Consolidated Financial Statements of capsensixx AG

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

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

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

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

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

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

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

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

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

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

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Combined statement of cash flows of capsensixx AG:

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

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

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

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

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

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

see section C.9. of the notes

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

Development of fixed assets (direct gross value method)

Acquisition and production costs

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

A. General Information

A.1. GENERAL INFORMATION ON THE COMPANY

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

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

A.2. GENERAL INFORMATION REGARDING THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Receivables, overdue:

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

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

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

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

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

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

There are no changes to the balance sheet.

First-time Adoption IFRS 15

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

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

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

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

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

IFRS 16 Leases

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

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

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

Transition to IFRS 16

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

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

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

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

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

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

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

A.3. Basics of accounting and valuation

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

Currency translation

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

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

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

Recognition of Revenue

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

Contractual obligations and methods of computation of revenues

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

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

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

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

Revenues

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

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

Break-down of revenues by region:

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

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

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

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

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

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

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

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

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

Income taxes

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

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

Other intangible assets

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

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

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

Property, plant and equipment

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

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

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

Leasing

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

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

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

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

Finance leases for lessee

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

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

Financial instruments

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

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

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

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

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

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

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

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

The Group values financial assets at amortized cost if the following two conditions are met:
- The financial asset is held in a business model whose objective is to hold financial assets to collect the contractual cash flows, and
- the terms of the contractual financial assets give rise to cash flows at fixed dates, which represent only repayments and interest payments on the principal amount outstanding.

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

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

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

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

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

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

IFRS 9 has two categories of financial liabilities:
- financial liabilities that are measured at fair value;
- Other financial liabilities measured at amortized cost using the effective interest method.

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

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

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

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

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

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

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

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

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

Cash and cash equivalents

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

Estimates and judgments

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

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

• Revenues with customers

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

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

• Goodwill

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

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

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

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

• Taxes on income

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

• Legal risks

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Net assets of Axxion S.A.

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

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

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

The inclusion of the navAXX S.A. and ADIT, as a subsidiary of capsensixx AG, is within the meaning of IFRS 10:

Capsensixx AG indirectly holds, via Axxion S.A., 99.70% of the shares in an affiliated company, the "Axxion Revolution Fund - One", an administered fund by Axxion S.A.

Net assets of Oaklet GmbH

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

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

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

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

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

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

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

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

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

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

B. Explanatory notes to the profit and loss account

B.1. Revenues and cost of materials

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

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

Revenues are broken down by segment as follows:

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

B.2. Other operation income

Break-down of other operating income:

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

B.3. Personnel expenses

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

B.4. Depreciations

Break-down of depreciations:

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

B.5. Other operating expenses

The other operating expenses include:

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

B.6. Income tax

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

B.7. Financial results

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

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

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

B.8. Earnings per share

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

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

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

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

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

C. Notes to the balance sheet

C.1. Goodwill

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

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

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

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

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

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

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

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

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

The key assumptions are as follows:

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

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

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

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

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

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

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

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

Customer base

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

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

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

Development of fixed assets (direct gross value method)

Acquisition and production costs

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

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

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

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

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

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

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

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

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

C.4. Non-current financial assets

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

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

C.5. Active Deferred Taxes

The deferred income tax receivables 2018 amount to TEUR 222 due to existing loss carryforwards at coraixx KGaA. In 2017, income tax receivables amounted to EUR 106,000 due to loss carryforwards at Oaklet S.A, which were fully offset in 2018.

Deferred tax liabilities exist in the amount of TEUR 90 due to valuation differences of securities. In the previous year, these amounted to kEUR 108.

C.6. Tax assets

Break-down of tax assets:

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

C.7. Financial instruments and short term financial assets

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

the other financial asssets have a maturiy of:

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

In the reporting period, the receivables were not overdue.

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

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

Contractual balances

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

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

C.8. Cash and Cash equivalents

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

C.9. Equity

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

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

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

Initial Public Offering of capsensixx AG

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

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

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

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

Retained profits

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

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

C.10. Other non-current liabilites

Break-down of liabilities:

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

C.11. Liabilities from goods and services

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

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

C.12. Other current liabilites

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

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

Other current liabilities include financial liabilities of € 593 thousand.

D. Explanatory notes to the cash flow statement

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

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

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

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

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

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

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

The Group has no liabilities attributable to financing activities.

E. Other information

E.1. Employee

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

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

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

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

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

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

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

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

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

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

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

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

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

The outsourcing is carried out on customary terms.

E.3. Financial instruments

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

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

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

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

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

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

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

These are:

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

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

Financial Assets and Liabilities

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

Table of terms of financial assets and debt as of 31.12.2018

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

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

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

Table of terms of financial assets and debt as of 31.12.2017

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

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

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

Capital risk management

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

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

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

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

Financial risk management

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

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

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

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

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

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

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

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

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

Country risks

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

Market risks

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

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

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

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

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

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

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

E.4. Relationships with related persons and companies

The parent company of capsensixx AG is PEH Wertpapier AG.

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

Related companies and persons

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

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

The following business transactions took place:

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

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

Board of Management / Supervisory Board

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

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

Granted remuneration in 2018 (in T€)

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

Inflow in 2018 (in T€)

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

Granted loans to related parties and persons:

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

Granted loans to related parties and persons:

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

The Supervisory Board consists of the following members:

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

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

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

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

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

Voting rights

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

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

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

E.5. Fees and services of the auditor

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

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

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

E.6. Events after the balance sheet date

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

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

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

E.7. Share holdings

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

E.8. Segment reporting

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

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

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

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

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

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

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

Segment Reporting 2018

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

Segment Reporting 2017

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

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

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

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

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

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

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

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

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

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

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

Frankfurt am Main, March 29, 2019

Sven Ulbrich	Fabian Föhre
Management Board	Management Board