>1,295</b>	<b>1,357</b>

# Statement of comprehensive income

weclapp SE (in TEUR)	Financial year	
	1 January–31 December 2019	2018
Net earnings for the period	1,295	1,357
Changes recognised directly in equity that may be reclassified to the income statement in the future	0	0
Changes recognised directly in equity that cannot be reclassified to the income statement in the future	0	0
Change in the amount recognised in equity	0	0
Total comprehensive income of the period	1,295	1,357



## Statement of changes in equity

weclapp SE (in TEUR)	Notes to the financial statements [4.7]	Issued capital	Capital reserve	Retained earnings profit/loss carried forward and net earnings
As of 1 January 2018		625	246	-5,825
Total earnings 2018		0	0	1,357
Other earnings 2018		0	0	0
As of 31 December 2018		625	246	-4,468

weclapp SE (in TEUR)	Notes to the financial statements [4.7]	Issued capital	Capital reserve	Retained earnings profit/loss carried forward and net earnings
As of 1 January 2019		625	246	-4,468
Total earnings 2019		0	0	1,295
Other earnings 2019		0	0	0
Merger and capital increase		69,495	-246	4,468
As of 31 December 2019		70,120	0	1,295



Total other comprehensive income		Adjustment item from merger	Total shareholders' equity
Exchange rate differences	Hedging instruments		
0	0	0	-4,954
0	0	0	1,357
0	0	0	0
0	0	0	-3,597

Total other comprehensive income		Adjustment item from merger	Total shareholders' equity
Exchange rate differences	Hedging instruments		
0	0	0	-3,597
0	0	0	1,295
0	0	0	0
0	0	-73,702	15
0	0	-73,702	-2,287



## Statement of cash flows

weclapp SE (in TEUR)	Notes to the financial statements [5]	Financial year 1 January–31 December	
		2019	2018
<b>Net earnings for the period</b>		<b>1,295</b>	<b>1,357</b>
Adjustments for:			
+/- Depreciation/write-ups of property, plant and equipment		172	42
-/+ Increase/decrease in inventories and trade receivables		-474	10
+/- Increase/decrease in trade payables		237	10
+/- Changes other receivables		-21	-14
+/- Changes to other payables		785	487
+/- Change in tax assets/liabilities including deferred taxes		-257	-652
+/- Other non-cash changes		8	0
<b>Cash flows from operating activities</b>		<b>1,745</b>	<b>1,240</b>
- Outflows for investments in property, plant and equipment		-19	-116
- Outflows for investments in intangible assets		-84	-18
<b>Cash flows from investing activities</b>		<b>-103</b>	<b>-134</b>
<b>Sum carried forward*</b>		<b>1,642</b>	<b>1,106</b>

\*Refer to following page

weclapp SE (in TEUR)	Notes to the financial statements [5]	Financial year 1 January–31 December	
		2019	2018
Carryover*		1,642	1,106
+ Cash inflow from additions to equity (capital increases, sale of treasury shares etc.)		15	0
– Repayment of borrowings		–1,315	–1,050
– Repayment of leasing liabilities		–139	0
<b>Cash flows from financing activities</b>		<b>–1,439</b>	<b>–1,050</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>203</b>	<b>56</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>300</b>	<b>244</b>
<b>Cash and cash equivalents at end of period</b>		<b>503</b>	<b>300</b>

\*Refer to previous page



## 1 General information about weclapp SE

weclapp SE (hereinafter also referred to as the Company), headquartered in Frankfurt am Main, was founded on 23 November 2018 under the name Atrium 141. Europäische VV SE as a European Stock Company (Societas Europaea) (Atrium) and is listed in the local commercial register under HRB 114007.

By merger agreement dated 15 March 2019, the assets of weclapp GmbH, Marburg, as a whole with all rights and obligations were transferred to Atrium by way of merger by absorption. In return, the company granted the shareholders of weclapp GmbH shares in the company. The assets of weclapp GmbH were transferred effective from the end of the 31 December 2018. From 1 January 2019 until the date of termination of weclapp GmbH pursuant to § 20 (1) no. 2 UmwG, all actions and transactions of weclapp GmbH are deemed to be for the account of the company.

In order to implement the merger, the share capital of the company was increased by EUR 70,000,000.00 from a total of EUR 120,000.00 to EUR 70,120,000.00 by issuing a total of 70,000,000 new registered shares of EUR 1.00 each in accordance with § 69 UmwG.

The merger became effective pursuant to Sections 19, 53 UmwG upon registration of the merger in the register of the acquiring weclapp SE on 1 August 2019.

The purpose of the company is the development and distribution of software and the operation of all related auxiliary business.

The address of the company is: Neue Mainzer Straße 66–68, 60311 Frankfurt am Main, Germany.

Atrium was a pure shelf company without any business activities, which was (only) acquired as a vehicle in the legal form of an SE. Therefore, in accordance with the provisions of a transaction under common control without economic substance, this restructuring was depicted according to its economic content (contribution of the paid-in capital of weclapp SE into the business operations of weclapp GmbH). Accordingly, in order to make the financial statements for the fiscal year 2019 comparable to the previous year, the financial figures of weclapp SE for the year 2019 have been compared to the financial figures of weclapp GmbH from the previous year.

## 2 Accounting and valuation policies

### 2.1 Accounting principles

The financial statements of weclapp SE for the fiscal year 2019 were prepared in accordance with the accounting standards of the International Accounting Standards Board (IASB) – the International Financial Reporting Standards (IFRS). The financial statements as of the IFRS applicable as of 31 December 2019 were observed and the interpretations of the International Financial Reporting Committee (IFRIC) were applied. The annual financial statements contain all the information required by the IFRSs adopted by the European Union (EU) and by analogous application of Section 315e (3) in conjunction with Section 315e (1) in conjunction with Section 325 (2a) of the German Commercial Code (HGB). In the event that certain pronouncements have been applied prematurely, this is pointed out separately.

The annual financial statements were prepared on the basis of amortised acquisition and production costs. This is because there were no assets or liabilities to be measured at fair value either in the financial years presented or at the balance sheet dates.

In the balance sheet, a distinction is made between non-current and current assets and liabilities, which are generally reported in detail in the notes according to their maturities. In addition to the income statement, the balance sheet and the cash flow statement, the changes in equity and the statement of comprehensive income are shown. The income statement has been prepared using the nature of expense method.

The financial statements of weclapp SE give a true and fair view of the net assets, financial position and results of operations.

The financial statements have been prepared in Euro. The amounts in the financial statements are stated in thousands of euros (TEUR) and have been rounded to full TEUR. For technical reasons, rounding differences of around +/- one unit (TEUR, % etc.) may occur.

The fiscal year of weclapp SE corresponds to the calendar year. The annual financial statements have been prepared under the going concern assumption.





#### *New accounting pronouncements applied*

weclapp SE took into account all standards and interpretations issued by the IASB, which were effective as of 31 December 2019 and have been adopted into EU law.

The following standards were applied for the first time:

- Amendments to IFRS 9: “Early Redemption Provisions with Negative Settlement” (1 January 2019)\*
- IFRS 16: “Leases” (1 January 2019)\*
- IFRIC 23: “Uncertainties about income tax treatment” (1 January 2019)\*
- Amendments to IAS 19: “Employee benefits: modification, curtailment or settlement” (1 January 2019)\*
- Amendments to IAS 28: “Non-current Investments in Associates and Joint Ventures” (1 January 2019)\*
- Annual Improvements to IFRS (AIP) – Cycle 2015-2017: “Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23” (1 January 2019)\*

For reporting periods beginning on or after 1 January 2019, the application of IFRS 16 “Leases” is mandatory. IFRS 16 has significant effects on the financial statements of weclapp SE, in particular on the balance sheet total, the earnings situation, the operating and financing cash flow as well as the presentation of the assets and financial situation.

According to IFRS 16, the previous distinction between operating and finance leases for lessees no longer applies. For all leases, the lessee recognises a right to use an asset and a lease liability. The right of use is amortised over the term of the lease in accordance with the provisions for intangible assets. The leasing liability is accounted for in accordance with the regulations for financial instruments. It is reported separately in the income statement as depreciation on the asset and interest on the liability. Only for short-term leases and leased assets of minor value are there accounting simplifications.

weclapp SE has opted to apply the modified retrospective approach. The cumulative effect of the changeover is recognised directly in equity. Comparative figures for the previous period are not adjusted. Payment obligations from previous operating leases are discounted at the corresponding marginal borrowing rate upon transition to IFRS 16 and recognised as a lease liability. The right of use were recognised as of 1 January 2019 in the amount of the lease liability.

Significant options and facilitation options are exercised as follows:

- Right of use and leasing liabilities are shown separately in the balance sheet.
- No separation is made in agreements that contain both leasing and non-leasing components. They are shown as one lease.
- Leases of intangible assets are not accounted for in accordance with IFRS 16 but in accordance with IAS 38.
- Short-term leases and leases where the underlying asset is of minor value are not recognised.

As of 1 January 2019, the first-time application of IFRS 16 will result in the following changes in carrying amounts:

- Under assets, right of use for leases were recognised for the first time in the amount of TEUR 177. Leasing liabilities of TEUR 177 were also recognised for the first time.
- The changeover did not result in any effect that has to be recognised in equity.

The following table shows the reported usage relationships as of 31 December 2019.

Right of use assets (in TEUR)	31 Dec 2019
Right of use, land and buildings	42
Right of use, other facilities and equipment	252
<b>Total</b>	<b>294</b>

For fiscal year 2019, the following presentation was made in the income statement.

weclapp SE (in TEUR)	2019
Depreciation of right of use, land and buildings	25
Depreciation of right of use, other facilities and equipment	109
<b>Total depreciation of right of use</b>	<b>134</b>
<b>Interest expenses from leasing liabilities</b>	<b>8</b>

In the opinion of the Management Board, the first-time application of the other standards and interpretations has not resulted in any changes in the net assets, financial position and results of operations of the Company.

There are currently no new accounting standards published by the IASB and adopted into EU law.



The IASB has published a number of other standards which have not yet been adopted into EU law.

- IFRS 17: “Insurance Contracts” (1 January 2021)\*
- Amendments to IFRS 9, IAS 39 and IFRS 7: “IBOR Reform” (1 January 2020)\*
- Amendments to IFRS 3: “Definition of a Business Operation” (1 January 2020)\*
- Changes to the Framework: “Updating of references to the Framework” (1 January 2020)\*
- Amendments to IAS 1 and IAS 8: “Definition of Materiality” (1 January 2020)\*

The individual effects of the changes are assessed by the parent company 3U HOLDING AG for the Group. In particular, we do not expect any noticeable effects from IFRS 17, the amendments to IAS 1, IAS 8, IFRS 9 and 39 and the amendments to IFRS 3 and IFRS 7.

## 2.2 Accounting and valuation principles

### 2.2.1 Basic principles of revenue recognition

The accounting policies for the recognition of revenue are as follows:

#### *Classes of revenue*

The revenues of weclapp SE mainly include revenues from the granting of time-limited usage rights in connection with cloud-based CRM and ERP solutions (revenues from Software-as-a-Service (SaaS) offerings) as well as revenues from services. In the case of SaaS offers, the customer does not have the right to terminate the hosting contract and take possession of the software in order to either operate it on his own IT infrastructure or to commission a hosting provider other than weclapp SE to host and manage the software.

#### *Identification of the contract*

A contract is an agreement between two or more parties that creates enforceable rights and obligations and states that enforceability is a matter of law. weclapp SE's contracts for the cloud-based solutions are essentially concluded in the context of online transactions by the customers via weclapp SE's order platform. Revenues from a contract concluded thereafter are recorded/deferred over the agreed contract period.

Contracts for the provision of services are concluded in writing.

For revenue recognition purposes, a contract that provides for a right of termination by the customer and no associated material adverse payments to the customer is recognised only for the period not subject to the right of termination.

#### *Identification of the obligation to perform*

The customer contracts of weclapp SE generally only contain the right of use for the respective cloud-based solution concluded; contracts for additional services will be agreed upon separately in writing. As a rule, the rights of use and services described in the previous section "Classes of Revenue" are to be classified as separate performance obligations. The portion of the contract price allocated to them is recorded separately, as these are also agreed separately.



#### *Realisation of sales revenues*

Revenues from SaaS offers are recorded by weclapp SE after the elapsed time over the period in which the corresponding services were used by the customer.

Services, which are invoiced on the basis of the hours worked, are realised depending on the service provided by weclapp SE. Sales revenues and expenses from contracts for works and services where a fixed price has been agreed upon are not recognised before the service has been rendered in full, if the service provided by weclapp SE creates an asset that does offer alternative uses for the customers or if weclapp SE has a legal claim to payment for the services already rendered.

The contracts of weclapp SE generally do not contain any take-back, reimbursement or similar obligations.

#### *2.2.2 Total costs*

Total costs include all costs incurred in the reporting year.

#### *2.2.3 Research and development costs*

Costs relating to software development are expensed as incurred in the income statement. The technological feasibility of the product is only reached shortly before it is ready for the market. In the phase leading up to technological feasibility, the processes between research and development phases are closely interlinked iteratively. Research and development expenses incurred after technological feasibility has been achieved are insignificant. In fiscal year 2019, research and development costs of EUR 1.4 million (previous year: EUR 0.9 million) were incurred at weclapp SE.

#### *2.2.4 Interest earned*

Interest earned is recognised using the effective interest rate method at the time it is incurred. The effective interest rate is the interest rate with which the expected future inflows are discounted over the duration of financial assets to the net carrying amount of these assets.

### 2.2.5 Interest expenses

In accordance with the provisions of IAS 23, interest expenses for qualifying assets are capitalised as part of production costs if their production takes a longer period of time. As in the previous year, no interest expenses were capitalised in fiscal year 2019.

Interest expenses are recognised using the effective interest method at the time they arise. The effective interest rate is the interest rate at which the expected future payments are discounted over the term of the financial liabilities to the net carrying amount of these liabilities.

### 2.2.6 Income taxes

Income taxes are accounted for using the liability method in accordance with IAS 12. Taxes on income include tax expenses and refunds that are dependent on income and earnings.

Current taxes are recognised for the income taxes owed at the time they are incurred. Deferred taxes comprise expected tax payments or refunds from temporary valuation differences between the book value as accounted for under IFRS and the tax balance sheet and from the future use of loss carryforwards. Deferred tax assets and liabilities are measured at the tax rates applicable in the future, whereby changes in tax rates are generally only taken into account when the change in legislation comes into force. If the realisability of deferred tax assets does not appear sufficiently probable in the future, they are not recognised.

### 2.2.7 Other intangible assets

Intangible assets are capitalised in accordance with IAS 38 ("Intangible Assets") if it is probable that the use of the asset will result in a future economic benefit and the costs of the asset can be reliably determined. Intangible assets are measured at cost less scheduled straight-line depreciation and impairment losses. Scheduled depreciation is reported under the item depreciation and amortisation.

Depreciable intangible assets are generally amortised over a useful life of three to five years.

Reference is made to the comments under point 4.1.1.



#### 2.2.8 Property, plant and equipment

In accordance with IAS 16, property, plant and equipment is carried at depreciated cost. When property, plant and equipment is sold or retired, its cost and accumulated depreciation are eliminated from the balance sheet and the gain or loss resulting from its disposal is recognised in the income statement.

The original cost of property, plant and equipment comprises the purchase price including incidental acquisition costs and subsequent acquisition costs as well as the present value of deconstruction obligations. If the requirements are met, financing costs in accordance with IAS 23 are included in the cost of property, plant and equipment.

Depreciation is calculated on a straight-line basis over the following estimated useful lives, taking into account a residual book value, and is shown under depreciation:

Office equipment	3–13 years
Operating equipment	4 years
Leasehold improvements	Term of the rental agreement

The useful lives and depreciation methods used are reviewed in each period to ensure that the depreciation method and period are consistent with the expected economic benefits from property, plant and equipment. If the acquisition costs of certain components of an item of property, plant and equipment are significant – measured against the total acquisition and production costs – weclapp SE recognises and depreciates these components individually.

Reference is made to the explanations in section 4.1.2.

#### 2.2.9 Right of use

As of 1 January 2019, right of use in accordance with IFRS 16 were reported for the first time in the amount of TEUR 417. These relate to right of use to land and buildings in the amount of TEUR 360 and right of use to other equipment, furniture and fixtures in the amount of TEUR 57.

The right of use is amortised on a scheduled basis over the shorter of the useful life or contract term. The right of use in weclapp SE have a term of up to 5 years as of 31 December 2019.

Reference is made to the explanations under 2.2.12 and 4.1.3.

#### 2.2.10 Borrowing costs

Reference is made to the comments under point 4.8.

### 2.2.11 Financial instruments

The recognition and measurement of financial assets and liabilities (financial instruments) of the financial year is carried out in accordance with the provisions of IFRS 9, and the FVPL option (option to measure financial instruments at fair value) is waived.

#### *Classification and measurement*

IFRS 9 provides for three measurement categories for financial assets:

- Financial assets measured at amortised cost
- Financial assets at fair value through profit or loss
- Financial assets measured at fair value with no effect on income

Classification in accordance with IFRS 9 is dependent on the fulfilment of the cash flow criterion, in which the contractual cash flows consist exclusively of interest and repayment, and on the fulfilment of the business model criterion, in which classification is dependent on the management of financial assets to generate cash flows.

The recognition and measurement of financial liabilities according to IFRS 9 comprises the following categories:

- Financial liabilities measured at amortised cost
- Financial liabilities at fair value through profit or loss

In accordance with IFRS 9, when a financial instrument is initially recognised at the settlement date, it is measured at cost, which is the fair value of the consideration given. Transaction costs are included unless the financial instrument is recognised at fair value through profit or loss. Upon initial recognition, they are also classified in one of the above-mentioned measurement categories.

weclapp SE had no financial assets or liabilities at fair value through profit or loss in the reporting period and has no financial assets or liabilities at fair value through profit or loss as of the balance sheet date. This category of financial instruments generally includes financial assets and liabilities held for trading. These are measured at fair value. They primarily include derivative financial instruments that are not included in an effective hedging relationship in accordance with IFRS 9. Any gain or loss resulting from subsequent measurement, including interest and dividends, is recognised in the income statement.





Financial instruments measured at amortised cost are non-derivative financial assets or liabilities that cumulatively meet the following conditions:

- the financial instrument is held as part of a business model whose objective is to hold the financial instrument in order to generate contractual cash flows and
- the contractual terms lead to cash flows on predetermined dates, which consist exclusively of interest and repayment of the nominal amount.

After initial recognition, financial instruments measured at amortised cost are measured at amortised cost using the effective interest method less any impairment losses. Gains and losses are recognised in profit or loss in the period in which they are derecognised or impaired and are reduced through amortisation.

Loans and liabilities drawn down by the company are initially measured at fair value and in subsequent years at amortised cost using the effective interest method.

Financial instruments such as cash and cash equivalents, trade receivables and payables, advance payments made and received, loans and other other financial assets and liabilities are measured at amortised cost, which corresponds to their fair values due to their maturity.

Debt instruments are measured at fair value with no effect on income if the following conditions are cumulatively met and they are not designated as at fair value through profit or loss:

- the financial instrument is held as part of a business model whose objective is to generate cash flows both from holding and selling the financial instrument, and
- the contractual terms lead to cash flows on predetermined dates, which consist exclusively of interest and repayment of the nominal amount.

After initial recognition, these are measured at fair value. Interest is measured using the effective interest method less any impairment losses. Other gains and losses are recognised in other comprehensive income (OCI). When the financial instrument is derecognised, the amounts recognised in OCI are transferred to the income statement.

No debt instruments were held or sold during the reporting period or as of the balance sheet date.

Upon initial recognition of an equity instrument that is not held for trading, the Company may elect to record changes in fair value irrevocably in OCI. This option applies per equity instrument. After initial recognition at fair value, dividends are recognised in profit or loss unless the dividend clearly represents a reversal of an impairment loss on the cost of the

investment. Other gains and losses are recognised in OCI and are not transferred to the income statement even if the financial instrument is derecognised.

No equity instruments were held or sold during the reporting period or at the balance sheet date.

Reclassifications after initial recognition are only made if the Group changes its business model with regard to the generation of cash flows of financial assets.

#### *Impairment of financial assets*

For the purpose of determining impairment of financial assets, the “model of expected credit losses” in accordance with IFRS 9, which is based on expected losses. The impairment model is to be applied to financial assets measured at amortised cost, contractual assets and debt instruments measured at fair value with no effect on profit or loss. In principle, the new impairment model results in earlier recognition of risk provisions.

In accordance with IFRS 9, all expected credit losses on the aforementioned assets are accounted for by means of impairment losses. The general model prescribed by IFRS 9 (three-stage model, starting with the “12-month model of expected credit losses”) or the simplified model (expected credit losses over the entire term) is used for trade receivables and contract assets.

According to the general approach, financial assets are considered to have a low default risk upon addition, for which a risk provision in the amount of the expected credit losses of the next 12 months must be recognised. In the event of a significant increase in the default risk, the credit losses to be expected over the term of the asset must be recognised. One indicator of such an increase is when a debtor is more than 30 days in arrears. If there are objective indications – such as insolvency – appropriate value adjustments are recorded.

weclapp SE assesses expected credit losses for cash and cash equivalents and other financial assets, with the exception of trade receivables, according to the general approach. These are reviewed on a quarterly basis to determine whether there has been a deterioration in credit quality that would result in a change in classification.

The simplified approach is to be applied to trade receivables and to contract assets that do not contain a significant financing component. Accordingly, the expected credit losses over the term are to be recognised.



There was no impairment loss for cash and cash equivalents in the reporting year.

Impairment losses are recognised in the income statement under other operating expenses. In accordance with IAS 1.29, a separate item is not included in the income statement due to materiality.

#### *Derecognition of financial assets and liabilities*

Financial assets are derecognised when

- the rights to the cash flows have expired, or
- have been transferred and the Company has transferred substantially all the risks and rewards of ownership, or
- the opportunities and risks have essentially neither been transferred nor retained, but the company has transferred the power of disposal over them.

Financial liabilities are derecognised when

- the obligation underlying this liability is discharged, cancelled or expired.

#### *Reporting of financial assets and liabilities*

Financial assets and financial liabilities are generally not netted; they are only netted if the amounts are currently subject to a right of set-off and it is intended to settle on a net basis. Financial assets and liabilities were not offset in the current financial year.

#### *2.2.12 Leasing relationships*

IFRS 16 replaces IAS 17 Leases and related interpretations. According to the new one-model approach, weclapp SE, as lessee, must report assets and liabilities for most leases in its balance sheet. Only short-term leases and leased assets of minor value were not recognised.

IFRS 16 defines a lease as an agreement under which the right to use (in terms of control) an identified asset (right of use) is transferred for an agreed period of time in return for payment or consideration. The leased asset must be identifiable and weclapp SE as lessee must be able to control it.

For all leases, weclapp SE, as lessee, recognises a right of use for an asset and a lease liability at the time the lessor transfers the asset to weclapp SE for use.

The lease term is based on the contractual agreement. Extension options are taken into account if they are exercised with sufficient certainty.

The lease liability is to be recognised by weclapp SE as lessee in the amount of the present value of the future lease payments at the inception of the lease. The lease payments are composed of the following components:

- Fixed lease payments over the lease term
- Variable lease payments that depend on the development of an index or price
- Expected payments for residual value guarantees
- Exercise price of a call option, if the exercise is sufficiently certain
- Penalties for early termination of the contract, if there is sufficient certainty that the lessee is likely to exercise this option

The interest rate on which the lease is based or the marginal borrowing cost rate of weclapp SE is to be used for the valuation.

At the time of acquisition, weclapp SE, as lessee, must value the right of use at acquisition cost, which consists of the following components:

- Acquisition value of the leasing liability
- Lease payments made before or at the beginning of the lease, less incentive payments in favour of the lessee
- Any initial direct costs incurred by the lessee

The lease liability is subsequently measured in accordance with the provisions for financial instruments under IFRS 9 using the effective interest method, i.e. the carrying amount of the lease liability is increased by applying the interest rate used for discounting and reduced by the lease payments made. This results in a degressive interest rate development.

The right of use is amortised on a scheduled basis over the shorter of the useful life or the term of the lease.

This is reported separately in the income statement as depreciation of the asset and interest from the liability.

Under the previous regulations of IAS 17, a lease was classified as a finance lease if substantially all the risks and rewards incidental to ownership were transferred to the lessee. The classification of leases was therefore dependent on the economic content of the agreement and not on a specific formal form of contract.

Assets held under a finance lease were initially recognised as assets of the Company at their fair value at the beginning of the lease or, if lower, at the present value of the minimum lease payments. They were depreciated over the term of the lease agreement or the shorter useful



life of the leased asset. The corresponding liability to the lessor was shown in the balance sheet as a finance lease obligation.

The lease payments were divided into interest expenses and repayment of the lease obligation so that a constant interest rate was achieved for the remaining liability. Interest expenses were recorded directly in the income statement.

In accordance with the previous rules under IAS 17, rental payments under operating leases were recognised as an expense on a straight-line basis over the term of the lease, unless another systematic basis more closely reflected the time pattern of benefits to the lessee.

#### *2.2.13 Impairment of non-financial assets*

Property, plant and equipment and intangible assets of the company are reviewed at least at each balance sheet date to determine whether there are any indications of impairment. If such indications exist, the recoverable amount of the asset is determined in order to determine the amount of the corresponding impairment loss, if any. If the asset does not generate cash inflows that are essentially independent of other assets, the recoverable amount for the individual asset is determined at the level of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or a cash-generating unit) is less than its carrying amount, the carrying amount is written down to the recoverable amount. The impairment loss is recognised immediately in profit or loss. Where reversals of impairment losses are required under IAS 36, they are recognised in profit or loss.

Write-ups are made to the newly determined recoverable amount. However, the write-up is limited to the amount that would have resulted in the carrying amount if no impairment loss had been recognised.

#### *2.2.14 Inventories*

Inventories are carried at the lower of cost or net realisable value. Cost is generally determined by individual valuation or using the average cost method. Production costs include directly attributable costs and production-related material and manufacturing overheads as well as depreciation. Inventory risks resulting from limited usability or a considerable storage period are taken into account by making appropriate value adjustments.

#### *2.2.15 Provisions and accruals*

Provisions are recognised if there is a legal or constructive obligation to third parties arising from a past event, if it is probable that the obligation will be claimed and if the expected

amount of the future cash outflow can be reliably estimated. The amount of provisions for legal disputes is generally based on the Management Board's best judgment of the outcome of the dispute based on the facts known at the balance sheet date. As in the previous year no provisions were formed as of the balance sheet date.

#### *2.2.16 Deferred taxes*

Deferred tax assets and liabilities are recognised in accordance with IAS 12 ("Income Taxes") for all temporary differences between the tax base of assets and liabilities and their carrying amounts in the IFRS balance sheet. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The basis for this is the forecast of taxable income derived from the three-year plan approved by management. The assessment and measurement of deferred tax assets is reviewed on each balance sheet date, taking into account current estimates in accordance with IAS 12.37 and IAS 12.56.

Deferred taxes on unused tax losses carried forward are capitalised to the extent that it is sufficiently probable that the company will generate taxable income in the future sufficient to use those tax loss carryforwards.

Deferred taxes are calculated on the basis of the tax rates that apply at the time of realisation or that are to be applied in the future. Changes in deferred taxes are recognised as tax income or expense in the income statement unless they relate to items recognised directly in equity; in this case, deferred taxes are recognised directly in equity.

Deferred tax assets and liabilities are offset if they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### *2.2.17 Other non-financial liabilities*

Other non-financial liabilities include tax liabilities, liabilities to employees and miscellaneous other liabilities. They are initially recognised at the repayment amount, discounted if necessary. Foreign currency liabilities are valued at the exchange rate on the balance sheet date.

#### *2.2.18 Determination of fair value*

The fair value is defined as the price that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants on the measurement date.



The measurement of fair value relates to a specific asset or liability. Consequently, in measuring fair value, the characteristics of the asset or liability are considered that a market participant would consider in pricing the asset or liability at the measurement date. Such characteristics include, but are not limited to, the following:

- (a) the condition and location of the asset; and
- (b) restrictions on the sale and use of the asset.

A measurement hierarchy is established to enhance consistency and comparability in measuring fair value and related disclosures (fair value hierarchy). This hierarchy divides the input factors used in the valuation techniques for measuring fair value into three levels. Within the measurement hierarchy, quoted (unadjusted) prices in active markets for identical assets or liabilities are (input factors at level 1) are given the highest priority, while unobservable input factors are given the lowest priority (input factors at level 3).

Level 2 inputs are quoted market prices other than those in Level 1 that are observable for the asset or liability, either directly or indirectly.

## 2.3 First-time application of IFRS

### 2.3.1 Reconciliation to equity

weclapp SE (in TEUR)	31 Dec 2018	1 Jan 2018
Equity under German commercial law	-4,444	-5,150
Recognition of deferred tax assets	845	193
Valuation difference for trade receivables	2	3
<b>Total changes in equity</b>	<b>847</b>	<b>196</b>
Equity under IFRS	-3,597	-4,954

The adjustments to deferred tax assets result from not exercising the option under HGB to recognise deferred tax assets. Under IFRS, there is an obligation to recognise deferred tax assets if it is probable that the tax benefits can be utilised.

### 2.3.2 Reconciliation to comprehensive income

weclapp SE (in TEUR)	2018
Comprehensive income under German commercial law for the 2018 financial year	705
Income from the reduction of value adjustments on receivables	0
Income from the capitalisation of deferred taxes	652
<b>Income differences in total</b>	<b>652</b>
Comprehensive income under IFRS for the 2018 financial year	1,357

For the accounting treatment of deferred tax assets, please refer to the notes on the reconciliation of equity.





### 3 Notes to the income statement

#### 3.1 Revenues

Revenues are composed as follows:

Revenue (in TEUR)	2019	2018
Revenue from cloud applications	4,334	2,974
Other revenues (contracts for works and services)	311	58
<b>Total</b>	<b>4,645</b>	<b>3,032</b>

Reference is made to Note 2.2.1 for information on revenues.

From existing customer contracts as of 31 December 2018, EUR 1,406 thousand could be realised as sales revenue in the current fiscal year. From existing customer contracts as at 31 December 2019, sales revenues of EUR 1,328 thousand are expected in 2021 and EUR 877 thousand in 2020.

#### 3.2 Other income

The income is made up as follows:

Other income (in TEUR)	2019	2018
Income from the reduction of value adjustments	48	23
Remuneration in kind (car use and other benefits in kind)	38	30
Income relating to other periods	5	1
Insurance compensation	6	2
Other income	9	3
<b>Total</b>	<b>106</b>	<b>59</b>

Income from the reduction of value adjustments is offset by expenses from losses on receivables and from allowances for doubtful accounts.

#### 3.3 Changes in inventories

The changes in inventories amounting to TEUR 107 (previous year: TEUR 0) comprise unfinished services from an IT consulting project.

### 3.4 Cost of materials

The cost of materials mainly comprises expenses for purchased services and user fees:

Cost of materials (in TEUR)	2019	2018
Cost of purchased services	15	7
<b>Total</b>	<b>15</b>	<b>7</b>

### 3.5 Staff costs

Staff costs comprise the following items:

Staff costs (in TEUR)	2019	2018
Salaries and wages	2,144	1,401
Social security contributions	433	252
<b>Total</b>	<b>2,577</b>	<b>1,653</b>

The average number of employees (basis: head count) was:

weclapp SE	2019	2018
Software development	29.50	18.00
Sales and Marketing	12.50	10.67
Customer Success	12.25	9.92
Administration/staff	1.75	2.00
<b>Total</b>	<b>56.00</b>	<b>40.59</b>

In addition to employer contributions to statutory pension insurance, unemployment insurance and health insurance, social security contributions also include expenses for compensation contributions and contributions to the employers' liability insurance association. Expenses for employer payments to the statutory pension insurance amounted to a total of TEUR 183 (previous year: TEUR 112). No performance-oriented pension commitments were made.



### 3.6 Other operating expenses

Other operating expenses include the following items:

weclapp SE (in TEUR)	2019	2018
Maintenance	15	0
Promotion and hospitality expenses	136	42
Loss of receivables	62	33
Sales commissions/Brokerage fees	55	15
Premises expenses/rental expenses	59	89
Travel and automobile costs	63	66
Technical consultancy costs	189	158
External services/third party work	226	124
Other consulting costs	68	0
Other operating expenses	134	98
<b>Total</b>	<b>1,007</b>	<b>625</b>

Other operating expenses include expenses from currency conversions in the amount of TEUR 0 (previous year: TEUR 0).

### 3.7 Depreciation and amortisation

Amortisation of intangible assets and property, plant and equipment amounted to TEUR 39 (previous year: TEUR 42). Depreciation and amortisation are thus virtually unchanged compared with the previous year.

Depreciation and amortisation also includes the amortisation of right of use to be recognised under IFRS 16. The right of use are generally amortised over the shorter of their useful life or the term of the contract. The amortisation of right of use amounts to TEUR 134 (previous year: TEUR 0).

### 3.8 Financial result

This item includes interest from current and loan accounts. The financial result also includes interest expenses from leasing liabilities in the amount of TEUR 8 (previous year: TEUR 0).

Financial result (in TEUR)	2019	2018
Interest and similar income	0	1
<b>Interest income</b>	<b>0</b>	<b>1</b>
Interest expenses for financial liabilities	-42	-60
Interest expenses for leasing liabilities	-8	0
<b>Interest expenses</b>	<b>-50</b>	<b>-60</b>
<b>Total</b>	<b>-50</b>	<b>-59</b>



### 3.9 Income tax expenses

Income taxes include both taxes paid or owed on income and deferred taxes.

Income taxes (in TEUR)	2019	2018
Current income tax expense	-835	0
Deferred taxes	1,092	652
<b>Total</b>	<b>257</b>	<b>652</b>

weclapp SE is subject to corporate tax and trade tax. In fiscal year 2019, income was subject to a corporate tax rate of 15 % plus 5.5 % solidarity surcharge. In 2019, trade tax amounted to 16.1 % of trade income in Frankfurt, to 14 % in Marburg and to 12.6 % in Kitzingen. The income tax rate for weclapp SE was set at an average of 29.125 %.

Deferred tax recognised directly in equity amounted to TEUR 0 in the financial year (previous year: TEUR 0).

In accordance with IAS 12.81, the following overview contains a reconciliation between the tax expense calculated by applying the German tax rates to the reported pre-tax profit for the year and the actual tax expense in these financial statements.

Reconciliation statement	2019 TEUR	2019 %	2018 TEUR	2018 %
Earnings before tax (EBT)	1,038	100.0	705	100.0
Earnings tax rate (29.125 %; previous year: 29.825 %)				
Calculated tax income/expenses	302	29.1	210	29.8
Non-deductible expenses/ tax-exempt income	5	0.5	0	0.0
Use of tax loss carryforwards, no recognition in previous year	0	0.0	-862	-122.3
Depreciation for future tax purposes	1,661	160.0	0	0.0
Tax burden from structuring (merger)	-2,225	-214.4	0	0.0
<b>Effective tax income (-)</b>	<b>-257</b>	<b>-24.8</b>	<b>-652</b>	<b>-92.5</b>

## 4 Notes to the statement of financial position

### 4.1 Non-current assets

The development of the individual non-current items and the depreciation and amortisation for the current financial year are presented separately in the statement of changes in assets (appendix to the notes).

#### 4.1.1 Intangible assets

The carrying amounts of intangible assets as of 31 December 2019 amount to TEUR 93 (previous year: TEUR 29).

Intangible assets acquired against payment were valued at historical cost less accumulated depreciation using the straight method. These relate primarily to right of use and software licenses and purchased software solutions. Please refer to the income statement for depreciation and amortisation.

#### 4.1.2 Fixed assets

The carrying amounts of property, plant and equipment are shown in the statement of changes in fixed assets. These are mainly technical equipment and office equipment.

#### 4.1.3 Right of use and leasing liabilities

In accordance with IFRS 16, right of use under leases amounting to TEUR 294 (previous year: TEUR 0) were reported under non-current assets as of 31 December 2019. IFRS 16 was applied for the first time as of 1 January 2019. No right of use under leases were recognised in the 2018 financial year. In accordance with IFRS 16, the previous year's figures have not been adjusted.

Right of use were mainly recognised for leases in which weclapp SE, as lessee, has concluded contracts for vehicle leasing and rent for buildings. Extension options exist for a five-year lease agreement for commercial premises. There are no other extension or purchase options.

As of 31 December 2019, non-current lease liabilities of TEUR 134 (previous year: TEUR 0) and current lease liabilities of TEUR 162 (previous year: TEUR 0) are reported.

In accordance with IFRS 16.6, lease liabilities for short-term leases and for leases of assets of minor value are not recognised as lease liabilities but are included in current expenses. The expense for short-term leases amounts to TEUR 0 in the 2019 financial year (previous year: TEUR 0). Leases for an asset of minor value resulted in expenses of TEUR 0 in fiscal year 2019 (previous year: TEUR 0).



The expense for variable lease payments not included in the measurement of the lease liability amounts to TEUR 0 in the 2019 financial year (previous year: TEUR 0).

Cash outflows for leases that were recognised as lease liabilities and those that were not recognised as current leases or as leases for assets of minor value amounted to TEUR 139 in the 2019 financial year (previous year: TEUR 0).

#### 4.2 Deferred taxes

Deferred taxes are calculated after accounting for temporary differences under the liability method per IAS 12.

weclapp SE utilises the netting option provided for by IAS 12, whereby deferred tax assets and liabilities are reported net if they relate to the same tax authority (for the relevant taxable entity). In the reporting year, deferred tax liabilities were offset against deferred tax assets on loss carry forwards in the amount of TEUR 88 (previous year: TEUR 0).

The deferred tax assets and liabilities as of the balance sheet date are made up as follows:

Deferred taxes (in TEUR)	31 December 2019		31 December 2018	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	1,661	0	0	0
Right of use	0	87	0	0
Other assets	0	1	0	0
Liabilities	89	0	0	0
Loss carry forwards	275	0	845	0
<b>Subtotal</b>	<b>2,025</b>	<b>88</b>	<b>845</b>	<b>0</b>
Netting	-88	-88	0	0
<b>Total</b>	<b>1,937</b>	<b>0</b>	<b>845</b>	<b>0</b>

#### 4.3 Inventories

Inventories include unfinished services from IT consulting projects

#### 4.4 Trade receivables

Trade receivables consist of the following:

weclapp SE (in TEUR)	31 Dec 2019	31 Dec 2018
Trade receivables before valuation allowances	616	292
Valuation allowances	40	83
<b>Total</b>	<b>576</b>	<b>209</b>

Trade receivables include receivables from affiliated companies in the amount of TEUR 111 (previous year: TEUR 0).

Depending on the recoverability of the receivables or the credit-worthiness of the customers, respectively, uniform valuation allowances are recognised for the receivables.

The Group writes off trade receivables which have been outstanding for more than one year or where a debt collection agency has stated that they are unrecoverable or a default is to be expected with overwhelmingly likelihood. The procedure is supported by past experience which indicates that in principle no payment can be expected if trade receivables have been outstanding for more than one year.

In determining the value of trade receivables, account is taken of every change in credit-worthiness from the time the credit period was granted until the balance sheet day. There is no significant concentration of credit risk since the customer base is wide for non-impaired receivables. Accordingly, the Management Board is convinced that no provisions above and beyond the impairment charges already recognised are required.

The impairment charges include individual write-downs on trade receivables amounting to TEUR 40 (previous year: TEUR 83) where insolvency proceedings have been instigated against the debtors, respectively which are older than one year. The recognised impairment is the result of the difference between the carrying amount of the receivable and the present value of the anticipated liquidation proceeds.

The carrying amount of trade receivables is the fair value.

The most important financial assets of weclapp SE are bank balances and cash in hand, trade receivables and other receivables. The default risk of weclapp SE results mainly from trade receivables. The amounts shown in the balance sheet include the value adjustment for receivables that are expected to be irrecoverable, which is based on management's past





experience and estimates of the current economic environment of the company. The risk of default on cash and cash equivalents is limited, as these are held at banks that have been certified by international rating agencies as having high creditworthiness.

#### **4.5 Other current assets**

The carrying amount of other assets is equal the fair value.

Please refer to section 6.2 for information on default risk.

#### **4.6 Cash and cash equivalents**

The item cash and cash equivalents includes bank balances and cash in hand with an original maturity of three months or less. The carrying amount of these assets corresponds to their fair value.

#### **4.7 Shareholders' equity**

##### *4.7.1 Issued capital*

By merger agreement dated 15 March 2019, the assets of weclapp GmbH, Marburg, as a whole with all rights and obligations were transferred to weclapp SE by way of merger by absorption. In return, the company granted the shareholders of weclapp GmbH shares in the company. The takeover of the assets of weclapp GmbH took place in the internal relationship effective end of 31 December 2018. From 1 January 2019 until the date of termination of weclapp GmbH pursuant to § 20 (1) no. 2 UmwG, all actions and transactions of weclapp GmbH are deemed to be for the account of the company.

In order to implement the merger, the share capital of weclapp SE was increased by EUR 70,000,000.00 from a total of EUR 120,000.00 (120,000 registered shares at EUR 1.00 each) to EUR 70,120,000.00 by issuing a total of 70,000,000 new registered shares with a nominal value of EUR 1.00 each in accordance with § 69 UmwG.

Due to the fact that the merger of weclapp GmbH by absorption into weclapp SE is not an acquisition but a transaction under common control (reorganisation within the group without economic substance), no hidden reserves were disclosed in the IFRS individual financial statements.

#### 4.7.2 Additional paid-in capital

As of 31 December 2019, weclapp SE has no capital reserves. As of 31 December 2018, the capital reserve of weclapp GmbH amounting to TEUR 246 is disclosed under the capital reserve. This results from payments by shareholders.

#### 4.7.3 Other equity items

The assets and liabilities of weclapp GmbH were included at book value. The difference between the assets less liabilities (net assets) of weclapp GmbH and the capital increase carried out as part of the merger was shown as an adjustment item from the merger under other equity items. In addition, the costs of the capital increase in the amount of TEUR 105 were recognised directly in equity under the adjustment item.

Determination of the adjustment item as of 1 January 2019:

weclapp GmbH (in TEUR)	1 Jan 2019
Assets of weclapp GmbH	1,489
Liabilities of weclapp GmbH	5,086
<b>Net assets of weclapp GmbH</b>	<b>-3,597</b>
Capital increase	70,000
<b>Difference</b>	<b>-73,597</b>
Cost of the capital increase	-105
<b>Adjustment item</b>	<b>-73,702</b>

#### 4.7.4 Retained earnings

As of 31 December 2019, there were no retained earnings at weclapp SE.

As of 31 December 2018, the retained earnings account includes the carried forward profit/loss of weclapp GmbH in the amount of TEUR -5,825.

#### 4.7.5 Net profit for the period

As of 31 December 2019, weclapp SE has a net profit of TEUR 1,295 from the 2019 financial year. Under net earnings as of 31 December 2018, the net profit of weclapp GmbH from the 2018 financial year amounting to TEUR 1,357 is shown.



#### 4.8 Financial liabilities and other non-current liabilities

As in the previous year, the company has no long-term financial liabilities. Current financial liabilities relate to a loan from the parent company 3U HOLDING AG. This loan is valued at TEUR 1,835 as of 31 December 2019 (previous year: TEUR 3,150). The loan agreement concluded on 12 December 2011 has an indefinite term and can be terminated at the end of a calendar month with three months' notice. The maximum loan amount is EUR 5.0 million. The loan bears interest at two percentage points above the 3-month EURIBOR p. a.

Other non-current liabilities include the non-current portion of contract liabilities (prepaid usage fees from SaaS customer contracts) (TEUR 877, previous year: TEUR 260). These relate to the obligations from the license sales of weclapp SE and weclapp GmbH in the prior year.

#### 4.9 Other current liabilities and current income tax liabilities

These comprise the following:

Other liabilities (in TEUR)	31 Dec 2019	31 Dec 2018
Contract liabilities (short-term)	1,328	1,406
Income tax liabilities	835	0
Other tax liabilities	348	87
Staff obligations	91	109
Other liabilities	21	18
<b>Total</b>	<b>2,623</b>	<b>1,620</b>

Other current liabilities include the current portion of contract liabilities (prepaid usage fees from SaaS customer contracts).

#### 4.10 Provisions/accrued liabilities

As in the previous year, no provisions were formed as of 31 December 2019.

#### 4.11 Reporting on financial instruments

The following table shows the carrying amounts of financial assets and liabilities according to the measurement categories and classes under IFRS 9 as of 31 December 2019:

In TEUR	Evaluation category according to IFRS 9	Carrying amount as of 31 Dec 2019	Carrying amount as of 31 Dec 2018
<b>Assets</b>			
<b>Non-current financial assets</b>			
Other	AC	9	5
<b>Trade receivables and other receivables</b>			
Trade receivables	AC	576	209
Other assets	AC	36	19
Cash and cash equivalents	AC	503	300
Financial assets at amortised cost	AC	1,124	533
<b>Liabilities</b>			
Non-current leasing liabilities	n. a.	134	0
Non-current trade liabilities and other liabilities	AC	877	260
<b>Current financial liabilities</b>			
Other	AC	1,835	3,150
<b>Current trade liabilities and other liabilities</b>			
Current trade liabilities	AC	293	56
Other liabilities	AC	2,623	1,620
Current leasing liabilities	n. a.	162	0
Financial liabilities at amortised cost	AC	5,628	5,086

AC = Amortised cost



The liabilities are divided into non-current liabilities of TEUR 1,011 (previous year: TEUR 260) and current liabilities of TEUR 4,913 (previous year: TEUR 4,826). The total interest expense/income from financial liabilities measured at fair value through profit or loss amounted to TEUR 0 in the 2019 financial year (previous year: TEUR 0).

The net losses due to write-downs for possible default risks including changes in value adjustments on loans and receivables amounted to TEUR 6 (previous year: TEUR 25).

With regard to financial assets that are neither overdue nor impaired, there were no indications of potential impairment as of the balance sheet date.

The maximum default risk of all financial assets is determined by their carrying amounts; for details, please refer to Notes 4.4 and 4.5.

Of the overdue trade receivables not written down in the amount of TEUR 262 (previous year: TEUR 119), TEUR 3 (previous year: TEUR 5) date back for more than twelve months old and TEUR 12 (previous year: TEUR 7) date back for between six and twelve months. As in the previous year, there were no other financial assets overdue as of 31 December 2019.

There were no net gains/losses on financial liabilities measured at amortised cost in the year under review and in the previous year.

As in the previous year, no collateral was provided for financial liabilities.

#### 4.12 Contingent liabilities and other financial obligations

Other financial obligations (in TEUR)	31 Dec 2019	31 Dec 2018
Up to one year	0	67
Longer than one year and up to five years	0	158
Longer than five years	0	6
<b>Total</b>	<b>0</b>	<b>231</b>

The purchase commitments included in other financial obligations amount to TEUR 0 (previous year: TEUR 10).

These obligations resulted essentially from rental contracts and car leasing contracts. In the 2019 financial year, these agreements were recognised as right of use and leasing liabilities in accordance with IFRS 16. The contracts in question have a remaining term of 1 to 5 years.

	TEUR
Other financial obligations as of 31 December 2018	231
Thereof remaining other financial obligations	–46
Thereof other financial obligations from leasing contracts	185
Discounting of lease payments	–8
<b>Book value of leasing liabilities according to IFRS 16 at 1 January 2019</b>	<b>177</b>

#### 4.13 Legal disputes and contingent liabilities

The company's business activities do not give rise to any significant legal disputes. As in the previous year, no provisions for open legal disputes were formed as of 31 December 2019.



## 5 Notes to the statement of cash flows

Cash and cash equivalents consist of bank balances and cash in hand.

Cash and cash equivalents (in TEUR)	31 Dec 2019	31 Dec 2018
Bank balances	502	300
Cash	1	0
Cash and cash equivalents	503	300

Cash flows are broken down into operating, investing and financing activities. The indirect method was chosen for the presentation of cash flow from operating activities.

After adjustment for non-cash income and expenses (mainly depreciation and amortisation) and taking into account the change in working capital, weclapp SE generated a cash inflow from operating activities of TEUR 1,745 (previous year: inflow TEUR 1,240).

The cash flow from investing activities amounts to TEUR –103 (previous year: TEUR –134) and the cash flow from financing activities amounts to TEUR –1,439 (previous year: TEUR –1,050).

As in the previous year, there were no changes due to exchange rate fluctuations.

In total, there was an increase in cash and cash equivalents of TEUR 203 (previous year: increase of TEUR 56).

Interest payments of TEUR 42 (previous year: TEUR 60) were made in the 2019 financial year. Interest income of TEUR 0 (previous year: TEUR 0) was received.

In 2019, the balance of income taxes of TEUR 0 was paid (previous year: TEUR 0).

Changes in financial liabilities is presented as follows:

Change in financial liabilities (in TEUR)	1 Jan 2019	Payment affecting changes	Non-cash changes		31 Dec 2019
			Addition acc. to IFRS 16	Accrued interest	
Non-current financial liabilities	0	0	0	0	0
Current financial liabilities	3,150	–1,315	0	0	1,835
Leasing liabilities	0	–139	427	8	296
<b>Total debt from financing activities</b>	<b>3,150</b>	<b>–1,454</b>	<b>427</b>	<b>8</b>	<b>2,131</b>

Change in financial liabilities (in TEUR)	1 Jan 2018	Payment affecting changes	Non-cash changes		31 Dec 2018
			Addition acc. to IFRS 16	Accrued interest	
Non-current financial liabilities	0	0	0	0	0
Current financial liabilities	4,201	–1,051	0	0	3,150
Leasing liabilities	0	0	0	0	0
<b>Total debt from financing activities</b>	<b>4,201</b>	<b>–1,051</b>	<b>0</b>	<b>0</b>	<b>3,150</b>





## 6 Other information

### 6.1 Capital management

weclapp manages its capital with the aim of maximizing earnings by optimizing the ratio of equity to debt capital. The equity ratio is defined as the target figure. Based on equity according to the German Commercial Code (HGB), an equity ratio of between 50 % and 70 % is expected.

Shareholders' equity and balance sheet total as of 31 December 2019 and 2018 respectively:

	31 Dec 2019	31 Dec 2018	Change
Equity in TEUR	-2,287	-3,597	+1,310
Equity in % of total capital	-62.9	-241.6	+178.7 percentage points
Liabilities in TEUR	5,924	5,086	+838
Liabilities in % of total capital	162.9	341.6	-178.7 percentage points
Total capital (equity and liabilities) in TEUR	3,637	1,489	+2,148

The shareholders' equity position comprises subscribed capital of weclapp SE, its reserves, result, result carried forward as well as an adjustment item to shareholders' equity, if applicable. Liabilities are defined as long-term and short-term financial liabilities, provisions and other liabilities.

## 6.2 Financial risks

Due to its ordinary business activities, weclapp SE is only exposed to minor risks resulting from changes in interest rates and credits which could have an impact on the net assets, financial position and results of operations. In its international business, weclapp SE is also exposed to currency risks, which may have a corresponding impact. Where necessary, weclapp SE also manages the risks with the help of derivative financial instruments.

As a matter of principle, however, only those risks that have an impact on the cash flow of weclapp SE are hedged. Derivative financial instruments are used exclusively as hedging instruments.

The following sections examine the individual risks and risk management.

### *Foreign currency risk*

Currency risks exist in particular when receivables, liabilities, cash and cash equivalents and planned transactions exist or will arise in a currency other than the local currency of the company.

weclapp SE carries out its business activities mainly in Germany and invoices in EUR. Trade payables in foreign currency are currently of no significance for weclapp SE, so that in principle only minor foreign currency risks exist. There is a guideline for this purpose, in order to hedge the risks, for example by forward contracts. This stipulates that these transactions are congruent concerning currencies and maturities.

As in the previous year, there were no forward exchange contracts as of 31 December 2019.

As in the previous year, there were no monetary assets and liabilities denominated in foreign currency as of 31 December 2019.

### *Default risk*

weclapp SE is exposed to a credit risk to the extent that the value of the assets could be impaired if counterparties fail to meet their obligations. To minimise credit risks, transactions are only concluded with debtors of undoubted creditworthiness or in compliance with specified risk limits.

The default risks are within the normal market range; appropriate valuation allowances have been made for this. weclapp SE is not exposed to any significant risk of default by a contracting party or a group of contracting parties with similar characteristics



weclapp SE defines contracting parties as those with similar characteristics if related companies are involved.

Individual value adjustments of overdue receivables are mainly carried out depending on the age structure of the receivables with different valuation discounts, which are mainly derived from the degree of success in recovering them. Experience has shown that receivables that are overdue by more than 365 days are no longer recoverable and are written off at 100 %.

#### *Liquidity/refinancing risk*

The liquidity risk of weclapp SE basically consists of the possibility that weclapp SE may not be able to meet its financial obligations. In 2019, the liquidity position of weclapp SE developed positively. The repayment of the loan was more than offset by the positive business development. Financial planning tools are used to monitor and control liquidity. The planning horizon extends to one year.

weclapp SE can draw on the loan from 3U HOLDING AG up to an amount of EUR 5.0 million. On the balance sheet date, the loan was valued at TEUR 1,835 (previous year: TEUR 3,150).

Of the leasing liabilities, TEUR 162 (previous year: TEUR 0) is due within one year, TEUR 134 (previous year: TEUR 0) within 2 to 5 years and TEUR 0 (previous year: TEUR 0) after more than 5 years.

weclapp SE expects to be able to meet its other obligations from operating cash flows. Furthermore, the company assumes that the ratio of borrowed capital to equity will continue to develop positively.

#### *Interest rate risk*

The interest-bearing liabilities of weclapp are only variable with regard to the 3-month EURIBOR.

Due to the slight fluctuations in the 3-month EURIBOR observed in recent years and expected for the future, sensitivity analyses in the sense of the German Banking Act were applied. Analyses according to IFRS 7.40 were waived.

The risk of rising interest rates is monitored in a timely manner.

### 6.3 Related party transactions

In the course of its normal business activities, weclapp SE maintains business relationships with 3U HOLDING AG and its subsidiaries as well as with the minority shareholder Ertan Özdil, which are considered related parties of weclapp SE. These transactions relate apart from supply and service relationships with these related companies also the financing of the Company. They were carried out at conditions contractually agreed between the Group companies and in line with market conditions. The cost-plus method was applied.

Current receivables from service relationships with these companies as of 31 December 2019, amounted to TEUR 111 (previous year: TEUR 0) and current liabilities to TEUR 223 (previous year: TEUR 30).

In fiscal year 2019, these business relationships will result in income of TEUR 176 (previous year: TEUR 4) and expenses of TEUR 224 (previous year: TEUR 154).

Liabilities from financing exist at the balance sheet date in the amount of TEUR 1,835 (previous year: TEUR 3,150). This results in interest expenses of TEUR 42 (previous year: TEUR 60).

Transactions with the shareholder Ertan Özdil mainly relate to supply and service relationships that were carried out at arm's length. In fiscal year 2019, this relates to income of TEUR 0 (previous year: TEUR 0) and expenses of TEUR 38 (previous year: TEUR 39).

At 31 December 2019, current receivables amounted to TEUR 0 (previous year: TEUR 0) and current liabilities to TEUR 0 (previous year: TEUR 0).

The following persons were appointed as members of the company's Management Board in the year under review:

#### *From 12 March 2019:*

Michael Schmidt	Lahntal Management Board of weclapp SE Speaker of the Management Board of 3U HOLDING AG
-----------------	---

Ertan Özdil	Kitzingen Management Board of weclapp SE
-------------	---

#### *Until 11 March 2019:*

Isabelle Elena Fischer	Grafschaft Management Board of Atrium 141. Europäische VV SE
------------------------	---



The total remuneration of the Management Board granted in 2019 amounted to TEUR 167 (previous year: TEUR 210). Mr. Schmidt receives his remuneration exclusively from 3U HOLDING AG. Mrs Fischer has not received any remuneration from the company.

The variable remuneration for 2019 includes 0 % of the maximum possible variable remuneration for 2019 of TEUR 50 (Ertan Özdil).

Name	Fixed remuneration* (in TEUR)		Variable remuneration (in TEUR)		Total remuneration (in TEUR)	
	2019	2018	2019	2018	2019	2018
Isabelle Elena Fischer	0	0	0	0	0	0
Michael Schmidt	0	0	0	0	0	0
Ertan Özdil	167	160	0	50	167	210
<b>Total</b>	<b>167</b>	<b>160</b>	<b>0</b>	<b>50</b>	<b>167</b>	<b>210</b>

\*Fixed remuneration including fringe benefits

Shares held by the Management Board and the Supervisory Board as of 31 December 2019:

Name	Function	Number of shares
Michael Schmidt	Member of the Management Board	0
Ertan Özdil	Member of the Management Board	17,500,112
Ralf Thoenes	Chairman of the Supervisory Board	0
Andreas Odenbreit	Member of the Supervisory Board	0
Christoph Hellrung	Member of the Supervisory Board	0

The following persons were appointed as members of the Supervisory Board in the year under review:

*From 11 March 2019:*

Ralf Thoenes                      Düsseldorf  
 Lawyer in the law firm Altenburger in Düsseldorf  
 Chairman of the Supervisory Board of weclapp SE  
 Other Supervisory Board or Advisory Board mandates:  
 Chairman of the Supervisory Board of 3U HOLDING AG, Marburg  
 Chairman of the Supervisory Board of 3U ENERGY AG, Marburg

Andreas Odenbreit              Marburg  
 Member of the Supervisory Board of weclapp SE  
 Management Board of 3U HOLDING AG, Marburg  
 Other Supervisory Board or Advisory Board mandates:  
 Member of the Supervisory Board of 3U ENERGY AG, Marburg

Christoph Hellrung              Hattingen  
 Member of the Supervisory Board of weclapp SE  
 Management Board of 3U HOLDING AG, Marburg

*Until 11 March 2019:*

Andreas Koglin                  Bonn  
 Chairman of the Supervisory Board  
 of Atrium 141. Europäische VV SE

Ann-Cathrine Siepmann        Bad Honnef  
 Deputy Chairwoman of the Supervisory Board  
 of Atrium 141. Europäische VV SE

Silvia Müschen-Hackemann    Troisdorf  
 Member of the Supervisory Board  
 of Atrium 141. Europäische VV SE



Remuneration of the Supervisory Board has not yet been agreed for weclapp SE.

The law firm Altenburger Rechtsanwälte, of which the Chairman of the Supervisory Board, Mr. Thoenes, is a partner, received TEUR 1.0 (previous year: TEUR 0) plus VAT for its consulting services and reimbursement of expenses in the past financial year.

The main features of the remuneration system for the Management Board and Supervisory Board are presented in the remuneration report in the management report.

#### **6.4 Events after the reporting period**

After the end of the 2019 financial year, since the middle of the first quarter of 2020, the German government, but also governments around the world, has taken measures to combat the COVID 19 pandemic. At weclapp SE, employees were encouraged to work from home. The already very high degree of digitalisation facilitated this changeover. By the time this report was completed in August 2020, no case of infection with the COVID-19 virus had been reported by employees.

Contact, travel and transport bans have led to impairments of economic activity worldwide. In all national economies, the customer and target groups of weclapp SE – small and medium-sized enterprises – are particularly affected by these restrictions and the decline in trade and commerce. Fears that this development could also affect the business of weclapp SE have not come true by the time this report is completed in August 2020. Further information on possible effects of the COVID-19 measures can be found in the Forecast, Opportunities and Risk Report section of the Management Report.

## 6.5 Consolidated financial statements

The Company is included in the consolidated financial statements as a subsidiary of 3U HOLDING AG, Marburg, prepared in accordance with International Financial Reporting Standards (IFRS) by way of full consolidation. 3U HOLDING AG publishes its consolidated financial statements in the electronic Federal Gazette.

Frankfurt am Main, 28 August 2020

The Management Board



Ertan Özdil



Michael Schmidt





## Appendix to the Notes: Development of fixed assets 2019

weclapp SE (in TEUR)	Historical acquisition and production cost				As of 31 Dec 2019
	As of 1 Jan 2019	Additions	Reclassi- fications	Disposal	
<b>I. Intangible assets</b>					
Purchased concessions, industrial property rights and similar rights and assets and licences to such rights and assets	36	84	0	0	120
<b>Total intangible assets</b>	<b>36</b>	<b>84</b>	<b>0</b>	<b>0</b>	<b>120</b>
<b>II. Property, plant and equipment</b>					
1. Technical equipment and machines	33	1	0	0	34
2. Other equipment, plant and office equipment	92	17	0	0	109
<b>Total property, plant and equipment</b>	<b>125</b>	<b>18</b>	<b>0</b>	<b>0</b>	<b>143</b>
<b>III. Right of use</b>					
Right of use from leasing contracts	0	427	0	0	427
<b>Total right of use</b>	<b>0</b>	<b>427</b>	<b>0</b>	<b>0</b>	<b>427</b>
<b>Total fixed assets</b>	<b>161</b>	<b>529</b>	<b>0</b>	<b>0</b>	<b>690</b>

Numbers are rounded. Rounding differences may arise in the summation.



	Accumulated depreciation				As of 31 Dec 2019	Carrying amounts	
	As of 1 Jan 2019	Additions	Reclassi- fications	Disposal		As of 31 Dec 2019	As of 31 Dec 2018
	7	20	0	0	27	93	29
	7	20	0	0	27	93	29
	3	3	0	0	6	28	30
	40	15	0	0	55	54	52
	43	18	0	0	61	82	82
	0	133	0	0	133	294	0
	0	133	0	0	133	294	0
	50	171	0	0	221	469	111



## Appendix to the Notes: Development of fixed assets 2018

weclapp SE (in TEUR)	Historical acquisition and production cost				As of 31 Dec 2018
	As of 1 Jan 2018	Additions	Reclassi- fications	Disposal	
<b>I. Intangible assets</b>					
Purchased concessions, industrial property rights and similar rights and assets and licences to such rights and assets	18	18	0	0	36
<b>Total intangible assets</b>	<b>18</b>	<b>18</b>	<b>0</b>	<b>0</b>	<b>36</b>
<b>II. Property, plant and equipment</b>					
1. Technical equipment and machines	0	33	0	0	33
2. Other equipment, plant and office equipment	8	84	0	0	92
<b>Total property, plant and equipment</b>	<b>8</b>	<b>117</b>	<b>0</b>	<b>0</b>	<b>125</b>
<b>III. Right of use</b>					
Right of use from leasing contracts	0	0	0	0	0
<b>Total right of use</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total fixed assets</b>	<b>26</b>	<b>135</b>	<b>0</b>	<b>0</b>	<b>161</b>

Numbers are rounded. Rounding differences may arise in the summation.



Accumulated depreciation					Carrying amounts	
As of 1 Jan 2018	Additions	Reclassi- fications	Disposal	As of 31 Dec 2018	As of 31 Dec 2018	As of 31 Dec 2017
2	5	0	0	7	29	16
2	5	0	0	7	29	16
0	3	0	0	3	30	0
6	34	0	0	40	52	2
6	37	0	0	43	82	2
0	0	0	0	0	0	0
0	0	0	0	0	0	0
8	42	0	0	50	111	18



# Independent Auditor's Report — On weclapp SE, Frankfurt am Main

## Note on the financial statements and the management report

### Audit opinions

We have audited the separate financial statements of weclapp SE, Frankfurt am Main, comprising the balance sheet as of 31 December 2019, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the fiscal year from 1 January 2019 to 31 December 2019, and the notes to the financial statements, including a summary of significant accounting policies. In addition, we have audited the management report of weclapp SE, Frankfurt am Main, for the fiscal year from 1 January 2019 to 31 December 2019.

In our opinion, based on the findings of our audit

- the attached separate financial statements comply – in analogous application of Section 315e (3) in conjunction with Section 315e (1) in conjunction with Section 325 (2a) HGB – in all material respects with IFRS as adopted by the EU and the additional requirements of German law pursuant to the German Commercial Code and give a true and fair view of the net assets and financial position of the Company as of 31 December 2019 and of its results of operations for the fiscal year from 1 January 2019 to 31 December 2019 in accordance with these requirements; and
- on the whole the attached management report provides a suitable understanding of the Company's position. In all material respects this management report is consistent with the separate financial

statements, complies with German legal requirements and suitably 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 individual financial statements and the management report.

### Basis for the audit opinions

We conducted our audit of the separate financial statements and the management report in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility in accordance with these regulations and principles is described in more detail in the section "Responsibility of the auditor for the audit of the individual financial statements and the management report" in our audit opinion. We are independent of the Company in accordance with German commercial and professional law and have fulfilled our other German professional obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the individual financial statements and the management report.

## **Responsibility of the legal representatives and the Supervisory Board for the individual financial statements and the management report**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs as adopted by the EU and the additional requirements of German law pursuant to Section 325 (2a) HGB and that the financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with these requirements. Furthermore, the legal representatives are responsible for the internal controls that they have determined to be necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the legal representatives are responsible for assessing the Company's ability to continue as a going concern. They are also responsible for disclosing any matters relating to the Company's ability to continue as a going concern, where relevant. In addition, they are responsible for preparing the financial statements in accordance with the going concern principle unless there is an intention to liquidate the entity or to cease trading, or there is no realistic alternative.

In addition, the legal representatives are responsible for the preparation of the management report, which as a whole

provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) which they have deemed necessary to enable the preparation of a management report in accordance with the applicable German legal regulations and to provide sufficient suitable evidence for the statements made in the management report.

The Supervisory Board is responsible for monitoring the Company's accounting process for preparing the separate financial statements and the management report.

## **Auditor's responsibility for the audit of the separate financial statements and the management report**

Our objective is to obtain reasonable assurance as to whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, whether the management report as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development in all material respects in accordance with the separate financial statements and the findings of our audit, and to issue an audit opinion which includes our audit opinions on the separate financial statements and the management report.



A reasonable assurance is a high degree of certainty, but does not guarantee that an audit conducted in accordance with Section 317 HGB and the generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always reveal material misstatements. Misstatements may result from violations or inaccuracies and are considered material if they could reasonably be expected to influence, individually or in total, the economic decisions of the addressees made on the basis of these individual financial statements and management report.

During the audit, we exercise due discretion and maintain a critical basic attitude. Beyond that:

- We identify and assess the risks of material misstatement of the separate financial statements and management report, whether due to fraud or error, plan and perform the audit procedures to respond to these risks and obtain audit evidence sufficient and appropriate to provide a basis for our audit opinion. The risk that material misstatements will not be detected is greater for non-compliance than for inaccuracies because non-compliance may involve fraudulent collusion, falsification, intentional omissions, misrepresentations or the invalidation of internal controls.
- We gain an understanding of the internal control system relevant to the audit of the separate financial statements and of the procedures and measures relevant to the audit of the management report in order

to plan audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control system.

- We also express an opinion on the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the reasonableness of accounting estimates made by management.
- We draw conclusions on the appropriateness of the accounting policies used by the Company's legal representatives as a going concern and, based on the audit evidence obtained, whether there is any material uncertainty relating to events or circumstances exist which could cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are obliged to draw attention in the audit opinion to the relevant disclosures in the individual financial statements and the management report or, if these disclosures are inappropriate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. However, future events or circumstances may mean that the Company may not be able to continue its operations.
- We have assessed the overall presentation, structure and content of the separate financial statements, including the disclosures and whether the separate financial statements present the

underlying transactions and events in such a way that the separate financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with IFRS as adopted by the EU and the additional requirements of German law pursuant to Section 325 (2a) HGB.

- We assess the consistency of the management report with the individual financial statements, its compliance with the law and the picture of the Company's situation conveyed by it.
- We perform audit procedures on the future-oriented statements in the management report presented by the legal representatives. On the basis of sufficient and appropriate audit evidence, we verify in particular the significant assumptions underlying the forward-looking statements made by the legal representatives and assess whether the forward-looking statements can be properly derived from these assumptions. We do not express an independent audit opinion on the forward-looking statements and the underlying assumptions. There is a significant unavoidable risk that future events could differ materially from the forward-looking statements.

We discuss with those responsible for supervision, 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 discover during our audit.

Bonn, 28 August 2020

Ebner Stolz GmbH & Co. KG  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft

Burkhard Völkner  
Certified Public Accountant

Martin Theis  
Certified Public Accountant





# Other Information

108 Contact/Imprint

109 Disclaimer



## Contact/Imprint

### Investor Relations

Dr. Stephanie Nickel  
Tel.: +49 (0) 6421 999-2211  
Fax: +49 (0) 6421 999-1222  
nickel@weclapp.com

### Imprint

*Published by*  
weclapp SE  
Neue Mainzer Straße 66–68  
60311 Frankfurt am Main  
Germany

Tel.: +49 (0) 69 33390-1800  
Fax: +49 (0) 69 33390-1899  
info@weclapp.com  
www.weclapp.se  
www.weclapp.com

*Photographs*  
Love the wind – stock.adobe.com (title) ||  
nd3000 – stock.adobe.com (page 2, 3) ||  
REDPIXEL – stock.adobe.com (page 46, 47) ||  
SFIO CRACHO – stock.adobe.com  
(page 106, 107)

*Font*  
Circular Sans by Lineto

*Printed by*  
flyeralarm, Würzburg

© 2020 weclapp SE, Frankfurt am Main  
Printed in Germany

The English translation of the German annual report of weclapp SE is provided for your convenience. Only the German version was audited by the auditor and is legally binding.

This annual report contains forward-looking statements that reflect the current views of the management of weclapp SE with regard to future events. Forward-looking statements are based on valid plans, estimates and expectations at the time of reporting. Such statements are subject to risks and uncertainties, most of which are difficult to assess and which are generally beyond the control of weclapp SE.

Factors that may cause or influence a deviation include, but are not limited to: the development of demand for our services, competitive influences, including price pressure, technological changes, regulatory measures, risks associated with the integration of newly acquired companies. Should these or other risks and uncertainties occur or the assumptions underlying the statements prove to be incorrect, the actual results of weclapp SE may differ materially from those expressed or implied in these statements. The company assumes no obligation to update such forward-looking statements.

This annual report contains a number of key figures which are not part of the commercial regulations and the International Financial Reporting Standards (IFRS), such as EBT, EBIT, EBITDA and investments (capex). These key figures are not intended to replace the

information provided by weclapp SE under HGB or IFRS.

It should be noted that the key figures of weclapp SE, which are not part of commercial law and IFRS regulations, are only partially comparable with the corresponding key figures of other companies.



weclapp SE  
Neue Mainzer Straße 66–68  
60311 Frankfurt am Main  
Germany

Tel.: +49 (0) 69 33390-1800  
Fax: +49 (0) 69 33390-1899

info@weclapp.com  
www.weclapp.se  
www.weclapp.com